



VENDOR MANUAL

FOR

BOOK VENDORS

Version 6.0
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INTRODUCTION

Our goal at Indigo Books & Music Inc. is to delight our customers with a unique shopping experience while meeting the needs of our employees, shareholders and other stakeholders including our vendor community.

The purpose of this document is to communicate to our vendors Indigo's supply chain requirements in pursuit of this goal. We are committed to being a world class supply chain organization focused on delivering the right product to the right place at the right time at the right cost without defect. We want to have a mutually rewarding relationship with our vendors; this manual is designed to help both organizations realize this.

This document will guide you through Indigo's expectations for each of the following:

- Vendor Code of Conduct
- Vendor Set-up
- Article Set-up
- Purchase Orders
- Supply Chain Execution & Vendor Compliance
- Shipping

At the end of this document is a Vendor Manual Acknowledgement Form that we ask to be signed by a senior officer of your organization and returned to Indigo (see Section 8). This signature is an acknowledgement that the contents of this manual have been read, understood and disseminated appropriately through your organization. We also expect that it is communicated to your suppliers and sub-contractors that produce or provide materials or services used in the manufacture of goods sold to Indigo, to ensure that they too are in compliance, where applicable.

We believe our expectations are fair and support the goals of being mutually rewarding for each organization. We thank you in advance for doing your best to meet these expectations.

INDIGO VENDOR CODE OF CONDUCT

Indigo aims to establish and maintain ethical and responsible working relationships with its vendors. We insist that our vendors and their suppliers uphold the highest ethical standards in their workplace and their business practices, conduct and policies.

As per the scope of the Social Accountability 8000 (“SA8000”) standard for social accountability, Indigo will not do business with vendors that do not meet these standards.

For vendors sourcing and/or manufacturing globally, expectations include, but are not limited to, the following:

- A. **Compliance with Laws** – Vendors will comply with the laws and regulations of the countries in which they do business, and of the countries where goods are manufactured/produced.
- B. **Employment Standards** – Vendors will not put employees at risk of physical harm due to their work environment. Any and all employees will be fairly compensated, and granted the right of free association.
- C. **Wages and Benefits** – Vendors will, at minimum, provide wages and benefits that comply with the laws of their country of operation and country in which goods are manufactured/produced.
- D. **Working Hours** – Vendors will comply with the laws of working hours of the countries where goods are manufactured/produced and not exceed local work hours, except, where workers are appropriately compensated for overtime. Employees are entitled to receive at least one day off in every seven day period.
- E. **Child Labour** – Vendors will not employ child labour in any of their facilities. Child labour is defined as any person under the age of 14, or under the age at which compulsory schooling has ended, or under the minimum age established by law, whichever is greater.
- F. **Forced or Slave Labour** – Vendors will not use forced or slave labour in any of their facilities.
- G. **Discrimination/Human Rights** – Vendors will not discriminate against their employees in hiring practices, or any other term or condition of work (other than legitimate occupational requirements allowed by law) on the basis of race, colour, place of origin, ethnic origin, citizenship, religion, faith, political opinion, gender, sexual orientation, age, marital status, same-sex partnership status, family status or disability.
- H. **Disciplinary Practices** – Vendors will not use corporal punishment or other forms of mental or physical coercion on their employees.
- I. **Abuse/Harassment** – Vendors will not abuse or harass employees, whether physical, psychological or sexual.
- J. **Health and Safety** – Vendors will provide employees with a safe and healthy working environment consistent with all applicable laws and regulations regarding health and safety.

SECTION 1- NEW VENDOR SET-UP

I. NEW VENDOR SET-UP

Vendors must submit the following signed documents to transact commercially with Indigo:

1. Terms of Trade
2. Vendor Manual Acknowledgement Form
3. Vendor Registration Form

Please forward all vendor set-up documents to: VendorSetup@indigo.ca

1.1. Terms of Trade

All terms of trade are negotiated and confirmed via e-mail between Indigo and an authorized individual at the vendor organization. Once a vendor confirms via reply e-mail their agreement to the terms of trade, the vendor proceeds to fill out Indigo's Vendor Registration Form and forwards it to their respective Category Manager.

1.2. Vendor Manual Acknowledgement Form

This acknowledgement form should be signed and submitted by an authorized individual indicating that the Vendor Manual has been reviewed in full and your organization understands and is prepared to meet Indigo's expectations. Failure to sign the acknowledgement form does not absolve your organization from meeting Indigo's expectations contained in this document. Please refer to Section 8 of this manual to retrieve Indigo's Vendor Manual Acknowledgement Form.

1.3. Vendor Registration Form

This excel template will provide Indigo with important vendor contact information. It will also contain the following information that vendors will have negotiated with their respective Category Managers:

- Payment terms
- Class of Trade (including blended rate of return % if applicable)
- Lead Times

II. EDI EXPECTATIONS & PROCESS TO ESTABLISH EDI RELATIONSHIP

2.1. Introduction

This is intended to set the Electronic Data Interchange (EDI) expectations Indigo Books & Music Inc. has of you as a trading partner. Please ensure that you review all sections and share this with anyone in your company that may need this information.

2.2. E-Commerce Standards

Indigo expects that all vendors will transact via EDI from the initial onset of our commercial relationship. There are significant productivity and process visibility gains that are realized through the use of EDI. Exemptions to this requirement may be provided by your buyer based on the following criteria:

- Timing of initial order: temporary exemption
- Anticipated size of ongoing relationship expected to be less than \$50K/year of annual purchases: permanent exemption

Please note:

- The cost of **EDI non-compliance** is \$250 per non-compliant Purchase Order.
- Bindery shipments are not exempt from our ASN requirement; an ASN must be provided for all bindery shipments.

2.3. EDI Transaction Set

Indigo believes that the ability to conduct business electronically on these and future documents is critical to operating effectively with your firm. The documents currently required are:

- 850 Purchase Order (Stand Alone or X-Dock)
- 855 Purchase Order Acknowledgment
- 856 ASN
- 810 Invoice
- 860 Purchase Order Cancellation/Change (optional; may be mandatory in the future)
- 865 Purchase Order Cancellation/Change Acknowledgment
- 856R Returns ASN (optional)
- 810R Returns Invoice (optional)
- 997 Functional Acknowledgement
- GS1-128 Label

2.4. Testing & Certification Provider

Indigo has partnered with SPS Commerce to manage the transition of our vendors to EDI with Indigo Books & Music. Indigo and SPS Commerce have built an Internet portal site to make it easier for you to access program information including EDI specifications.

To access the portal as a generic user, please log on to:

www.spscommerce.net

Username: indigovendor

Password: spscommerce1

Go to “Partner Information” (located on left hand side of the webpage)

Go to “Indigo Books” (for Book EDI specs)

Go to “What are the Electronic Requirements” under the “EDI Testing and Certification” section (scroll down the page to locate)

2.5. Transitioning to EDI with Indigo Books & Music Inc.

Below is a link to a simple form; please complete this and SPS Commerce will contact you to initiate the transition. It takes a couple of weeks of elapsed time before you are ready, so please initiate this activity immediately if you have not already done so.

<http://www.spscommerce.com/wtl/view/indigo-books-and-music-2>

(Please refer to **2.8.1** below for alternative contact information for SPS Commerce)

There is a small cost to transition to EDI that depends on the nature of the solution that you choose to utilize. SPS Commerce will confirm all the details of your transition including the costs involved. However, a high level summary to assist you with planning/internal approvals is as follows:

- **Existing SPS EDI customer:** the incremental cost is approx. \$20 /month.
- **Existing EDI solution already in place, but not with SPS Commerce:** the one-time cost is \$500 to have your solution certified as meeting Indigo’s requirements. Your solution provider likely has an incremental cost for adding Indigo to their environment.
- **If you have no EDI solution, you have two options:**
 1. You could choose to adopt SPS Commerce’s solution; the initial cost will be approx. \$80/month; there is a seasonal option to turn the solution On/Off.

2. Or, you could choose to adopt another EDI solution from someone other than SPS Commerce. If you took that route, this solution would need to be certified by SPS Commerce for a one-time cost of \$500.

When you complete the link to the SPS form, you will see a requirement for an Indigo vendor # and a SAN #. You can start the transition to EDI without our vendor # and/or your SAN #; however, they will be needed for SPS to finally complete your transition to EDI with Indigo so please do provide them once available.

A delay in the provision of this contact information may delay the timing of the first order from Indigo Books & Music Inc. for your product.

2.6. Existing EDI Vendors – Testing & Certifying with SPS Commerce

As an existing vendor transacting via EDI with Indigo Books & Music Inc., you will be expected to interact with SPS Commerce as existing EDI documents are changed and/or new EDI documents implemented. You will be notified of any such developments and SPS Commerce will work directly with your organization to Test & Certify the new documents if required.

If you already use a third-party EDI provider, you are not required to change to SPS Commerce services. However, your provider will be required to Test & Certify through SPS Commerce on new Indigo Books & Music Inc. documents.

If the EDI contact person for your company changes, please send the details regarding this new contact to both customersupport@spscommerce.com and edisupport@indigo.ca . Maintaining these contacts is very important as both SPS Commerce and Indigo use this name(s) in the event of a receiving issue as well as a change in EDI document, policies etc.

If your company is going to change your EDI service provider, please advise customersupport@spscommerce.com and edisupport@indigo.ca prior to making this change. It is important to consider whether there are open orders residing with your current EDI service provider; you will need to ensure that you will be able to receive/send documents relating to these open orders from your new EDI service provider. This process can take 2-3 weeks to be executed well.

2.7. GS1-128 Label

Indigo's GS1-128 label format is available through SPS Commerce. Alternatively, an approved example of a GS1-128 label can be found in the Label Guidelines section of this Guide.

A GS1-128 Barcode label must be applied to each carton and/or pallet shipped (based on shipping method) linking the individual carton/pallet to the associated ASN Item/Qty detail, as set forth in the Label Guideline section of this Guide.

Failure to meet Indigo's GS1-128 Label guideline requirements will cause your shipment to be quarantined within Indigo's Distribution Centres or stores. A cost recovery charge will be applied to any violation of this guideline (see Vendor Compliance - Cost Recovery Charge Summary (Section 4, VII, 8.1)).

2.8. EDI Contacts

2.8.1. SPS Commerce

- **For immediate assistance, please contact:**

SPS Commerce

Customer Support

1-888-739-3232

(7am – 7pm CST, Monday through Friday)

- **For non-urgent assistance, please send an email to one of the following addresses based on the service you use, with your name, your company name, and a detailed description of the issue.**
 - **Retail Services:** retailservices@spscommerce.com
(Retailers and suppliers who send EDI directly to a Retailer)
 - **File Integration:** fiservices@spscommerce.com
 - **Trading Partner Intelligence:** tpiservices@spscommerce.com
 - **WebForms/Catalog/Scan and Pack/other:** customeroperations@spscommerce.com
- **International Support:**
 - **Asian Offices:** asiasupport@spscommerce.com
Beijing: +86 10 5639 0888
Hong Kong: +852 2855 6993
Mumbai, India: +91 22 395 37474
 - **Australian Offices:**
Sydney: +61 2 8211 2707
 - **European Offices:**
Ireland: +1 800 65 7577
London: +0 808 234 3866
 - **Mexican Toll Free Line:** 855-860-6680

2.8.2. Indigo EDI Support

Indigo EDI Support Team

edisupport@Indigo.ca

SECTION 2 – ARTICLE SET-UP

III. ARTICLE SET-UP

3.1. BIBLIOGRAPHIC DATA SUBMISSION

Indigo Books & Music Inc. accepts bibliographic data by means of ONIX files and SYME in order to maintain data integrity and productivity. We will not accept any MS Excel Template regardless of source (including the BookNet Canada Bronze Template/Indigo Publisher's Template).

Currently, Indigo uses xml version 2.0, with the ability to process both ONIX 2.0 and ONIX 2.1 specifications. In 2015, Indigo plans to upgrade to ONIX 3.0; further information regarding the upgrade will be provided as it becomes available.

Vendors have three options to provide new and/or updated bibliographic data to Indigo Books & Music:

1. Use Indigo's hosted web-application SYME. This tool works very effectively for vendors who have less than 100 active book titles. For any questions regarding the use of SYME for Bibliographic Data, please contact your Master Data Specialist or e-mail masterdata@indigo.ca.
2. Use the Booknet Biblioshare Webform solution (<http://www.booknetcanada.ca/biblioshare-webform/>) that allows a user to enter data directly into a web based tool and get an ONIX file back. Please contact MasterData@indigo.ca to discuss the optimal method to send this ONIX file.
3. Provide Indigo a BookNet Silver and/or Gold ONIX file. Indigo will process this file directly. Information on both the BookNet Canada's Silver and Gold Certified files can be found at this link: <http://www.booknetcanada.ca/standards-and-certification/#onix>

3.2. RIGHTS CHANGES

A change in the rights to sell a title is a regular occurrence within the book industry. Ideally, this change is communicated to Indigo by both the vendor gaining the rights and the vendor losing the rights to ensure no misunderstanding regarding the transition. Failure to properly communicate these changes can lead to out of stock situations (lost sales) and/or unnecessary

costs being incurred if titles are returned to the incorrect vendor. Ideally, this communication occurs at least 1 month prior to the change to allow time to address any inconsistencies.

At a minimum, the notification of rights changes needs to come from the vendor gaining the rights. This notification needs to include the effective date of the Rights Change, and a list of the titles with the following information:

- ISBN 13
- Retail price
- Status
- Class of Trade code

Please send notifications to the Master Data inbox: Masterdata@indigo.ca Please indicate in the notification when the right changes will be communicated via ONIX- this will allow Indigo to ensure that our internal work processes execute the change properly.

IV. ISBN LABELS

Vendors are responsible for ensuring that a unique scannable, and correct ISBN (International Standard Book Numbers) is provided on all products shipped to our Distribution Centres or Stores.

SECTION 3 – PURCHASE ORDERS & RETURNS PROCESS

V. PURCHASE ORDER PROCESS

5.1. Purchase Order Detail

Indigo will submit Purchase Orders to EDI Vendors via EDI 850 Purchase Order document. Indigo will submit Purchase Orders to non-EDI Vendors via e-mail only. Those non-EDI vendors currently receiving Purchase Orders via fax will be expected to transition to e-mail in the future.

Indigo's Purchase Order will specify the following:

- Indigo Books & Music Inc. Purchase Order number. This is a 10-digit number beginning with the numbers 45 (i.e. 4512345678)
- Purchase Order Creation Date
- 'Ship To' and 'Bill To' locations (including Building #, Store #, SAN#)
- 13-digit case ISBN (being ordered)
- Book/Item Description
- Listing Pack Size for outer cartons (if applicable)
- Quantity (being ordered, in eaches)
- Discount Percentage (%)
- Unit Costs in currency of record for vendor
- Unit Retail in Canadian currency
- Delivery Date at the Ship To address
- Carrier Hand-over Date (CHO Date) (if applicable)
- INCO and FOB terms (if applicable)
- Payment Terms
- Method of Transportation (if applicable)

5.2. Purchase Order Terms

- For Replenishment Orders, vendor must deliver the items on the Purchase Order Delivery Date. Initial Buy Orders may be delivered earlier, based on availability.
- For collect orders (where applicable), vendor must deliver (or have the shipment ready in full for pick-up) on the CHO date indicated on the Purchase Order.
- Product ordered as part of one Purchase Order must not be shipped as part of a different Purchase Order.
- Indigo will place a Purchase Order for the ISBN on the item; vendor generated/internal product numbers will not be used on Indigo Purchase Orders when placing an order.

- The Purchase Order quantity will be in “eaches” of ISBN ordered (corresponding to individual units or assortment units).
- Indigo policy is to always order with the product ISBN. Indigo does not currently support the use of GTIN 14 product identifiers that some vendors apply to their cases.
- It is imperative that the product ISBN on the Purchase Order is what is shipped and is on the ASN. An incorrect ISBN can only be addressed by cancelling the line item on the Purchase Order (see section 5.5 below – Purchase Order Change). A new Purchase Order will be generated with the correct ISBN.

5.3. Freight Terms

Each Indigo Purchase Order specifies one of the following freight (INCO) terms:

- **DDP** – (Delivered Duty Paid): Vendor is responsible for delivering order in full to the agreed upon location in the country where the Buyer is situated within agreed upon Ship Window, and for paying all costs associated with the transfer, including import duties and taxes; however, vendor is not responsible for unloading.
- **DAP** – (Delivered At Place) – (replacing previously used INCOTERM DDU): Vendor is responsible for delivering order in full to an agreed upon destination (“place”) within agreed upon Ship Window, paying all transportation costs, except for costs related to import clearance (i.e. duty, other customs clearance costs). The Buyer is responsible for paying the duty and other customs clearing expenses.
- **EXW** – (ExWorks): Vendor is responsible for having order ready and available in full to be handed over (collected) at the vendor premises (factory, warehouse, plant, ...) within the agreed upon Ship Window (based on CHO date). Buyer pays all transportation costs and bears the risks for transporting the goods to its final destination (DC, Store).
- **FOB** – (Free on Board): Vendor is responsible for having order ready and available in full to be handed over within the agreed upon Ship Window (based on CHO date) at the agreed upon shipping location (FOB point), as specified on the Purchase Order.
- **FCA** – (Free Carrier): Vendor is responsible for delivering order in full, cleared for export, to the Buyer’s designated freight forwarder (carrier), at an agreed upon, named location, within agreed upon Ship Window. Vendor must load shipment onto the Buyer’s carrier. A receipt document from carrier to exporting vendor confirms transfer of shipment.
- **CIF** – (Cost, Insurance and Freight): This applies to maritime transport only. Vendor is responsible for paying the freight, insurance and other costs to deliver order in full to

the port of destination within agreed upon Ship Window. Once the shipment is loaded on the vessel, risk is transferred to the Buyer.

Please refer to Section 5 of this Manual for Indigo's Shipping Guidelines.

5.4. Purchase Order Acknowledgement

Vendor must review all terms of the Purchase Order and communicate any discrepancies via a Purchase Order Acknowledgement (POA) EDI document (855) **within three (3) days of receiving the Purchase Order**. Non-EDI vendors must send a PO Acknowledgment via e-mail to the respective Indigo buyer.

5.5. Purchase Order Change

At this time, Indigo's Purchase Order Change document (EDI 860) is only able to cancel a line item. If a vendor has sent an ASN that has been properly processed, Indigo's ERP system will not allow a PO Change document to be created for the respective PO.

Vendor must acknowledge any PO Cancellation/Change (sent via EDI 860) by sending a PO Cancellation/Change EDI 865 document. Non-EDI vendors must send an acknowledgement of a POC via e-mail to the respective Indigo buyer.

Improvements are being considered to enhance the PO Change functionality requirement of our Book business. When completed, they will be deployed to you through SPS Commerce.

5.6. Backorder Policy

Indigo's Backorder policy is as follows:

- 1) **Replenishment Purchase Orders** issued to vendors **will cancel after 30 days lateness** from vendor acknowledged delivery date.
- 2) **Initial Buy Purchase Orders** issued to vendors **will cancel after 90 days lateness** from vendor acknowledged delivery date. While these orders will be cancelled, some orders will be recut (in some quantity) upon acknowledgement of new delivery time.

Although we are unable to do so at this time, it is our intent to ultimately communicate this in the CSH segment of our PO 850 EDI specification; therefore, we ask that you explore ways to support this expectation for future requirements.

5.7. Advance Ship Notice (ASN)

The ASN is an electronic document (EDI 856) that describes the actual contents of a shipment.

- It is critical to ensure your ASN is loaded into our Warehouse Management System prior to your shipment arriving at the DCs or Store locations.
- In order to ensure your ASN matches your shipment, please transmit the ASN once the door closes on the truck. No transmission should be delayed any later than three hours following shipment.
- If your distribution facility is close to our DC or delivery Store location, it may be necessary to stage your picked orders so the ASN can be generated before shipping.
- If your ASN is rejected due to an error, the ASN can be retransmitted with the same ASN number once the error has been corrected.
- If the ASN is not in our system when the load arrives at our DC or Store location, it could result in rejection or receiving delays. A cost recovery charge will also be applied (see Vendor Compliance - Cost Recovery Charge Summary (Section 4, VIII, 8.1)).
- **Please note: ASNs are required for all bindery shipments.** Indigo's EDI solutions provider, SPS Commerce, can assist with a relatively low cost solution to making bindery shipment EDI compliant.
- It is mandatory that the Bill of Lading # (BOL) associated with your shipment be included in the ASN:
 - The BOL is used by the Appointment Desk to find the ASN(s) associated with the shipment. We require one BOL per shipment, not per PO. (Please note that one BOL can be associated with multiple ASNs.)
 - Failure to provide the BOL # could lead to your shipment being rejected at our Distribution Centre Appointment Desk.
- Ensure that Indigo's Purchase Order No.(s) is/are noted clearly on the carrier's shipping documentation that will be presented to Indigo's Distribution Centre Appointment Desk. This will allow them to locate your ASN within Indigo's warehouse management system and provide the carrier a dock door to unload your shipment.

Bill of Lading Dos & Don'ts

	DO	DON'T
BOL No.	<ul style="list-style-type: none"> ✓ DO include in ASN. ✓ DO provide one BOL per Shipment. ✓ DO ensure that details exactly match what has been routed for shipment. 	<ul style="list-style-type: none"> ✗ DON'T send ASN without BOL No. ✗ DON'T provide one BOL per PO. ✗ DON'T provide inaccurate information.

5.8. Invoices

For EDI vendors, all invoices must be received via the 810 EDI document. Indigo will not process any invoices sent via mail by EDI vendors.

Non-EDI vendors must mail paper invoices to **Accounts Payable (see Section 6 for contact info)** for payment to occur; the invoice should not be sent to the respective Indigo buyer.

Any discrepancy between vendor invoice and our receiving data may result in a payment different than the value shown on the invoice. Where an initial PO is cancelled by Indigo and a new Purchase Order No. is provided, the invoice must quote the new Purchase Order No.

5.9. Billing for Vendor Discounts, Allowances, Rebates, Cost Recovery Charges

Where your organization has entered into an agreement with Indigo for co-op support, or has incurred cost recovery charges as a result of non-compliant shipments, all amounts owing will be billed through the Indigo Debit Note Process. Unless otherwise stipulated by Indigo, please do not send a credit memo or cheque*. Indigo will provide vendor with all appropriate sales data related to the billed vendor support program.

(* a cheque should only be sent by vendor in the event that the vendor account is in a debit balance due to co-op/markdown support/vendor rebates)

5.10. Flow Through

Indigo is working on a DC Flow Through project to decrease time to shelf, resulting in increased sales and lower handling costs. We will engage those vendors to whom this initiative applies to provide more information in the coming months. In the meantime, the key items to note are:

There are two SAN numbers per Distribution Centre already in operational use, as follows:

DC Location	SAN#	Order Type
Retail DC (956)	1186213	Regular (Initial Buy & Replenishment)
	7603843	Flow through
Online DC (970)	1187414	Regular (Initial Buy & Replenishment)
	7603223	Online Customer Order

- 1) Delivery for two separate SAN#s (for the same DC location) cannot be mixed on the same pallet; **each SAN# shipment must be on its own individual pallet.**
- 2) When shipping multiple Flow Through SKUs on a pallet, each SKU must be packed in a separate layer (using either a separator slip sheet or a separate pallet).
- 3) Flow Through shipments must be on a separate ASN than non-Flow Through shipments.
- 4) As Flow Through is dependent on the receipt of a valid ASN, Indigo requires a resolution for failed/invalid ASNs prior to DC receipt. (Please note: there must be only one SAN# per ASN).

5.11. Cross-Dock

Indigo's Cross-Dock program is intended to improve cycle time through our Retail DC.

For vendors set up for Cross-dock, the following are the requirements:

- The BOL Number(No.) must be provided in the ASN document (856);
- The paperwork with the respective BOL No. must be provided to the DC upon arrival;
- The Dock Spot for the destination store number must be indicated on the shipping label;
- Furthermore, Cross-Dock EDI Labels must be filled out as required(see Section 4, VII, 7.2.1, iv)
- Full cases must be labelled with the final destination store address;
- Cross-dock shipment cases (for various store locations) may be mixed on a pallet;
- However, Cross-dock and non-Cross-Dock shipments:
 - cannot be mixed on the same pallet;
 - must be on separate BOLs, even if being shipped on the same trailer.
 - must have separate ASNs, even if being shipped on the same trailer
 - For further clarity: there must be one BOL# for the cross-dock product, and a separate BOL# for the non-cross-dock product.

VI. LEAD-TIMES & RETURNS

6.1. Delivery Lead-Times

6.1.1. Replenishment Orders

Indigo expects vendors to deliver our replenishment orders on the delivery date provided in our purchase orders. The delivery lead-times that vendors have provided Indigo form the basis for calculating this delivery date.

Vendors should not simply increase their delivery lead-times in an attempt to ensure our On-Time delivery goals are met, as this could result in the following:

- product arriving too early,
- negative implications on the portion of inventory that Indigo maintains to accommodate forecast accuracy error.

It is important that **delivery lead-times are accurate with a 95% confidence level**. Please ensure the lead-times you have provided to Indigo are within this level. Any updates should be communicated to MasterData@indigo.ca.

6.1.2. Online Orders

Our Online orders are hard coded to set the PO delivery date as the respective PO creation date, resulting in a PO delivery date that is not valid and simply an indication of an ASAP order. To ensure accurate PO delivery date for Online orders, vendors are required to send a POA with the planned delivery date, against which we will measure On-time delivery.

6.2. Reducing Level of Returns

Indigo is committed to continuing to work on areas of the business that will see the rate of book returns reduced. In CY 2014 Indigo is making a significant investment in new sales forecasting tools. Successful implementation of these tools should lead to reduced rates of return; however, if vendors simply increase their lead-times to meet Indigo's On-Time delivery goals, as noted above, there will be a negative impact on the level of inventory that Indigo will carry to buffer for forecast accuracy errors.

Increased Vendor Lead-times → Decreased Forecast Accuracy → Increased Rate of Returns

6.3. Returns ASN

The returns specifications for the 856R/ 810R are available through SPS Commerce. Testing through SPS Commerce can be done for a small fee. Indigo is ready to initiate these new EDI transactions with your company; however, they are not a mandatory EDI requirement.

6.4. Rejected Returns Process

The following outlines the process to be followed for Vendor Rejected Returns:

- Vendor must request a Chargeback Number before they send the rejections for approval;
- Once a Chargeback Number is received, Vendor must forward a completed Rejection Approval Form to Lauren Danton (ldanton@indigo.ca) before shipments may be sent back to Indigo's DC;
- Once vendor is provided with an Authorization Number for the respective return, the items could then be sent back to our DC or a pickup could be arranged.
- Cartons being returned should all be labelled with the Return Authorization Number and directed to Suzette Dunkley-Shaw, Product Flow Returns Clerk.

The following is an example of a properly filled out Rejection Approval Form. Please ensure that all required information is provided using the template and example below:

Vendor	Chargeback #	Chargeback Date	ISBN	TITLE	Total Units	Unit Cost	Total Cost	Vendor Comment
700000	5122222222	11.02.2012	9788888888888	FAKE BOOK	1	12.13	\$12.13	Title made OP in 2011

SECTION 4 - SUPPLY CHAIN EXECUTION & VENDOR COMPLIANCE

VII. VENDOR PERFORMANCE MANAGEMENT PROGRAM (VPM)

Indigo is committed to having a world class supply chain organization focused on delivering the right product to the right place at the right time at the right cost without defect. To help achieve this, Indigo's Vendor Performance Management (VPM) program communicates our supply chain performance guidelines to our vendors, and measures and communicates their compliance against those guidelines. This program is intended to initiate collaborative efforts between Indigo and its vendor community to improve operational efficiencies, product quality, and the customer experience at store level.

In calendar year 2014, as a part of Indigo's VPM Program, we will develop a process to formally communicate overall supply chain performance results to vendors via a quarterly Vendor Scorecard, which will be rolled out in several phases. Vendors will be contacted accordingly.

VIII. THE PERFECT ORDER GUIDELINE

Indigo's **Perfect Order Guideline** applies to all product purchased for resale by Indigo Books & Music Inc. inbound to each of our DC and store locations. This guideline plays a key role in ensuring that our vendors are delivering orders **on-time, complete**, with **accurate** documentation, and **in good condition**, in support of our supply chain productivity goals.

The Perfect Order Guideline includes Indigo's performance expectations for:

- On-Time Shipment/Delivery/ASN
- Fill Rate ("complete" order)
- Accurate Shipment Documentation
- Shipment Quality ("in good condition")

The Perfect Order Index (POI)

- Indigo defines a “Perfect Order” as one whose shipment is delivered:
 - On-Time
 - Complete
 - Accurately
 - In Good Condition
- The Perfect Order Index is calculated by multiplying the 4 key delivery metrics above:

$$\begin{array}{cccc} \% \text{ OF ORDERS} & & \% \text{ OF ORDERS} & & \% \text{ OF ORDERS} & & \% \text{ OF ORDERS} \\ \text{DELIVERED} & \times & \text{DELIVERED} & \times & \text{DOCUMENTED} & \times & \text{DELIVERED IN} \\ \text{ON-TIME} & & \text{COMPLETE} & & \text{ACCURATELY} & & \text{GOOD CONDITION} \end{array}$$

8.1. ON-TIME DELIVERY/ ASN DELIVERY (“On Time”)

8.1.1. On-Time Delivery (OTD) - to DC & Store locations:

- a. Please note that, at this time, the OTD guideline below will only apply to Book Replenishment Orders & all Online Customer Orders. We are currently exploring the most accurate method of determining the Delivery Date for Book Initial Buy POs, which will then allow us to measure OTD for Book Initial Buy POs as well.
- b. Applicable to: vendors that have the following INCOTERMS:
 - DDP
 - DAP
- c. Guideline for Book Replenishment Purchase Orders:
 - Indigo expects Purchase Orders to be delivered on-time and in full to the correct DC location (DC Delivery) or Store location (DSD - Direct Ship Delivery) within the Delivery Window.
 - The Delivery Window is defined as three (3) days early, and three (3) days late compared to final acknowledged/agreed to Purchase Order Delivery Date (sent via POA 855 EDI document).
 - An order delivered outside the Delivery Window will be considered as non-compliant, and will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1).
 - Rescheduling Delivery Date: a Delivery Date revision request must be submitted to Indigo using a POA EDI Doc (855).

d. OTD Guideline for Strict On Sale Titles:

- Strict On Sale Titles are defined as titles for which an affidavit has been signed by the respective Indigo merchant.
- Indigo requires delivery of Strict On Sale Titles to its Distribution Centre ten (10) business days before the release date to allow us on-time receipt and distribution across Canada. For example, if the on-sale date is July 31, the product must be delivered to our DC no later than July 17th.
- Indigo requires direct delivery of Strict On Sale Titles to its Store locations a minimum of 48 hours before the release date, to allow us to receive and stock store shelves on time.
- A Strict On Sale Title order that is not delivered according to this requirement will be considered as non-compliant, and will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1).

8.1.2. Advance Ship Notice (ASN) Delivery:

- Indigo expects EDI vendors to send a valid EDI 856 (ASN) **immediately after the shipment departs from the vendor's facility** (this includes bindery shipments); this will allow time for remedial action to be taken in the event of ASN failure. In the future, immediate ASN provision will also support Indigo's plans to deliver enhanced supply chain visibility to monitor our product flow from vendors to distribution centres and stores.
- An **ASN delivery** is considered late and non-compliant if it is not received and processed successfully before delivery of the physical shipment at the respective DC or Store location(s).
- A **non-compliant ASN Delivery** will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1).

8.1.3. Other DC & Store Delivery Requirements

i. DC Delivery Appointment:

- All deliveries to Indigo's Distribution Centres require a pre-booked* appointment, with the exception of courier shipments (i.e. couriered freight). (* this includes pre-arranged long standing delivery appointments for select vendors)
- Please refer to Section 5, X, 10.6 of this Manual for detailed requirements for booking a DC Delivery Appointment.

- To avoid a late delivery incident, you may book your delivery appointment up to one (1) week in advance to secure an available timeslot on your desired and scheduled Purchase Order Delivery Date; however, please ensure that you do not deliver your shipment (for book replenishment orders and for related merchandise initial buy and replenishment orders) more than three (3) days earlier than the scheduled PO Delivery Date as this will result in an (early) delivery (non-compliance) incident.
- If you attempted to book a delivery appointment a minimum of 2 (two) working days in advance of the scheduled Purchase Order Delivery Date and a delivery timeslot was not available, notification of this attempt, including respective delivery details, should be forwarded to VendorAppeals.com.

ii. **Delivery Refusals at DC or Store Locations:**

- Delivery to any Indigo DC or Store location may be refused/rejected due to the following:
 - No pre-booked appointment (DC locations only),
 - Delivered to wrong address,
 - Incorrect/missing paperwork,
 - Bill Of Lading No. on paperwork is not provided in corresponding ASN for EDI vendors shipping to DC locations,
 - Delivered too early (earlier than booked appointment).
- Deliveries that arrive with any of the above issues may be charged the respective cost recovery fee as per the Cost Recovery Schedule, and any transportation and/or storage charges related to a delivery refusal.

8.2. **FILL RATE - (“Complete”)**

- Initially, we will apply the Fill Rate Metric to DC Purchase Orders only (Online & Retail); in the future, this will also be measured for DSD Purchase Orders.
- Indigo expects our Purchase Order Lines to be delivered complete, that is, 100% filled, on the initial shipment, for acknowledged Purchase Order line quantities.
- A variance of +/- 2% of the Purchase Order line order quantity will be tolerated; however, the following results will be considered as non-compliant:
 - A shortage: shipped quantity variance is less than -2%
 - An overage: shipped quantity variance is greater than +2%
 - Wrong/Substitute product shipped
- A Purchase Order line with a non-compliant Fill Rate will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1)

8.3. ACCURATE DOCUMENTATION (“Accurate”)

- Indigo expects all documentation & EDI transactions preceding, accompanying, and succeeding an inbound shipment to be accurate and complete, matching exactly the details of the respective Purchase Order(s), and ship-to location.
- Such documentation includes:
 - Valid EDI 856 (ASN) (EDI vendors only)
 - Bill of Lading
 - Packing Slip
 - Invoice
- Any of the above Documentation that is non-compliant with the requirements below will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1).

8.3.1. ASN Accuracy

- Indigo expects (EDI) vendors to send a timely, valid and accurate EDI 856 (ASN) whose details exactly match what has been routed for shipment.
- An ASN is considered to be inaccurate and non-compliant if there is an error with, or is missing any of the following required details:
 - Bill of Lading No.
 - Purchase Order No.(s)
 - ISBN or UPC
 - QTY shipped
- An ASN is considered to be invalid and non-compliant if there is a:
 - systemic error/failure
 - receiving data error/failure

8.3.2. Bill of Lading Accuracy

- Indigo expects all vendor shipments to be accompanied by an accurate Bill of Lading No. whose details exactly match what has been routed for shipment. This Bill of Lading No, must be included in the respective ASN.
- The Bill of Lading must include at a minimum:
 - The full name and address of Shipper
 - Name of Carrier
 - Consignee:
 - Indigo Books & Music Inc.
 - *Correct Indigo DC/Store ship-to address*
 - Accurate BOL No. (same as on respective ASN)
 - Shipment Details:

- No. of pallets
- No. of cases/cartons
- Total Weight shipped
- Purchase Order No.(s)
- Ship Date
- Description of Items Shipped & QTY
- Wood packaging declaration
- Indication of products that require special handling or stowage
- Indication of food products that require temperature control and/or put-away within a given time.
- A Bill of Lading is considered to be inaccurate and non-compliant if there is an error with, or is missing any of the above required details.

8.3.3. Packing Slip Accuracy

- Indigo expects all vendor shipments to be accompanied by an accurate Packing Slip whose details exactly match what has been routed for shipment.
- The Packing Slip must contain, at a minimum:
 - Purchase Order No.(s)
 - Date of Shipment
 - Ship-to Location/Address (Destination)
 - List of ISBNs or UPCs
 - List of Product Descriptions/Titles
 - Total units shipped by Description/Title and total quantity back-ordered
 - List of correct lot numbers (if applicable)
- The Packing Slip should be easily identified on the outside of the shipment.
- A Packing Slip is considered to be inaccurate and non-compliant if it does not meet any of the above requirements.

8.3.4. Invoice Accuracy

- Indigo expects EDI vendors to send a valid and accurate 810 EDI document whose details match the respective Purchase Order details for the exact item(s) and quantity(s) that have been shipped.
- Non-EDI vendors are expected to include the following Purchase Order details on their paper invoices. The Invoice must accurately contain:
 - Invoice No.
 - Invoice Date
 - Purchase Order No.(s)
 - Date of shipment

- Accurate payment terms
- Payment currency
- List of ISBNs or UPCs shipped
- List of Product Descriptions shipped
- Quantity Shipped by Item (in eaches) by ISBNs or UPCs
- Accurate Unit Price (per each) of ISBNs or UPCs shipped
- Detailed list of other applicable charges & unit/total price per charge
- Accurate invoice sub-total
- Accurate calculation of total applicable taxes & duties
- Accurate calculation of total all other applicable charges
- Accurate grand total calculation
- An Invoice is considered to be inaccurate and non-compliant if it does not meet any of the above requirements.

Compliance

A **violation/infraction** means non-compliance with any component of this guideline for the receipt of any Purchase Order Line Item.

Example:

- Non-compliance with the On-Time Delivery guideline will be measured at the Purchase Order Line level, and will each constitutes a single violation.

Failure to meet Indigo's requirements will lead to the respective shipment being subject to a non-compliance **cost recovery fee** as per **The Perfect Order Guideline - Cost Recovery Schedule**. Please refer to **Figure 10, Section IX**.

8.4. IN GOOD CONDITION (Shipment Quality)

8.4.1. Case & Pallet Labeling Guideline

Indigo's **Case & Pallet Labeling Guideline** applies to all inbound product that has been purchased for resale by Indigo Books & Music. This guideline plays a key role in ensuring that vendors provide the label requirements for shipment to our DC and Store locations in the manner expected to support our supply chain productivity goals.

Definition: **Master/Outer Case** - a vendor's outermost carton containing the ordered units.

8.4.1.1. Case & Pallet Labeling Requirements for EDI Vendors

Indigo expects that the majority of our vendors are transacting via EDI. This section applies to all vendors transacting via EDI.

i. General Label Requirements

A labeling violation will occur if a label is missing, inaccurate or unscannable. Reasons why a label would be identified as missing, inaccurate or unscannable include:

- GS1-128 label is missing
- Invalid SSCC-18 code used for Handling Unit Number
- Invalid characters (presence of symbols or alpha characters)
- Duplicate barcodes (duplicate barcodes will not be accepted)
- Photocopy (photocopies of labels taped to cases will not scan correctly)
- Poor print quality which causes the label to not scan correctly
- Defaced and/or partially missing label
- Barcode and human readable are different (barcode must de-code to the human readable number printed on the label)
- Barcode is too big (bleeds to edge of label) or too small
- Tape over label (including "clear" tape)

ii. Outer Case (Master Carton) Label Requirements for EDI Vendors Sending Case Level ASNs

Each Outer Case must contain an EDI GS1-128 Label in accordance with GS1 Global Standards. Indigo's label requirements follow standard GS1/EAN SSCC-18 common label formats. Detailed information about the SSCC-18 data structure and associated GS1/EAN-128 symbol can be found online at <http://www.gs1ca.org/home.asp>.

Indigo GS1- 128 Label Zones

The label is formatted into several information zones. Zones include both human readable information and GS1/EAN-128 information. Each zone contains a zone title and information pertaining to that zone. Please see the illustration and zone explanations below.

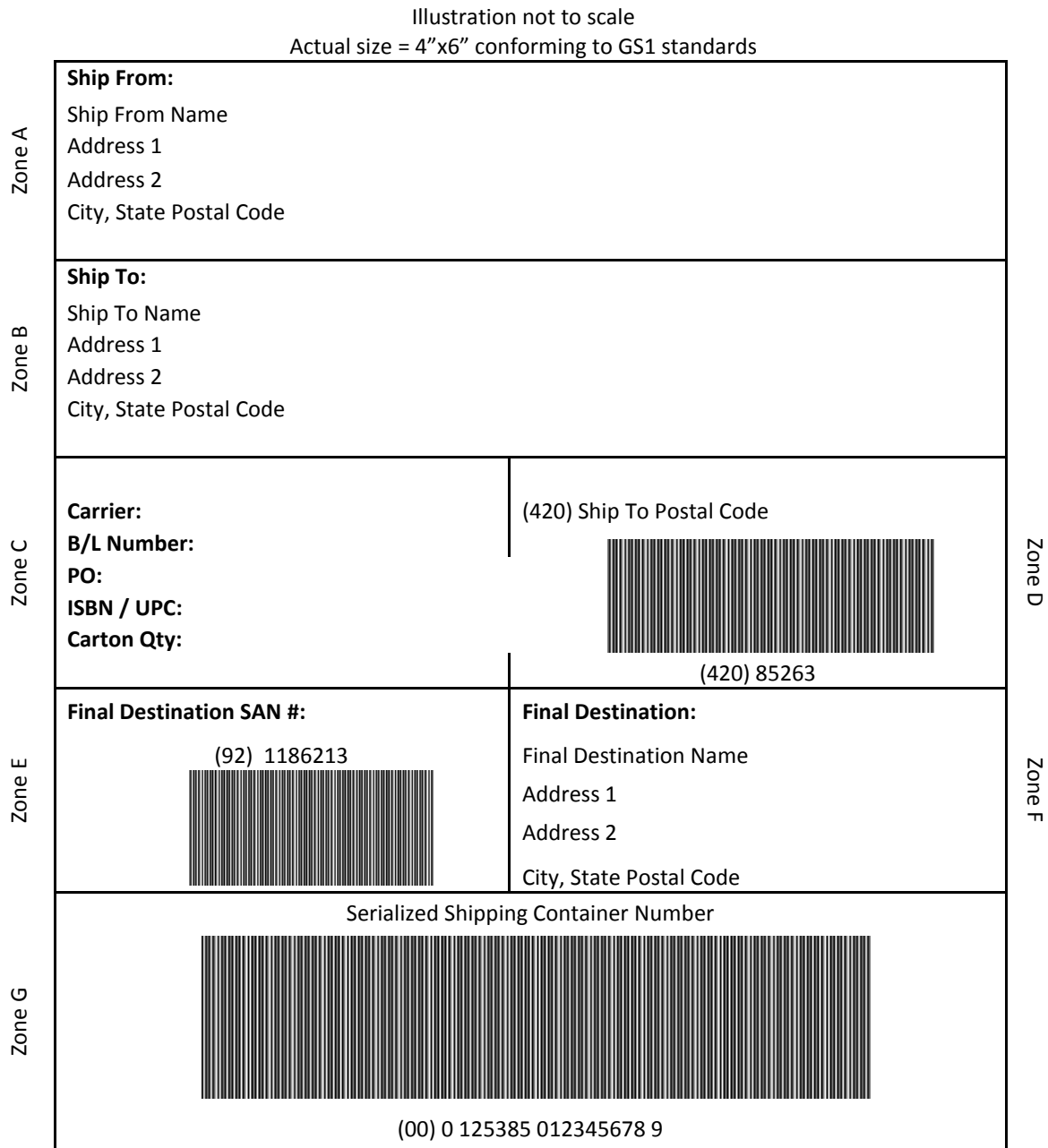


Figure 1 - Indigo GS1- 128 Label with Zones.

Zone	Content	
A	Vendors ship from name and address <u>is required</u>	10 to 12 pt font
B	Ship to name and address <u>is required</u>	10 to 12 pt font
C	Shipment Information - Carrier <u>is required</u> - B/L # <u>is required</u> if available ; must be provided in EDI 856 - PO Number <u>is required</u> - ISBN <u>is required</u> (for single title; if mixed case, indicate "mixed") - Carton Qty <u>is required</u>	10 to 16 pt font
D	Ship To postal code and barcode	10 to 16 pt font
E	Final Destination SAN#	10 to 16 pt font
F	Final Destination Name and Address (for Cross-Dock shipments only; leave blank for DC/DSD shipments)	10 to 16 pt font
G	UCC-128 Serial Shipping Container Code (SSCC-18) <u>is required</u> Packaging Type indicator (3 rd digit): <ul style="list-style-type: none"> • "0" for case/carton • "1" for pallet 	20 mil bars

Figure 2 - Indigo GS1- 128 Label Zones.

iii. Cross Dock Label Requirements

Indigo's labeling requirements for cross-dock shipments are slightly modified from the GS1-128 Label Zone Example provided above. The Final Destination Name and Address in Zone F must also include the Indigo DC Dock Spot that corresponds to this Final Destination Name & Address.

*Illustration not to scale
Actual size = 4"x6"

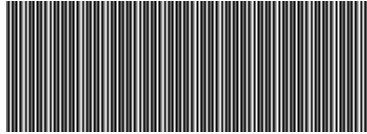
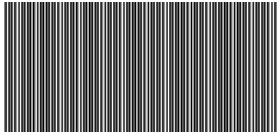
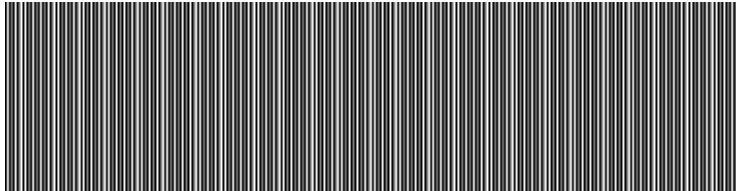
Zone A	Ship From: Ship From Name Address 1 Address 2 City, State Postal Code		
Zone B	Ship To: Ship To Name Address 1 Address 2 City, State Postal Code		
Zone C	Carrier: B/L Number: PO: UPC: Carton Qty:	(420) Ship To Postal Code  (420) 85263	Zone D
Zone E	Final Destination SAN #: (92) 1186213 	Final Destination: Final Destination Name Address 1 Address 2 City, State Postal Code Dock Spot (Actual 3 Digit Number XXX)	Zone F
Zone G	Serialized Shipping Container Number  (00) 0 125385 012345678 9		

Figure 3 - Indigo GS1- 128 Cross-Dock Label with Zones.

Zone Content

A	Vendors ship from name and address <u>is required</u>	10 to 12 pt font
B	Ship to name and address <u>is required</u>	10 to 12 pt font
C	Shipment Information -Carrier <u>is required</u> - B/L # is required if available - PO Number <u>is required</u> - UPC <u>is required</u> if available -Carton Qty required	10 to 16 pt font
D	Ship To postal code and barcode	10 to 16 pt font
E	Final Destination SAN #	10 to 16 pt font
F	Final Destination Name and Address; Dock Spot (Actual 3 Digit Number XXX) based on the store's X-Dock number provided by Indigo.	10 to 16 pt font
G	UCC-128 Serial Shipping Container Code (SSCC-18) is required Packaging Type indicator (3rd digit): • "0" for case/carton • "1" for pallet	20 mil bars

Figure 4 - Indigo GS1- 128 Cross-Dock Label Zones.

iv. Label Placement

- The GS1-128 label must be placed on the shortest side of the outer case on the right hand side;
- Barcodes must be printed in vertical bar configuration;
- Placement of the label must be such that the bottom edge of the barcode containing the SSCC-18 is located at least 1.25 inches from the bottom of the outer case (shipping container);
- The outermost bar of the barcode cannot be closer than 1.25 inches from the vertical edge of the outer case (shipping container);
- If unable to have the barcode containing the SSCC-18 at least 1.25 inch from any edge of the outer case (shipping container), then place the GS1-128 carton label on "top" of the outer case (shipping container);
- Outer cases should only contain one unique GS1-128 label. All additional "internal" barcodes on the outer case must be marked out or covered as this is in conflict with the barcode on the GS1 -128 shipping label.

v. Pallet Label Requirements for EDI Vendors Sending Pallet Level ASNs

These requirements only apply if a vendor is providing Indigo a shipment that contains a pallet level ASN. Indigo has sent written communication to vendors who are expected to provide product, when ordered in an appropriate quantity, using a pallet level ASN. There are significant

productivity improvements that Indigo and the vendor can realize from using this ASN structure. If this expectation has been communicated to your organization, the label requirements are as follows.

For full or half-pallet shipments of a single book/product (i.e. single ISBN or UPC):

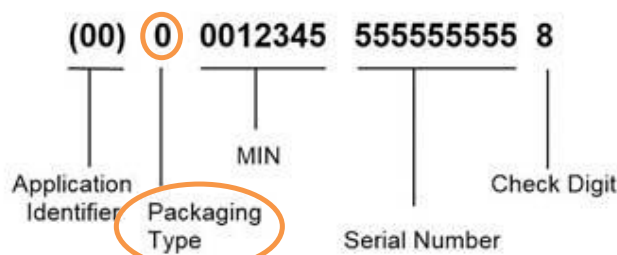
- Vendor provides a single **Pallet Level ASN (SOTI structure)** rather than a case level ASN (SOPI structure). This allows Indigo to receive the entire product on the pallet with one scan of the pallet label rather than with multiple scans of each case on the pallet.
- Only a pallet HU GS1-128 label is required; individual carton HU GS1-128 labels are not required.
- Two half-pallet shipments may be placed on one skid if separated by a slip sheet and/or a pallet (hence creating layers), with a pallet HU GS1-128 label per layer/shipment.
- Alternatively, vendors may provide a SUPER-PACK SOPI ASN using the existing SOPI ASN structure, essentially creating one big carton for the total quantity of units on the pallet:
 - this option requires only a pallet HU GS1-128 label;
 - individual carton HU GS1-128 labels are not required (*only item ISBN/UPC and QTY must be indicated on the carton);
 - Please note that for this option: the Packaging Code in the TD1 segment of the EDI 856 doc must indicate “PLT” (not “CTN”), and the Lading Quantity must indicate the total # of pallets.
- Please note that only one structure type (SOPI or SOTI) can be used per ASN, that is, one ASN cannot contain both SOPI and SOTI structure types.)

vi. Package Type Indicator - Case vs. Pallet Label

As indicated in **Zone G of Indigo GS1- 128 Label Zones**; the 3rd digit of the SSCC code indicates the unit level packaging type (i.e. case/carton vs. pallet) as follows:

- “0” for carton
- “1” for pallet

Figure 5 – SSCC – Packaging Type Indicator



- For pack/case/carton level shipments, the individual pack/case/carton labels would include a “0” in the 3rd digit of the SSCC code.
- For pallet shipments, the pallet label would include a “1” in the 3rd digit of the SSCC code.

8.4.1.2. Case Labeling Requirements for Non EDI Vendors

Indigo expects that the majority of our vendors are transacting via EDI. This section applies to all vendors that are not transacting via EDI. This section is also relevant for the small number of suppliers that are being sent a PO via EDI, but are unable to send Indigo an ASN. These vendors are deemed to be Non EDI vendors.

i. General Label Requirements

A labeling violation will occur if a label is missing or is incorrect. Reasons why a label would be identified as missing or incorrect include:

- Invalid characters (presence of symbols or alpha characters)
- Poor print quality
- Defaced and/or partially missing label
- Tape over label (including “clear” tape)

ii. Outer Case (Master Carton) Label Requirements for Non-EDI Vendors

Each outer case must contain a Non-EDI Shipping Label as outlined below. Please produce the non-EDI carton label presented below (Fig. 7), using the subsequent Zone content table (Fig. 8), and in the appropriate size. Place a label on each outer case in the shipment (an editable label template can be provided upon request).

Indigo Non-EDI Shipping Label Zones

The label is formatted into several information zones; it is very similar to Indigo’s GS1-128 Shipping Label for ASNs provided above. Zones include both human readable information and GS1/EAN-128 information. Each zone contains a zone title and information pertaining to that zone. Please see the illustration and zone explanations below.

*Illustration not to scale
Actual size = 4"x6"


Zone A	Ship From: Ship From Name Address 1 Address 2 City, State Postal Code		
Zone B	Ship To: Ship To Name Address 1 Address 2 City, State Postal Code		
Zone C	Carrier: B/L Number: PO #: Carton Qty:	Description of Product : ISBN : 9781234567890  Gross Weight of Case:	Zone D
Zone E	Final Destination: Final Destination Name Address 1 Address 2 City, State Postal Code		
Zone F	<div style="border: 1px solid black; padding: 10px; display: inline-block;"><h1>NON EDI</h1></div>		

Figure 6 - Indigo Non-EDI Shipping Label with Zones.

Zone	Content	
A	Vendors ship from name and address <u>is required</u>	10 to 12 pt font
B	Ship to name and address <u>is required</u>	10 to 12 pt font
C	Shipment Information <ul style="list-style-type: none"> • Carrier if available • B/L # if available • PO Number <u>is required</u> • Carton quantity (# of total units in carton) <u>is required</u> 	10 to 16 pt font
D	Product Information <ul style="list-style-type: none"> • Product Description <u>is required</u> • ISBN <u>is required</u> if single product in the case; GS1-128 scannable barcode <u>is optional</u> (if available) • Gross weight of the case <u>is required</u> 	10 to 16 pt font
E	Final Destination Name and Address (for Cross-Dock shipments only; leave blank for DC/DSD shipments)	10 to 16 pt font
F	NON EDI – <u>is required</u>	36 to 40 pt font

Figure 7 - Indigo Non-EDI Shipping Label Zones.

8.4.1.3. Labeling for Specialty Products- EDI & Non-EDI Vendors

Books Requiring Special Labeling/Handling

- Books or related products requiring special handling must be clearly labeled on the case.
- If products require special handling or stowage, the packaging should be marked accordingly; this information should also appear on the Bill of Lading.
- Shipment cases with Strict On Sale (SOS) Titles must be marked accordingly with a “Strict On Sale” label. This only applies where an affidavit has been signed by the respective Indigo merchant. (Please note that SOS Titles must not be mixed in a case with other titles; the ordered quantity must be shipped in a separate case without rounding to a full case pack).
- Any cautionary markings must be permanent and easy to read. Use the languages of both the country of origin and English.
- The use of stencils is recommended for legibility – do not use crayon, pencil, or chalk, which may be erased, or tags and cards, which may become detached.

Compliance

A **violation/infraction** means non-compliance with any component of this guideline for receipts under a single shipment.

Example:

- Non-compliance of the shipping label guideline on each carton of a 60-carton shipment in response to one Purchase Order constitutes a single violation, not 60 violations.

Failure to meet Indigo's requirements will lead to the respective shipment being subject to a non-compliance **cost recovery fee** as per **The Perfect Order Guideline - Cost Recovery Schedule** in **Section IX**. Please refer to **Figure 10, Section IX**.

8.4.2. Packaging Guideline

Indigo's **Packaging Guideline** applies to all product purchased for resale by Indigo Books & Music Inc. inbound to each of our DC and Store locations. This guideline plays a key role in ensuring that vendors provide the packaging, carton and pallet requirements for shipments to our DC and Store locations in the manner expected to support our supply chain productivity goals.

The Packaging Guideline includes Indigo's requirements for:

- Case Pack Size
- Carton Specific Packaging
- Inner Packaging Material
- Pallet Specific Packaging
- Inner/Outer Package Labeling
- Environmental Packaging Requirements

Indigo is an environmentally responsible company. We encourage the use of environmentally sensitive packaging materials (recycled and recyclable).

8.4.2.1. Case Pack Size Requirements

- When cutting a PO, Indigo orders item quantities in eases; however, we use the case pack quantity provided by vendors as part of their ONIX or SYME submission to round up to full case pack totals, where possible.
- For example, if the case pack QTY provided by a vendor is 12 and our total PO ordered QTY is 140 eases, we will round up to 144 eases to enable ordering full case pack quantities; alternatively, if the PO ordered QTY is 136, we will round down to 132 eases.
- **Vendor should ship only the quantity stated on the PO, and should not round the ordered (PO) quantity up to their respective case pack quantity.**
- All products must be packed in accordance with the case pack quantity provided to Indigo as part of your ONIX or SYME submission (whether it is a full case or not). Should there be any deviation with respect to case pack qty, it will result in a Non-compliance Cost Recovery Charge (see Fig. 13).

8.4.2.2. Carton Specific Packaging Requirements

At a minimum, all cartons/cases used to pack product to be shipped must be packaged according to the following standards:

- Cases must be made from new/clean corrugated cardboard.
- Cases must not exceed 23" (L) x 22" (W) x 16" (H) (any relevant exceptions must be pre-approved by the respective Indigo Category Manager ahead of delivery).
- Filled case weight must not exceed 40 lbs.
- Cases must be double-wall (5ply) with minimum edge crush strength of 50 lbs (22 kilos), and a bursting strength of 200lb/in² (1379kPa -13.4kg/cm²).
- All open case seams must be sealed using strong packing tape.
- Use of binding, straps, staples, shrink-wrap or glue is not acceptable.
- The use of cardboard Gaylord boxes/containers, wooden or plastic crates are not permitted.
- Only vendor markings regarding respective shipment, possibly corrugate manufacturer info, and courier label (if applicable) may be on master carton. No other markings are allowed.
- Product indicators, logos, and labels on the outside of the carton must be for the product contained inside only.
- Special handling instructions must be indicated on the carton (i.e. "Strict on Sale", "Fragile", "This way up", "Do not double stack" etc...).
- Strict On Sale Titles must not be mixed in a case with other titles; the ordered quantity must be shipped in separate case without rounding to a full case pack.

8.4.2.3. Inner Packaging Material Requirements

- Although shipments are warehoused in the Indigo DC, product must be packed properly to handle further distribution to Indigo Stores or online customers.
- All products should be packed inside a carton according to the following standards to ensure that they are adequately secured, supported and protected from damage during travel and handling:
 - Product must be properly protected using clean packing materials, and sufficiently separated from other items within the same container so as to avoid possible damage due to contact.
 - Inner voids within cartons must be filled with packing materials (dunnage, air pillows,...).
 - Packing materials requirements:
 - The use of Packing Paper (dunnage), Tissue, and Air Pillows is permitted so long as they provide sufficient protective packaging for the products in the container.
 - The use of Packing Poly Peanuts, Newspaper, Printed Material, Hay, or Straw is not permitted.

- Protective packaging (i.e. polybags, tissue, ‘baggies’, or other...) must each be labeled (on the outside) with a scannable ISBN barcode of the product.
 - Polybags must be clear and made from film that is at least 0.75 mil [19.0 μm] thick.
 - If this is a polybag that Indigo’s customer will ultimately receive, and it has an opening that is greater than 14 inches in circumference, then the polybag must have on it, printed legibly in black, the following anti-suffocation safety warning in both official languages:

"PLASTIC BAGS CAN BE DANGEROUS. TO AVOID DANGER OF SUFFOCATION KEEP THIS BAG AWAY FROM BABIES AND CHILDREN."

“LES SACS DE PLASTIQUE PEUVENT ÊTRE DANGEREUX. POUR ÉVITER LE DANGER DE SUFFOCATION, NE LAISSEZ PAS CE SAC À LA PORTÉE DES BÉBÉS NI DES ENFANTS”

- This warning may be expressed in different words if those words clearly convey the same warning.
- Protective carton inserts are required on top of product to ensure knife damage will not occur.

8.4.2.4. Pallet Specific Packaging Requirements

i. Pallet Physical Properties:

Indigo requires that all inbound shipment pallets meet the following requirements:

- Pallet dimensions: 40" x 48"
- Pallet Max Height: must not exceed 52" inches (includes pallet + product height) - (exceptions must be pre-approved by Indigo Category Manager, ahead of delivery)
- Pallet type:
 - Standard 4-way wooden pallets only
 - Please note: CHEP, CPC, plastic, 9-block, chipboard, and damaged pallets are **not** acceptable.

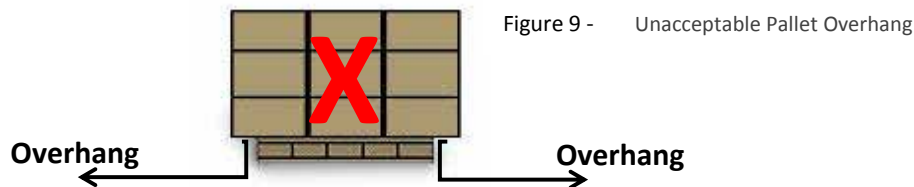


CHEP Pallet

Figure 8 – Acceptable vs. Unacceptable Pallet Types

ii. Pallet Packing & Stacking:

- A pallet must contain product for one DC and one respective SAN# only (cannot mix shipments for different SAN #s (for same DC) on one pallet).
- Heavier product must be placed on the bottom of the pallet.
- Where possible, cases/cartons containing the same item should be grouped together on the same pallet, **up to a maximum height of 52"**.
- Where there are two or more items (ISBN/UPC) on the same pallet, the pallet should be packed in such a way that the item with the greater number of cartons should be packed on the bottom layer, and the pallet should be built up with subsequent items in the same manner.
- All pallets must be securely shrink-wrapped with no overhang of product (see Fig. 11 below).
- The use of cardboard Gaylord boxes/containers, wooden or plastic crates are **not** permitted.
- Pallets may be double-stacked only if bottom pallet is leveled and the product on the bottom pallet will not get damaged.
 - Shipper will take responsibility for any damage resulting from double-stacking.
 - Triple stacking of pallets is not allowed.



iii. Pallet Shipment – ASN Structure (for EDI vendors only)

For full or half-pallet shipments of a single product (i.e. single ISBN/UPC): Indigo requires the vendor to provide a Pallet shipment, with either a:

1. **Pallet ASN** (SOTI structure), or
2. **Super-Pack ASN** (Super-pack SOPI structure)

(Please note that only one structure type (SOPI or SOTI) can be used per ASN, that is, one ASN cannot contain both SOPI and SOTI structure types.)

8.4.2.5. Packaging for Specialty Products

- If products require special handling or stowage, the packaging should be marked; this information should also appear on the Bill of Lading.
- Any pre-approved shipments containing oversized and/or heavy cartons must have “HEAVY” and/or “OVERSIZED” marked on the respective carton in either label or legible preprint carton marking format.

8.4.2.6. Package Labels (Master Carton)

Labeling Compliance to Canadian Laws and Regulations

- All case and package labeling must comply with all applicable Canadian laws and regulations, and must adhere to any prescribed national standards and warnings. Cost of all labeling is the responsibility of the vendor and must be included in the cost of the goods. Product must meet these conditions at time of shipment from vendor’s facility or manufacturing site.
- Vendors may be asked to provide a copy of master carton label for review, if necessary.
- Please refer to *Case and Pallet Labeling Guidelines* (Section 4, VII, 7.2) for more detail.

8.4.2.7. Environmental Packaging Requirements

i. Product and Packaging Requirements:

Indigo will not accept illegally harvested wood and paper products. Indigo will immediately terminate business with vendors found to use such wood in its packaging materials.

ii. Sustainable Packaging:

Where paper packaging is used (either corrugate or non-fluted paperboard packaging), Indigo prefers that vendors avoid virgin materials and use recycled materials.

iii. Wood Packaging Requirements:

Please refer to Section 7, Appendix A for Indigo’s wood packaging requirements.

8.4.3. Damage-Free Shipment/Product

- Indigo expects vendor shipments to be delivered damage-free, with all books/products packed according to Indigo's Packaging Guidelines (see Section 4, VII, 7.3).
- A shipment is considered to be **damaged** and non-compliant if there is any visible or concealed damage to the packaging and/or the product, rendering it not saleable.
- A damaged and non-compliant shipment may be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig. 1)
- Indigo will be noting any visible damage on the Bill of Lading at the time of offloading:
 - If vendor is responsible for freight, the damaged articles will be left on the carrier's trailer to be returned to vendor, and the respective invoice will be short paid for the respective amount. Vendor will be responsible for initiating the claim with their appointed carrier.
 - If Indigo is responsible for the freight terms, Indigo will initiate the claim with their appointed carrier.
- For concealed damage, Indigo will place the respective damaged items in DC Quarantine and short-pay the respective invoice (for the amount of the damaged articles):
 - Vendor will be responsible for picking up the damaged product within seven (7) days of notification, or may choose to pay Indigo to dispose of the damaged product.
- In the event of any required sorting/reworking at the DC for damaged shipments, a cost recovery fee may be charged as per the Cost Recovery Schedule (see Fig. 1).

Compliance

A violation means non-compliance with these guidelines for receipts under a single shipment.

Example:

- Non-compliance of the packaging guideline on each carton of a 60-carton shipment in response to one Purchase Order constitutes a single violation, not 60 violations.
- Non-compliance with the Damage-free Shipment guideline for a delivery constitutes a single violation.

Such violations may result in delays and rework, and may incur a **cost recovery charge** as per **The Perfect Order Guideline - Cost Recovery Schedule** in **Section IX**. Please refer to **Figure 10, Section IX**.

IX. VENDOR COMPLIANCE PROGRAM

9.1. Summary

Indigo expects vendors to comply with the guidelines and requirements detailed in this manual for all product shipments to Indigo. Vendor non-compliance with these requirements disrupts Indigo's supply chain processes, thus affecting the high level of service we strive to deliver to our customers. Our vendor non-compliance policy is intended to recover incremental costs incurred by Indigo as a result of such non-compliance.

In the event a non-compliant shipment cannot be accepted, Indigo reserves the right to reject the shipment. In those instances, the vendor will be responsible for:

- All transportation and storage charges related to the rejection (if applicable);
- Arranging for pick-up of the rejected freight within seven (7) calendar days of such notification being sent by Indigo. Indigo reserves the right to dispose of the goods if pick-up arrangements have not been made by the vendor within the 7 days. This policy applies to both our warehouses and all of our stores within Canada.

Non-compliant shipments/deliveries may result in receiving delays and require rework at Indigo DCs and/or Stores, and may incur a cost recovery charge as summarized in the **Non-Compliance Cost Recovery Schedule** below for all guidelines specified in this manual:

COST RECOVERY SCHEDULE (effective June 1st, 2014, unless otherwise stated)			
Metric	Delivery Guideline	Violation	Cost Recovery Fee
ON-TIME	On-Time Delivery (OTD) (Initial Buys exempted at this time) <i>Delivered to DC or Store within Delivery Window:</i> 3 days earlier/3 days later than final agreed upon Delivery Date	Delivered to DC/Store: <ul style="list-style-type: none"> ▪ More than 3 days early ▪ 4-14 days late ▪ >14 days late 	2% x QTY* early 2% x QTY* late 5% x QTY* late *(PO value)
	OTD – Strict On Sale Titles <ul style="list-style-type: none"> ▪ Delivered to DC ten (10) days before Release Date; ▪ Delivered to Stores min. 48hrs before Release Date 	Delivered to DC: <ul style="list-style-type: none"> ▪ Later than 10 days before release date Delivered to Store locations: <ul style="list-style-type: none"> ▪ Later than 48 hrs before release date 	\$1.50 for each unit delivered late to Indigo's DC that requires the use of expedited courier \$0.50 for each unit delivered late to an Indigo store location
	ASN Delivery <ul style="list-style-type: none"> ▪ Sent immediately after shipment departs from vendor's facility ▪ Received and processed successfully before delivery of physical shipment at DC/Store(s) 	<ul style="list-style-type: none"> ▪ EDI 856 not sent ▪ Valid EDI 856 sent late 	\$250 per shipment to DCs* \$100 per shipment to each Store* (*currently in effect)

	DC/Store Delivery Requirements: <ul style="list-style-type: none"> ▪ Appointment Booking ▪ Correct Address ▪ Correct/Complete Paperwork 	DC/Store Delivery: <ul style="list-style-type: none"> ▪ without an appointment/ early/ late ▪ to Incorrect DC/Store Address ▪ missing required paperwork 	\$250 per delivery
COMPLETE	Fill Rate PO Line 98% filled on shipment (DC orders only at this time)	Fill rate variance from PO Line QTY <ul style="list-style-type: none"> ▪ +/- 2-10% ▪ +/-10% or greater 	2% of non-compliant QTY* 5% of non-compliant QTY* *(PO value not filled)
ACCURATE	Accurate Documentation: <ul style="list-style-type: none"> ▪ ASN Accuracy ▪ BOL Accuracy ▪ Packing Slip Accuracy ▪ Invoice Accuracy Accurate ISBN/UPC: <ul style="list-style-type: none"> ▪ Correct ISBN/ UPC shipped 	<ul style="list-style-type: none"> ▪ Inaccurate EDI 856 ▪ Non-compliant/Missing BOL ▪ Non-compliant/Missing Packing Slip ▪ Non-compliant Invoice <ul style="list-style-type: none"> ▪ Incorrect ISBN/UPC 	\$250 per violation* (applies to all cases of inaccuracy/invalidity) (*currently in effect)

COST RECOVERY SCHEDULE (effective April 14th, 2014, unless otherwise stated)			
Metric	Delivery Guideline	Violation	Cost Recovery Fee (per shipment)
CASE & PALLET LABELING	Case & Pallet Label (General)	For Outer Case & Pallet Labels: <ul style="list-style-type: none"> ▪ Label Missing ▪ Incorrect Label format ▪ Incorrect label placement ▪ Label Unscannable (EDI vendors only) ▪ Not a unique GS1-128 label (EDI vendors only) ▪ Multiple GS1-128 labels on one case (EDI vendors only) 	\$250
	Cross-Dock Label	<ul style="list-style-type: none"> ▪ Incorrect cross-dock label format ▪ Incorrect DC Dock Spot indicated ▪ Incorrect Final Destination Name/Address indicated 	\$250
	Specialty Product/Handling Labels	<ul style="list-style-type: none"> ▪ Special handling/stowage not labeled/marked ▪ Strict On Sale case label missing ▪ Markings not legible/erased, not written in all required languages ▪ Labeling error for Assortments 	\$250

PACKAGING	Case Pack QTY	<ul style="list-style-type: none"> Incorrect case pack quantity Mixed UPCs/POs in inner case (for merchandise only) 	\$250
	Inner Packaging Materials	<ul style="list-style-type: none"> Incorrect packaging material used 	\$250
	Pallet Requirements	<ul style="list-style-type: none"> Incorrect/bad pallet type Improper packing/stacking Maximum pallet height exceeded Product Overhang 	\$250
	Pallet Shipments	<ul style="list-style-type: none"> Missed Pallet Shipment* (*vendors expected to ship product in this configuration will receive separate notification) 	\$250* (*currently in effect)
	Carton Requirements	<ul style="list-style-type: none"> Filled case weight > 40 LBS Incorrect case dimensions Incorrect case type, etc... 	\$250
	Packaging for Specialty Products	<ul style="list-style-type: none"> Specialty Product not labeled/identified as required 	\$250
	Package Labels	<ul style="list-style-type: none"> ISBN label missing on packaging 	\$250
	Package type	<ul style="list-style-type: none"> Unacceptable package type (i.e. illegally harvested wood and paper products) 	\$250
	Wood Packaging Requirements (import vendors only)	<ul style="list-style-type: none"> Violation of specified requirements 	\$250
DAMAGE-FREE	Damage-Free Shipment	<ul style="list-style-type: none"> Damaged Shipment 	\$250 per delivery
ALL	Required Sorting/Rework at DC	<ul style="list-style-type: none"> For any sorting/rework required (at DC) to correct non-compliant shipment 	+ \$75/hr (in addition to respective fee above)

Figure 10 – The Perfect Order Guideline – Cost Recovery Schedule

9.2. Measuring & Communicating Non-Compliance

Non-compliance is measured daily based on the scheduled ETA and delivered condition of the Purchase Order. The delivery information is tracked, evaluated and measured against our supply chain delivery guidelines.

As infractions are identified and logged, they will be communicated to vendors on a monthly basis, with details of all applicable cost recovery charges and subsequent deductions.

9.3. Appeal Process

Indigo allows vendor to appeal a cost recovery charge for a non-compliant incident under the following conditions:

- A formal appeal must be submitted to VendorAppeals@indigo.ca with all supporting documentation;
- The appeal must be sent within 10 (ten) business days of Indigo's notification (sent to vendor) of the respective infraction.

Supporting documentation includes at a minimum:

- Reason for the appeal
- Signed delivery documentation (i.e. BOL, Packing slip, POD, ...)
- **For missing ASN infractions:**
 - the first 4 segments of the ASN X12 document; **or**
 - ASN ID, Date ASN sent, ICN
- For Import Vendors:
 - Copy of Certificate of Compliance (COC)
 - Copy of Forwarder's Cargo Receipt
 - Copy of Customs Invoice (if required)
- Additional documentation to support appeal

Notification of the infraction begins when Indigo communicates to vendor the details of the non-compliance incident and all applicable cost recovery charges and subsequent deductions.

SECTION 5 – SHIPPING GUIDELINES

The Shipping Guidelines describe Indigo’s inbound shipping processes and requirements for both domestic and international vendors. All vendors are required to comply with these requirements to ensure efficient and timely product flow from vendor to Indigo.

Questions regarding Indigo’s Shipping Requirements can be emailed to transportation@indigo.ca.

This section includes:

1. Freight Terms and Responsibilities (summary table)
2. Inbound Shipment Requirements:
 - i. Packing Slip
 - ii. Bill of Lading
 - iii. Physical Presentation Requirements
 - iv. Routing Instructions
 - v. Booking a Delivery Appointment
3. Domestic Shipment Procedure (shipments originating within Canada only)
4. International Shipment Procedures & Requirements (shipments originating outside of Canada, including from U.S.A.)

X. FREIGHT TERMS & RESPONSIBILITIES

The following chart summarizes the responsibilities of both the buyer and the seller for each of the current Inco-terms (an international set of trade terms).

Incoterms 2010

Incoterms for Multi-Modal Use:	EXW	Ex Works	DAT	Delivered at Terminal
	FCA	Free Carrier	DAP	Delivered at Place
	CPT	Carriage Paid To	DDP	Delivered Duty Paid
	CIP	Carriage and insurance Paid To		
Incoterms for Non-Containerized Ocean Freight:	FAS	Free Alongside Ship	CFR	Cost and Freight
	FOB	Free On Board	CIF	Cost, Insurance, Freight

Buyer = B

Seller = S

(1) It can be stipulated with a specific instruction that the seller, at his own expense, is to be responsible for certain loading requirements. This must

Cost Headings	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
Loading at seller's premises	B ⁽¹⁾	S	S	S	S	S	S	S	S	S	S
Domestic pre-carriage/Local Cartage	B	(2)	S	S	S	S	S	S	S	S	S
Trade documentation in country of export	B	S	S	S	S	S	S	S	S	S	S
Export Customs clearance and any duty or taxes payable upon export	B	S	S	S	S	S	S	S	S	S	S
Loading at carrier's terminal at origin	B	B	B	S	S	S	S	S	S	S	S
Loading at vessel at port of origin	B	B	B	S	S	S	S	S	S	S	S
International freight (main carriage)	B	B	B	B	S	S	S	S	S	S	S
Transport cargo insurance	B	B	B	B	B	S	B	S	S	S	S
Unloading of vessel at port of destination	B	B	B	B	B ⁽³⁾	B ⁽³⁾	S	S	S	S	S
Unloading at destination terminal	B	B	B	B	N/A	N/A	B ⁽³⁾	B ⁽³⁾	S	S	S
Trade documentation in country of import	B	B	B	B	B	B	B	B	B	B	S
Import Customs clearance and any duty or taxes payable upon import	B	B	B	B	B	B	B	B	B	B	S
Domestic on-carriage/Local Cartage	B	B	B	B	B	B	B	B	B	S ⁽⁴⁾	S
Unloading at buyer's premises	B	B	B	B	B	B	B	B	B	B	B
Other costs: Cost distribution according to party agreement not regulated in Incoterms											

be written into the contract in order for it to be effective

- (2) The named place following the INCOTERM "FCA" determines the point of transfer. If the named place is the seller's premise, the seller must LOAD the goods on the carrier's vehicle supplied by the buyer. If the named place is the carrier's terminal, the seller must DELIVER the goods to the named terminal and the buyer is responsible for payment to UNLOAD the vehicle at the carrier's terminal
- (3) Buyer pays unloading costs unless such costs were for the seller's account under the contract of carriage.
- (4) The point stated after "Delivered At Place" determines who is to pay the cost. If the point is indicated as DAP (buyer's premises), the cost is to be paid by the seller. If the trade term reads DAP (terminal) the seller has to pay the cost to that terminal, and the buyer has to pay the cost to the final destination.

XI. INBOUND SHIPMENT REQUIREMENTS

11.1. Packing Slip

All shipments must be accompanied by a separate Packing List/Slip that should meet the following requirements, at a minimum:

- a. Each Packing List should contain:
 - Purchase Order #
 - Date of Shipment
 - Ship-to Location/Address (Destination)
 - List of ISBN(s)
 - List of Product Description(s)/Title(s)
 - Total units shipped
- b. Packing List information should be accurate, reflecting the contents of the shipment.
- c. Packing List should be easily identified on the outside of the shipment.

11.2. Bill of Lading

- For EDI vendors, the Bill of Lading # must be included in the transmission of the ASN (Advanced Shipment Notification).
- All shipments must be accompanied by a Bill of Lading.
- Express Bills of Lading are requested whenever possible. At a minimum, the Bill of Lading should meet the following requirements (ex. for shipping to Indigo's Retail DC):

Shipper:	Full name and address
Consignee:	Indigo Books & Music Inc. 100 Alfred Kuehne Blvd, Building #55 Brampton, Ontario L6T 4K4, Canada
Notify Party: (if applicable)	Delmar International Inc. 2580 Matheson Blvd East Mississauga, On, L4W 4J1 Ph.: 905-206-1166 Fax: 905-206-9925
Shipment Details:	No. of pallets Weight Purchase Order No.

Wood Packaging

Declaration:

If the shipment contains no solid wood packaging, please indicate on the Bill of Lading:

“Shipment contains no solid wood packaging material”

If the shipment contains fully marked solid wood packaging, indicate on the Bill of Lading:

“Shipment contains solid wood packaging materials marked in accordance with ISPM No. 15”

Please note:

For Online DC orders, please indicate Building #50.

For Store deliveries, indicate Store # and address.

11.3. Physical Presentation Requirements

For all physical presentation requirements, including case and pallet labeling, and packaging (inner/outer cartons/packs, pallets, etc...), please refer to the following two sections of this manual:

- Case & Pallet Labeling Guideline (Section 4, VII, 7.2)
- Packaging Guideline (Section 4, VII, 7.3)

11.4. Routing Instructions

- For Indigo controlled freight (where applicable), once your freight is ready, please complete the **Freight Notification Form** (see Section 7, Appendix C) as per the procedures indicated in each of the following **Domestic Shipments** and **International Shipments** sections to follow. Any questions should be directed to Delmar International (see Section 6, Contacts: Key Contacts – Routing).
- DAP and CIF vendors are also required to complete the **Pre-Alert Form** (see Section 7 – Appendix D), and email it to Delmar International at IndigoGlobalDocs@delmar.ca.
- If vendors are late in submitting either the Freight Notification Form or the Pre-Alert Form, a possible delay of the shipment may occur and the product may arrive later than the expected date (please refer to the submissions timeline on the form). This may result in delivery refusal and/or chargeback to the vendor.

11.5. Booking a Delivery Appointment

- All deliveries to Indigo's Distribution Centres require a pre-booked* appointment, with the exception of courier shipments (couriered freight).
(* this includes pre-arranged long standing delivery appointments for select vendors)
- Deliveries that arrive without an appointment, or 'late', that is, two (2) hours past appointment time, may be refused or charged a cost recovery fee (please refer to the Cost Recovery Schedule (see Fig. 13)).
- Alternatively, deliveries that arrive more than two (2) hours earlier than booked appointment time may be refused and directed to return at correct appointment booking time.
- Please note: when booking an appointment, the DC will appoint the next available delivery date and time slot.
- When arranging an appointment, and upon arrival at the appointment desk, the following information is required:
 - **Bill of Lading Number (BOL No.)** - this number will be used to confirm the electronic receipt of the vendor's ASN. Failure to have received the ASN could lead to refusal of the shipment.
 - Indigo Purchase Order No(s)
 - Purchase Order Delivery Date(s)
 - Ship-to Location/Address (Destination)
 - Carrier Information
 - Number of Pallets
- The Retail and Online DC appointment desk's hours of operation are Monday to Friday, 7:00 AM – 3:00 PM (EST). Vendors/Carriers may book appointments during these hours for subsequent freight delivery.
- Please refer to the Contact Information page in Section 6 of this Manual.

XII. DOMESTIC SHIPMENTS PROCEDURE (originating within Canada only)

12.1. For Indigo controlled freight:

- i. Once a Purchase Order has been issued, a **Freight Notification Form** (see Section 7, Appendix C) must be completed and e-mailed or faxed to Delmar International at IndigoNA@delmar.ca as advance notice for pick-up and drop-off at shipping point as follows:

- **Ground shipment: 3 business days in advance of CHO date**

Please note: If the expected product completion date is not going to be met, it is the responsibility of the vendor to advise the Indigo Category Manager as soon as possible.

- ii. Upon receipt of the Freight Notification Form (FNF), Delmar International will contact the vendor directly and provide routing instructions. Please note, in the absence of a prompt FNF, Delmar may contact the vendor to request the completed form for an upcoming order.
- iii. Vendor must provide the following information at the time of making a booking with Delmar International:
 - Indigo Purchase Order No.(s)
 - Indigo Purchase Order Delivery Date(s)
 - Ship-to Location/Address (Destination)
 - Mode of Transport
 - Shipment QTY
 - Weight & cubic measure
- iv. All domestic shipments must be accompanied by:
 - Bill of Lading (BOL)
 - Packing Slip/List

12.2. For vendor controlled freight:

- v. All DAP and DDP vendors (see Section 5, IX) are required to contact Indigo's appointment desk to schedule a delivery. Please note all shipments require an appointment at either facility (Retail or Online).
- vi. All DAP and DDP vendors are required to have their delivery drivers wear Safety Shoes or Safety toe caps when entering an Indigo Distribution Center ("DC"). This is a Safety Requirement. Drivers will be refused entry into the Warehouse without Safety Shoes or Toe Caps.

12.3. All Vendors:

- vii. All vendor invoices are to be sent to Accounts Payable at Indigo.
- viii. All inquiries regarding invoice and payment status should be directed to Indigo's Accounts Payable Department (Please refer to the Contact Information page in Section 6 of this Manual).

XIII. INTERNATIONAL SHIPMENTS PROCEDURE & ADDITIONAL REQUIREMENTS (originating outside of Canada, including from U.S.A)

13.1. Procedure

- i. Once a Purchase Order has been issued, a Freight Notification Form (see Section 7, Appendix C) must be completed and e-mailed or faxed to Delmar International as advance notice for pick-up and drop-off at shipping point as follows:
 - a. **Ocean shipment:** 2 weeks in advance of CHO date
 - b. **Air shipment:** 2 weeks in advance of CHO date
 - c. **Ground shipment:** 3 business days in advance of CHO date (within North America)

Please note: If the expected product completion date is not going to be met, it is the responsibility of the vendor to advise the Indigo Category Manager as soon as possible.

- ii. For CIF and DAP vendors, a **Pre-Alert Form** must be completed and e-mailed or faxed to Delmar International at IndigoGlobalDocs@delmar.ca.
- iii. For shipments originating within North America, the vendor will be contacted directly by Delmar International in order to coordinate shipping details. Upon receipt of the Freight Notification Form, Delmar International will provide Routing Instructions to the vendor.
- iv. Vendor must provide the following information at the time of making a booking with Delmar International:
 - Indigo Purchase Order No.(s)
 - Indigo Purchase Order Delivery Date(s)
 - Ship-To Location Address (Destination)
 - Mode of Transport
 - Shipment QTY
 - Weight & cubic measure
- v. For shipments originating outside of North America, the vendor will be provided with contact information of Delmar's local forwarding agent. This local agent will contact the vendor prior to the product completion date to arrange for collection.
- vi. All shipments entering Canada are subject to specific procedures and must be accompanied by a number of documents. These documents may vary according to the type of goods being shipped. Adherence to both procedures and proper document preparation will ensure a smooth transaction eliminating unnecessary and costly delays at customs.

- vii. Original Customs Documents must be sent to Delmar International as follows:
 - **For international ocean shipments:** the documents must be provided to Delmar not later than 3 days after departure.
 - **For air and truck (North America):** the documents are required by Delmar prior to cargo departure.
- viii. For Purchase Orders on Letters of Credit, the original customs documents must be sent to Indigo's Appointed Bank prior to the departure of the shipment.
- ix. All DAP and DDP vendors are required to contact Indigo's appointment desk to schedule a delivery. Please note all shipments require an appointment at either facility (Retail or Online).
- x. All DAP and DDP vendors are required to have their delivery drivers wear Safety Shoes or Safety Toe Caps when entering any Indigo Distribution Center, as per a Safety Requirement. Drivers will be refused entry into the Warehouse without Safety Shoes or Toe Caps.
- xi. All vendor invoices are to be sent to Accounts Payable at Indigo.
- xii. All inquiries regarding invoice and payment status should be directed to Indigo's Accounts Payable Department (Please refer to the Contact Information page in Section 6 of this Manual).

13.2. Customs Documents

All shipments entering Canada are subject to specific procedures and must be accompanied by a number of documents. These documents may vary according to the type of goods being shipped. Adherence to both procedures and proper document preparation will ensure a smooth transaction eliminating unnecessary and costly delays at customs.

The table below is not an exhaustive listing of documents but rather the main documents required for the average import shipment.

Document	International Shipments	USA Shipments	Domestic Shipments
Canada Customs Invoice	required		
Commercial Invoice		required	
Packing Slip	required	required	required
Bill of Lading	required	required	required
Form 'A' / Exporter's Statement of Origin (when applicable)	required		
NAFTA Certificate of Origin (when applicable)		required	
Wood Packaging Requirements	required		
Letters of Credit (if required)	required		

Figure 10 – Customs Documents Requirements

i. **Canada Customs Invoice/Commercial Invoice**

- For all commercial shipments entering Canada, a Commercial Invoice and/or Canada Customs Invoice must be supplied. Invoices do not require signatures and may be photocopies.
- The Commercial Invoice should include both the UPC (Item ID) being shipped, and the HS Code (Harmonized System Code).
- A copy of a Canada Customs Invoice can be found in Section 7, Appendix F. Instructions for completion can be found in Section 7, Appendix E.

ii. **Form “A” Certificate of Origin (for shipments originating outside of North America)**

- Many countries throughout the world have been accorded a “General Preferential Tariff (GPT)” by Canada. In order for importers to benefit from lower rates of duty under the GPT (if applicable), a Form “A” Certificate of Origin or an Exporter’s Statement of Origin is required for each import of qualifying goods.
- To qualify for GPT treatment, at least 60% of the ex-factory price of the goods packed for shipment to Canada must originate in one or more GPT countries. As well, the goods must be shipped directly on a through Bill of Lading to a consignee in Canada from the certified country. Please note: GPT tariff treatment and related favourable duty rates are scheduled to be eliminated Jan. 1, 2015.
- It is the sole responsibility of the exporter to determine the origin of the goods being exported and to provide a valid Certificate/Statement to that effect. It is the importer who benefits from the lower rates of duty (if applicable) when a Certificate/Declaration is supplied.
- If the exporter fails to complete a Certificate/Statement, all of the applicable duties on the goods will have to be paid.
- In lieu of the Form “A” Certificate of Origin, an Exporter’s Statement of Origin may be supplied. The Exporter’s Statement may be placed on the invoice or on a separate sheet indicating the invoice number.

This statement must read as follows:

Exporter’s Statement of Origin

I certify that the goods described in this invoice or in the attached invoice # _____ were produced in the beneficiary country of _____ and that at least ___ per cent of the ex-factory price of the goods originates in the beneficiary country/countries of: _____.

Name and Title

Corporation name and address

Telephone and fax numbers

Signature and date (day/month/year)

- A copy of a Form “A” Certificate of Origin can be found in Section 7, Appendix H. Instructions for completion can be found in Section 7, Appendix G. A list of qualifying countries can be found in Section 7, Appendix I.

iii. **North American Free Trade Agreement (NAFTA) (for shipments originating within North America)**

Under the North American Free Trade Agreement (NAFTA), all tariffs between Canada and the USA have been eliminated as of January 1998. In order to define those goods entitled to the benefits of lower duty rates, a NAFTA Certificate of Origin or a NAFTA Low Value Declaration must be made.

iv. **NAFTA Certificate of Origin**

- To ensure that only those goods which qualify under the Rules of Origin receive the benefits of the Agreement, a NAFTA Certificate of Origin (form B232) is required. The data to be supplied on the Certificate is common for shipments to and from each country within the Agreement (ie, Canada, USA and Mexico).
- A copy of a NAFTA Certificate of Origin (form B232) can be found in Section 7, Appendix K. Instructions for completion can be found in Section 7, Appendix J.
- It is the sole responsibility of the exporter/producer to determine the origin of the goods being exported and to provide a valid Certificate to that effect. If the exporter/producer fails to complete a Certificate, all the applicable duties on the goods will have to be paid. Exporters/producers who certify goods eligible for NAFTA treatment must keep all certification related documents for a period of six (6) years.
- Blanket NAFTA certificates can be submitted for multiple shipments of the same goods to the same importer. The validity period of a blanket certificate in Canada is one (1) year.

v. NAFTA Low Value Declaration:

Certification of shipments to Canada under \$1600.00 CDN in value can be performed with an authorized signature on the commercial invoice (i.e. no Certificate of Origin is required). This certification attests that the goods comply with origin requirements and that further processing or assembly has not taken place in a non-originating country.

This statement must read as follows:

NAFTA Low Value Certification

I certify that the goods referenced in this invoice/sales contract originate under the rules of origin specified for these goods in the North American Free Trade Agreement (NAFTA), and that further production or any other operation outside the territories of the Parties has not occurred subsequent to production in the territories

Name and Title

Company

Telephone and fax numbers

Signature and date (day/month/year)

I am the exporter of the goods ____ or producer of the goods ____.

SECTION 6 - CONTACTS

1. DC & SHIPPING

HOURS OF OPERATION		
Location	Phone	Business Hours
Retail Distribution Centre	Bus: 905-789-1234 800-974-7381	Sunday 11:00pm – Friday 11:10pm (EST) <u>Weekends (from Sept - Jan only)</u> Saturday 7:00 am – 7:00 pm (EST) Sunday 7:00 am – 7:00 pm (EST)
Online Distribution Centre	Bus: 905-789-1234 ext. 2697 or 2689 800-974-7381 ext. 2697 or 2689	Sunday 11:00pm – Friday 11:59pm (EST)

APPOINTMENT DESK HOURS		
Location	Phone	Appointment Desk Hours
Retail & Online Distribution Centre	Bus: 905-789-1234 ext. 512 800-974-7381 ext. 512	Mon-Fri 7:00am - 3:00pm (EST) (messages left after 12:00pm (noon) may be returned the following day)

KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
Shipping Inquiries	Salim Mohamedbhai <i>Transportation Manager</i> transportation@indigo.ca	Bus: 905-789-1234 ext. 2122	Monday - Friday 9:00 am – 5:00 pm (EST)
Routing	Delmar International		
• International	IndigoGlobal@delmar.ca	Fax: 905-206-9925	
• Domestic & North America	IndigoNA@delmar.ca	Fax: 514-636-1212	
Customs & Brokerage	IndigoCustoms@delmar.ca	Fax: 905-206-9925	
Pre-Alert Forms	IndigoGlobalDocs@delmar.ca	Fax: 905-206-9925	

MAILING / DELIVERY ADDRESSES

Location	Address
Retail Distribution Centre	100 Alfred Kuehne Boulevard Building # 55 Brampton, ON, Canada L6T 4K4
Online Distribution Centre	100 Alfred Kuehne Boulevard Building # 50 Brampton, ON, Canada L6T 4K4

2. SUPPLY CHAIN VENDOR PERFORMANCE

KEY CONTACTS

Inquiry	Contact	Phone	Business Hours
EDI (Electronic Data Exchange)	Indigo EDI Support edisupport@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
	SPS Commerce retailservices@spscommerce.com (reply within 24hrs)	1-888-739-3232 (for immediate assist.)	Monday to Friday 7:00 AM – 7:00 PM (CST)
MD (Master Data)	md@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
New Vendor Set-up	VendorSetup@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
VPM Program	VendorCompliance@indigo.ca VendorAppeals@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)

3. ACCOUNTS PAYABLE

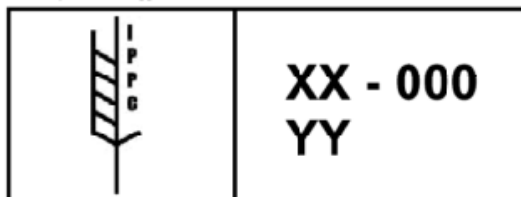
KEY CONTACTS

Inquiry	Contact	Phone	Business Hours
Accounts Payable	A/P Dept. 100 Alfred Kuehne Boulevard Building # 55 Brampton, ON, Canada L6T 4K4	Bus: 905 789-1234 ext. 711 800 974-7381 ext. 711	Monday to Friday 9:00 AM – 5:00 PM (EST)
A/P - Invoice Payment Attention to: (Based on Vendor Name Alpha)	Christine Morgan A-D Lorna Bautista E-K Jadranka Markotic L-Q Daniela Lucic R-Z RubinaPersaud News/Mags Mohammed Khan A/P manager mkhan@indigo.ca		

SECTION 7 - APPENDICES

A. WOOD PACKAGING REQUIREMENTS (for Import Vendors only)

- All wooden pallets coming into Canada must conform to the Canadian Food Inspection Agency (“CFIA”) standards.
- Canada’s wood packaging import regulations adhere to the principles of “ISPM No. 15: Guidelines for Regulating Wood Packaging Material in International Trade” as issued in March 2002 by the International Interim Commission on Phytosanitary Measures of the International Plant Protection Convention.
- Importations of non-manufactured wood treated by heat treatment process (Kiln Drying) will only be allowed from countries which have had their monitoring program (heat treatment verification system) pre-approved by CFIA.
- Importations containing wood packaging that does not meet ISPM No. 15 standards will be refused entry into Canada and must be returned to the country of export at the supplier’s expense.
- Shipments arriving in North America from Offshore
- Proof of Treatment
- Upon import, proof of treatment (copy of the International Plant Protection Convention (“IPPC”) Stamp Coding) is required to gain release from the appropriate Plant Protection Organization of Canada, USA or Mexico.
- The IPPC symbol for treated wood packaging materials (as per Annex II of the "International Standard for Phytosanitary Measures #15: Guidelines for Regulating Wood packaging materials Material in International Trade"):



- Where XX represents the International Standards Organization two letter country code for the country in which the wood packaging is produced and 000 represents the official certification number issued to the facility producing the compliant wood packaging by

the National Plant Protection Organization and YY represents the treatment carried out (e.g. HT for heat treated wood or MB for methyl bromide treated wood).

1. EXCEPTIONS

- There are no exceptions to the policy. Non-compliant wood packaging will be ordered “removed from Canada”. Upon request, and approval by Customs, the non-compliant wood packaging may be separated from the shipment at an approved facility.
- All costs (cartage, unloading, reloading, fumigation of non-compliant materials, destruction of materials, cartage back to Customs) will be the responsibility of the entity in care and control of the shipment. Note, this is a potential option only and circumstances will be reviewed by Customs on a case-by-case basis.

2. SHIPMENTS ARRIVING IN CANADA FROM USA

- Wood packaging manufactured from wood of USA origin that has not moved internationally is exempt from the treatment and marking requirements of Canadian wood packaging import regulations.
- There are no requirements for treatments, marking or declaration for shipments imported into Canada from the USA. Shipments moving through the USA for ultimate destination in Canada are subject to full International regulations.

3. SHIPMENTS ARRIVING IN USA/CANADA FROM MEXICO

- The same regulations for Shipments to North America from Offshore apply to all imports into Canada/USA from Mexico.

4. EXPORTER DECLARATIONS

No Solid Wood Packaging

- If the shipment contains no solid wood packaging a "declaration" should be stated on the bill of lading to alert Customs/Agriculture and potentially avoid unnecessary inspections, for example “Shipment contains no solid wood packaging materials – pallets used are plywood”

Marked Wood Packaging

- If the shipment contains fully marked solid wood packaging, a declaration should be provided on the bill of lading to state “Shipment contains solid wood packaging materials marked in accordance with ISPM No. 15”.
- Detailed wood packaging information can be found at <http://www.inspection.gc.ca>

B.**FREIGHT NOTIFICATION FORM**

Ocean & Air Freight Requests to be completed by the Vendor **2 weeks** prior to shipping.
 Ground Freight Requests to be completed by the Vendor **3 business days** prior to shipping

Please submit completed form as follows:

For International (Ocean & Air): IndigoGlobal@delmar.ca; FAX: 905-206-9925

For Domestic & North America (Ground): IndigoNA@delmar.ca; FAX: 514-636-1212

Date of Notification: _____

Vendor: Contact: Telephone: Fax: Email:	Consignee: (Please select one) <input type="checkbox"/> Indigo Books & Music Retail Distribution Centre 100 Alfred Kuehne Blvd Building # 55 Brampton, ON L6T4K4 <input type="checkbox"/> Indigo Books & Music Online Distribution Centre 100 Alfred Kuehne Blvd Building # 50 Brampton, ON L6T4K4
Shipper (if different from Vendor): Contact: Telephone: Fax: Email:	Indigo P.O. Number(s): P.O. Completion Date: PO Due Date into the Indigo DC:
Total Number of Pallets/Cases/Units: <input type="checkbox"/> Palletized <input type="checkbox"/> Floor Loaded	Total Weight: _____ kg Shipment Volume: _____ m ³
Freight Terms: <input type="checkbox"/> EXW <input type="checkbox"/> FOB <input type="checkbox"/> FCA	Name of Origin Port/ Terminal: (if FOB/FCA)
Mode of Transport: <input type="checkbox"/> Ocean LCL <input type="checkbox"/> Ocean FCL <input type="checkbox"/> Air <input type="checkbox"/> Truck LTL <input type="checkbox"/> Truck FTL	Equipment Required: <input type="checkbox"/> 20' <input type="checkbox"/> 40' <input type="checkbox"/> 40' High Cube <input type="checkbox"/> 45' <input type="checkbox"/> Special Equipment
Commodity Description/Special Handling:	
<p style="text-align: center;"><u>IMPORTANT</u></p> <p>This document is to be filled out by ALL Vendors shipping goods destined for Indigo Books & Music Inc. ("Indigo"). If the expected product completion date is not going to be met, it is the responsibility of the Vendor to advise the revised date as soon as possible.</p> <p>For all shipments where Indigo is responsible for freight, shipments will be arranged by Delmar International.</p>	

D. CANADA CUSTOMS INVOICE – COMPLETION INSTRUCTIONS

Below is a brief description of how each required data field on the Canada Customs Invoice must be completed. The data field name as shown on the Canada Customs Invoice is in bold face, followed by some equivalent commercial terms in parenthesis.

Field No. 1 Vendor (seller, sold by, remit to, consignor, shipper):

Must indicate the name and address of:

(a) the person selling the goods to the purchaser, or

(b) the person consigning the goods to Canada.

Field No. 2 Date of Direct Shipment to Canada:

Must display the date on which the goods began their continuous journey to Canada.

Field No. 3 Other References:

Enter the Purchase Order Number or an equivalent number that can easily be linked back to the order in your system.

Field No. 4 Consignee (ship to, deliver to):

Must indicate the name and address of the person (company) in Canada to whom the goods are shipped.

Field No. 5 Purchaser (if other than consignee) (sold to, buyer):

The person to whom the goods are sold by the vendor:

Indigo Books & Music Inc.

100 Alfred Kuehne Blvd, Building #55

Brampton, Ontario

L6T 4K4, Canada

Business No.: 897152666-RM0001

Field No. 6 Country of Transshipment:

The country through which the goods were shipped in transit to Canada under Customs control. If the shipment is from the USA indicate "n/a" in this field.

Field No. 7 Country of Origin:

For Customs purposes, the country of origin of invoiced goods is the country where the goods are grown, produced or manufactured. The country of origin must be stated for each item on the invoice.

Field No. 8 Transportation (Give Mode and Place of Direct Shipment to Canada)
Indicate the mode of transportation used and the place from which the goods began their uninterrupted journey to Canada. This field should also contain the statement “For Customs Clearance contact Indigo’s appointed Freight Forwarder and Customs Broker”

Field No. 9 Conditions of Sale and Terms of Payment:
Must describe the terms and the conditions agreed upon by the vendor and the purchaser [example: Free Carrier (FCA) Carriage Paid To (CPT), Carriage and Insurance Paid(CIP), Delivered Duty Paid (DDP), Delivered at Place (DAP), etc.].

Field No. 10 Currency of Settlement
Indicate the currency in which the vendor's demand for payment is made.

Form No. 11 Number of Packages:
Indicate the number of packages.

Form No. 12 Specification of Commodities:
The following information must be provided:
(a) Kind of Packages — Indicate the nature of the packages (e.g., cases, etc.).
(b) General Description and Characteristics — Give in general terms, description of the merchandise (e.g. ceramic dinnerware, children’s clothing, etc.).
(c) Commercial Description — Show a proper identifying description in commercial terms (i.e. enter the products item number).
(d) Harmonized System Classification Number – indicate the ten-digit Canadian or six-digit International classification.

Field No. 13 Quantity:
The quantity of each item included in the description field must be indicated in the appropriate unit of measure.

Field No. 14 Unit Price (price per article, item amount):
Must provide a value in the currency of settlement (as defined under Field 10) for each item described in the description field.

- Field No. 15** Total:
Indicate the price paid or payable in the currency of settlement (as defined under Field 10) for the number of items recorded in the quantity field when they were sold by the vendor to the purchaser. Where there is no price paid or payable for the items recorded in the description field, "n/a" should be indicated. Should "n/a" be indicated in this field the statement "Value for Customs purposes only \$ _____" or "Value included in above invoice amount" must be shown.
- Field No. 16** Total Weight:
Show both net and gross weight.
- Field No. 17** Invoice Total (total value, pay this amount):
The total price paid or payable for goods described on the invoice and/or continuation sheet(s) if used. This field must reflect the actual value "price payable" of the transaction between the buyer and the vendor.
- Field No. 18** Commercial Invoice:
Enter the attached commercial invoice number if applicable.
- Field No. 19** Exporter (name and address), if other than vendor:
Indicate the name and address of the person or organization shipping the goods to the consignee/purchaser.
- Field No. 20** Originator (name and address):
Where the invoice is completed on behalf of a company, the name and address of the company must be indicated. The name of the person completing the invoice may also be indicated. This field may be left blank if this information is provided elsewhere on the invoice.
- Field No. 21** Departmental Ruling:
Give the number and date of any departmental ruling applicable to the shipment.
- Field No. 22** This field is to be checked off when the remaining fields 23-25 are not applicable.
- Field No. 23** This field is completed when the following are included in the invoice total (field 17):

- the cost of transportation of the loading, unloading and handling charges and other charges and expenses associated with the transportation from the place of direct shipment to Canada
- the cost of insurance relating to the transportation of the goods from the place within the country of export from which the goods are shipped
- costs, charges or expenses for the construction, erection, assembly, maintenance and technical assistance when incurred after the importation of the goods and are identified separately from the price paid or payable
- export packing

Field No. 24 This field is completed when the following are not included in the invoice total (field 17):


- the cost of transportation of the loading, unloading and handling charges and other charges and expenses associated with the transportation to the place of direct shipment to Canada
- amounts for commissions other than buying commissions
- packing costs and charges in respect of the goods and all expenses of packing incident to placing the goods in the condition in which they are shipped. Including the cost of cases and other containers and the cost of labour to the place of direct shipment to Canada

Field No. 25 This field is to be completed (checked) where royalties and license fees including payments for patents, trade-marks and copyrights are applicable and/or when the purchaser has supplied goods or services for use in the production of these goods.

E. CANADA CUSTOMS INVOICE

(SAMPLE ONLY)

Form can be found at: <http://www.cbsa.gc.ca/publications/forms-formulaires/ci1.pdf>

 Canada Border Services Agency / Agence des services frontaliers du Canada		CANADA CUSTOMS INVOICE FACTURE DES DOUANES CANADIENNES		PROTECTED / PROTÉGÉ B when completed / une fois rempli	
1. Vendor (name and address) - Vendeur (nom et adresse)		2. Date of direct shipment to Canada - Date d'expédition directe vers le Canada		Page <input type="text"/> of <input type="text"/> de <input type="text"/>	
4. Consignee (name and address) - Destinataire (nom et adresse)		3. Other references (Include purchaser's order No.) Autres références (Inclure le n° de commande de l'acheteur)		5. Purchaser's name and address (if other than consignee) Nom et adresse de l'acheteur (s'il diffère du destinataire)	
		6. Country of transshipment - Pays de transbordement		7. Country of origin of goods Pays d'origine des marchandises	
8. Transportation: Give mode and place of direct shipment to Canada Transport : Précisez mode et point d'expédition directe vers le Canada		9. Conditions of sale and terms of payment (i.e. sale, consignment shipment, leased goods, etc.) Conditions de vente et modalités de paiement (p. ex. vente, expédition en consignation, location de marchandises, etc.)		10. Currency of settlement - Devises du paiement	
11. Number of packages Nombre de colis	12. Specification of commodities (kind of packages, marks and numbers, general description and characteristics, i.e., grade, quality) Designation des articles (nature des colis, marques et numéros, description générale et caractéristiques, p. ex. classe, qualité)	13. Quantity (state unit) Quantité (précisez l'unité)	14. Unit price Prix unitaire		
				15. Total	
18. If any of fields 1 to 17 are included on an attached commercial invoice, check this box Si tout renseignement relativement aux zones 1 à 17 figure sur une ou des factures commerciales ci-attachées, cochez cette case		16. Total weight - Poids total		17. Invoice total Total de la facture	
		Net		Gross - Brut	
19. Exporter's name and address (if other than vendor) Nom et adresse de l'exportateur (s'il diffère du vendeur)		20. Originator (name and address) - Expéditeur d'origine (nom et adresse)			
21. Agency ruling (if applicable) - Décision de l'Agence (s'il y a lieu)		22. If fields 23 to 25 are not applicable, check this box Si les zones 23 à 25 sont sans objet, cochez cette case			
23. If included in field 17 indicate amount: Si compris dans le total à la zone 17, précisez :		24. If not included in field 17 indicate amount: Si non compris dans le total à la zone 17, précisez :		25. Check (if applicable): Cochez (s'il y a lieu) :	
(i) Transportation charges, expenses and insurance from the place of direct shipment to Canada Les frais de transport, dépenses et assurances à partir du point d'expédition directe vers le Canada		(i) Transportation charges, expenses and insurance to the place of direct shipment to Canada Les frais de transport, dépenses et assurances jusqu'au point d'expédition directe vers le Canada		(i) Royalty payments or subsequent proceeds are paid or payable by the purchaser Des redevances ou produits ont été ou seront versés par l'acheteur	
(ii) Costs for construction, erection and assembly incurred after importation into Canada Les coûts de construction, d'érection et d'assemblage après importation au Canada		(ii) Amounts for commissions other than buying commissions Les commissions autres que celles versées pour l'achat		(ii) The purchaser has supplied goods or services for use in the production of these goods L'acheteur a fourni des marchandises ou des services pour la production de ces marchandises	
(iii) Export packing Le coût de l'emballage d'exportation		(iii) Export packing Le coût de l'emballage d'exportation			

CH 1 (08/09)

If you require more space, please attach another sheet. - Si vous avez besoin de plus d'espace, veuillez joindre une autre feuille.

BSF189

F. COMPLETION INSTRUCTIONS – FORM A

In order for a Form A to be accepted by the CSCB, it must be properly completed, as follows:

- Field No. 1** Complete with the name, address, and country of the actual manufacturer or exporter of the goods. Please do not identify a trading house, freight forwarder, export broker, etc. The manufacturer or exporter must be located in the GPT or LDCT beneficiary country in which the goods are being certified.
- Field No. 2** Identify the consignee (name and address) in Canada.
- Field No. 3** The CSCB does not consider this a mandatory field, but you may indicate the shipping details, as far as known when Form A is completed.
- Field No. 4** This field is usually left blank. However, if Form A is issued after the goods have already been shipped, stamp or write "Issued Retrospectively."
- Field No. 5** This field is not mandatory for goods exported to Canada. It is usually used to itemize goods if Form A covers two or more categories of goods (for example, items 1, 2, 3 or items a, b, c).
- Field No. 6** If the goods are crated or otherwise packaged, indicate the quantity of packages or crates. Also indicate any markings on the crates that will be useful in cross-referencing Form A to the Through Bill of Lading so that the CSCB officers can establish that the form covers the goods that are physically imported.
- Field No. 7** Describe the goods fully. Indicate makes, models, styles, serial numbers, or any other relevant description. It is in the exporter's interest to give as full a description as possible. The CSCB will not accept a Form A that cannot be matched with the imported goods due to a vague description. It is also helpful to show the Harmonized System subheading of the goods in this field.
- Field No. 8** The origin criterion shown must be one of the following:
P means 100% of the goods produced in the GPT or LDCT beneficiary country in question;
F for GPT, means, at least 60% of the ex-factory price is produced in the GPT beneficiary country;
F for LDCT, means, at least 40% of the ex-factory price is produced in the LDCT beneficiary country. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries eligible for GPT;

G for GPT, means at least 60% of the ex-factory price was cumulatively produced in more than one GPT beneficiary country or Canada;

G for LDCT, means at least 40% of the ex-factory price was cumulatively produced in more than one LDCT beneficiary country or Canada. The existing 40% of the ex-factory price of the goods as packed for shipment to Canada may also include a value of up to 20% of the ex-factory price of the goods from countries eligible for GPT.

If any criterion other than P, G, or F is shown for goods exported to Canada, it will be assumed that the goods do not satisfy the Canadian GPT or LDCT rules of origin and they will not receive any tariff preference.

Field No. 9 Give the weight or other quantity of the goods. The best unit of measure to use when completing this field is the unit of measure given for the particular goods in the *Customs Tariff* (e.g. number, pairs, dozens, kilograms, litres).

Field No. 10 Cross-reference Form A to the commercial invoice. This helps the CSCB match the form with the invoice, but it also ensures that the signing officer has verified the ex-factory price of the proper goods.

Field No. 11 This field may be left blank. As of March 1, 1996, Canada no longer requires Form A to be certified by a designated authority in the GPT or LDCT beneficiary country.

Field No. 12 This is the exporter's declaration that Form A is accurate and that the goods do meet the GPT or LDCT rules of origin. Proof of origin must be completed by the exporter of the goods in the GPT or LDCT beneficiary country in which the goods were finished. The individual completing the Form A on behalf of the company must be knowledgeable regarding the origin of the goods and have access to cost of production information, should verification be requested.

G. FORM A – CERTIFICATE OF ORIGIN

(SAMPLE ONLY)

1. Goods consigned from (Exporter's business name, address, country)			Reference No.			
2. Goods consigned to (Consignee's name, address, country)			<p align="center">GENERALIZED SYSTEM OF PREFERENCES</p> <p align="center">CERTIFICATE OF ORIGIN</p> <p align="center">(Combined declaration and certificate)</p> <p align="center">FORM A</p>			
3. Means of transport and route (as far as known)			4. For official use			
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages: description of goods	8. Origin criterion (See instructions)	9. Gross weight or other quantity	10. Number and date of invoices.	
<p>11. Certification</p> <p>It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>..... Place and date, signature and stamp of certifying authority.</p>			<p>12. Declaration by the exporter</p> <p>The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in</p> <p align="center">..... (country)</p> <p>and that they comply with the original requirements specified for those goods in the Generalized System of Preferences for goods exported to</p> <p align="center">..... (importing country)</p> <p>..... Place and date, signature of authorized signatory</p>			

APPLICATION FOR CERTIFICATE OF ORIGIN

Form B

The undersigned, being the exporter of the goods described overleaf, **DECLARES** that these goods were produced in : (country)
SPECIFIES as follows the grounds on which the goods are claimed to comply with GSP origin requirements¹⁾

SUBMITS the following supporting documents²⁾

UNDERTAKES to submit, at the request of the appropriate authorities of the exporting country, any additional supporting evidence which these authorities may require for the purpose of issuing a certificate of origin, and undertakes, if required, to agree to any inspection of his accounts and any check on the processes of manufacture of the above goods, carried out by the said authorities.

REQUESTS the issue of a certificate of origin for these goods.

Place and date

┌
└

(signature of authorized signatory)

1) To be completed if materials or components originating in another country have been used in the manufacture of the goods in question. Indicate the materials or components used, their CCC Nomenclature tariff heading, their country of origin and, where appropriate, the manufacturing processes qualifying the goods as originating in the country of manufacture (application of List B or of the special conditions laid down in List A), the goods produced and their CCC Nomenclature tariff heading.

Where the origin criteria involve a percentage value, give information enabling this percentage to be verified – for example the value of imported materials and components and those of undetermined origin and the ex-factory price of the exported goods, where applicable.

2) For example, import documents, invoices, etc. relating to the materials or components used.

NOTES

A. Procedure for claiming preference. A declaration on the certificate of origin form must be prepared by the exporter of the goods and submitted in duplicate, together with a GSP application form, to the certifying authority of the country of exportation which will, if satisfied, certify the top copy of the certificate of origin and return it to the exporter for transmission to the importer in the country of destination. The certifying authority will at the same time return to the exporter for his retention the duplicate copy of the certificate of origin, but will itself retain the GSP application form duly completed and signed by the exporter.

B. Sanctions. Persons who furnish, or cause to be furnished, information which relates to origin or consignment, and which is untrue in a material particular are liable to legal penalties and to the suspension of facilities for their goods to obtain preference.

H. CUSTOMS TARIFF – SCHEDULE

LIST OF COUNTRIES AND APPLICABLE TARIFF TREATMENTS

The following countries and territories are designated beneficiary countries of the Most-Favoured-Nation tariff treatment (Please Note: GPT tariff treatment and related favourable duty rates are scheduled to be eliminated Jan. 1, 2015.)

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Senegal, Sierra Leone, Solomon Islands, Somalia, Sudan, Tanzania, Timor-Leste, Togo, Tuvalu, Uganda, Vanuatu, Yemen, Zambia	X	X	X	
Algeria, American Samoa, Antilles (Netherlands), Argentina, Armenia, Ascension Island, Azerbaijan, Bahrain, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, British Indian Ocean Territory, Brunei, Cameroon, China, Christmas Island, Cocos (Keeling) Islands, Congo, Cook Islands, Côte d'Ivoire, Croatia, Cuba, Democratic Republic of Congo, Dominican Republic, Ecuador, Egypt, El Salvador, Falkland Islands, Fiji, French Polynesia, Gabon, Georgia, Ghana, Gibraltar, Guam, Guatemala, Honduras, Hong Kong, India, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lebanon, Macao, Macedonia, Malaysia, Mariana Islands, Marshall Islands, Mauritius, Micronesia, Moldova, Mongolia, Morocco, Namibia, Nauru, New Caledonia and Dependencies, Nicaragua, Nigeria, Niue, Norfolk Island, North Africa (Spanish), Oman, Pakistan, Palau, Panama, Papua New Guinea, Paraguay, Philippines, Pitcairn, Qatar, Russia, Saint Helena and Dependencies, Sao Tome and Principe, Seychelles, Singapore, South Africa, South Korea, Southern and Antarctic Territories-French, Sri Lanka, Suriname, Swaziland, Syria, Tajikistan, Thailand, Tokelau Islands, Tonga, Tristan Da Cunha, Tunisia, Turkey, Turkmenistan, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Venezuela, Vietnam, Virgin Islands(U.S.A.), Zimbabwe	X	X		
Albania, Andorra, Austria, Belarus, Belgium, Bulgaria, Burma, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Isle of Man, Italy, Japan, Kosovo, Latvia, Libya, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Poland, Portugal, Romania, San Marino, Saudi Arabia, Serbia, Slovakia, Slovenia, Spain, Sweden, Taiwan, United Kingdom, Vatican (Holy See), West Indies(French)	X			

Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos Islands, Virgin Islands(British)	X	X		CCCT
Liechtenstein, Switzerland	X			SLT
Puerto Rico, United States of America	X			UST,MUST
Australia	X			AUT
Chile	X	X		CT
Colombia	X	X		COLT
Costa Rica	X	X		CRT
Iceland	X			IT
Israel	X	X		CIAT
Mexico	X	X		MT,MUST
New Zealand	X			NZT
Norway	X			NT
Peru	X	X		PT

Tariff Schedule as of January 1, 2012.

I. COMPLETION INSTRUCTIONS – NAFTA CERTIFICATE OF ORIGIN

Field 1 Exporter's name and address

Canadian exporters or Canadian producers shipping goods to the U.S. or Mexico - State the full legal name and address (including country and legal tax identification number) of the exporter. The number is the employer number or importer/exporter number that Canada Customs and Revenue Agency assigns.

U.S. exporters or U.S. producers shipping goods to Canada - State the legal name and address (including the country and legal tax identification number) of the exporter. The number is the employer identification number that the Internal Revenue Services of the U.S. Department of the Treasury assigns or, if applicable, the social security number.

Mexico exporters or Mexico producers shipping goods to Canada - State the legal name and address (including the country and legal tax identification number) of the exporter. The number is the federal taxpayer's registry number (RFC).

Field 2 Blanket period

A certificate can apply to:

- a single shipment of goods; or
- a multiple shipment of identical goods.

A certificate that covers multiple shipments is called a **blanket certificate**. Field 2 indicates the starting and ending dates of the blanket period for which certification is being made. The blanket period can last for two days to one year. It is acceptable to have a starting date that is before the date the certificate is signed. The importer can apply for a refund of the duty paid on goods entered on the certificate before the certificate is signed.

A blanket certificate certifies that all goods listed in field 5 of that document that are imported into Canada during the blanket period qualify as originating under the rules of origin, and that those goods are eligible for preferential tariff treatment.

When goods are imported into a bonded warehouse, it is the date they enter the warehouse that should be covered by the blanket period. The fact that accounting for the goods and claiming a NAFTA tariff treatment might not occur until sometime later does not affect the validity of the certificate, as long as the goods entered Canada within the blanket period.

Field 3 Producer's name and address

State the full legal name, address (including country), and legal tax identification number, as defined in field 1, of the person or company that produced the goods.

If the exporter is also the producer of the goods, enter "same."

If the certificate covers goods produced by more than one company, attach a list of the producers with the appropriate information. Cross-reference each producer with the goods they produced, as described in field 5.

If the exporter does not wish to disclose the identity of the producer to the importer, it is acceptable to state "available to customs on request."

If exporters do not know the identity of the producer of the goods, that usually means that they do not know the origin of the goods, and therefore should not be completing a *Certificate of Origin*. However, in rare instances, it is acceptable for the exporter to state that the producer is "unknown."

Field 4 Importer's name and address

State the full legal name, address (including country), and legal tax identification number (as defined in field 1) of the importer.

If there is more than one importer, state "various."

If the importer is unknown, state "unknown." This often applies when producers complete certificates for exporters.

Field 5 Description of good(s)

Provide a full description of each good covered by the certificate. List only goods that satisfy the NAFTA rules of origin.

The description must provide enough detail to relate the certificate to the imported goods and to the invoice. Model and serial numbers are not required, but they can be used as a cross-reference to the invoice and to differentiate between originating and non-originating goods.

It is in the exporter's interest to give as full a description as possible, since Canada Customs and Revenue Agency may not accept a certificate if it cannot match it to the imported goods because of a vague description.

Goods that fall under the same origin criterion but under different HS subheadings (or conversely under the same HS subheading but a different origin criterion) must be described separately.

If the certificate covers a single shipment of a good, include the invoice number as shown on the commercial invoice. If not known, indicate another unique reference number, such as the shipping order, purchase order, or letter of credit number.

When necessary, attach a separate listing on a continuation sheet to the certificate to provide a complete description of the good or goods.

Field 6 HS tariff classification number

For each good described, identify the HS tariff classification. For most goods, identifying the six-digit HS subheading is sufficient. For some goods, however, the specific rule of origin (from Annex 401 of the Agreement) requires a change at the eight-digit, tariff-item level. For these goods, identify the eight-digit tariff item of the importing country.

Field 7 Preference criteria

There are six preference criteria: A through F. Each of these preference criteria correspond to a category of rules of origin. Since each good described in field 5 of the certificate must be an originating good, they must each satisfy a rule of origin. The preference criterion is essentially a code which tells both the importer and Canada Customs and Revenue Agency which rule-of-origin category the goods satisfy. Consequently, exporters or producers who try to identify a preference criterion without familiarizing themselves with the rules of origin⁴ and applying them will have a difficult time choosing a criterion.

Criterion A corresponds to article 401(a) of the Agreement, which covers goods that are "wholly obtained or produced in one or more of Canada, Mexico, and the United States."

Wholly obtained or produced only refers to goods that were grown, mined, bred, fished, extracted, etc., from a NAFTA party. The goods must be 100% NAFTA origin to qualify under this criterion.

Simply because goods were purchased from a supplier in Canada, the U.S., or Mexico does not mean that they are wholly obtained within the meaning of criterion A.

Criterion B corresponds to article 401(b) of the Agreement, which covers goods that a producer makes using non-originating materials.⁵ The non-originating

materials must meet the conditions set out in the specific rule of origin that applies, which can be found in Annex 401 of the Agreement.

The rules of origin ensure that any non-originating materials undergo enough processing before they can be transformed into a North American product. Most often, the rule of origin is expressed in terms of an HS classification change. This means that a non-originating material changes from one classification number in the HS to another.

When the material is incorporated into the final product, in some cases the rule of origin requires a certain percentage of the value of the goods, referred to as regional value content, to be incurred in North America in addition to the HS classification change. The rules in Annex 401 of the Agreement define exactly what must occur before the good can be considered as originating.

Criterion C corresponds to article 401(c) of the Agreement, which covers goods a producer makes using only originating materials. The difference between criteria A and C is that the originating materials used under criterion C can have some non-NAFTA content which has already been transformed by the producer's North American supplier into an originating material.

(Please note that criterion C does not necessarily mutually exclude criteria A, B, D, or E.)

Criterion D corresponds to article 401(d) of the Agreement, which covers goods where there is no change in tariff classification from non-originating materials to the finished good. However, since criterion D applies only in two very limited circumstances, its use is quite rare.

Please note that criterion D can **never** be used for wearing apparel provided for in chapters 61 and 62 of the HS, or for textile articles described in chapter 63.

The types of goods that can be considered as originating under criterion D are as follows:

- Goods which are complete except for being imported into the NAFTA territory in an unassembled or disassembled condition can be considered as originating. The unassembled or disassembled materials are classified in the same heading or subheading as the assembled good, and the heading or subheading cannot be further divided. The cost of assembling such goods in the NAFTA territory must satisfy a regional-value-content requirement.⁶ Please note that this rule is limited to unassembled goods in which all the materials for assembling the goods are included at the time the goods are imported into the NAFTA territory. If any additional materials must be added to the non-originating unassembled goods, the goods imported into Canada will not qualify for NAFTA. In reality, the application of this rule is extremely limited.

- When goods produced using non-originating materials that cannot undergo the required change because the non-originating materials are classified as "parts" in the HS under the same heading or subheading as the finished goods, and the heading or subheading is not further subdivided, these goods can be considered as originating. A regional-value-content condition must be satisfied.⁷

Criterion E applies only to certain automatic data-processing goods. These goods are specifically identified in Annex 308.1 of the Agreement (Table 308.1.1). Canada, the U.S., and Mexico have agreed to reduce the most-favoured-nation (MFN) duty rate for certain automatic data-processing equipment and parts falling into the categories listed below. Except for category (vi) below, the goods will have their MFN duty rates eliminated or reduced in five equal annual stages **starting January 1, 1999**. For category (vi) (computer parts of subheading No. 8473.30), the three parties reduced their MFN rate to free as of January 1, 1994.

The categories of goods covered under criterion E are:

- automatic data processing (ADP) machines;
- digital processing units;
- input or output units;
- storage units;
- other units of ADP (subheading No. 8471.90);
- parts of computers (subheading No. 8473.30); and
- computer power supplies.

Once the MFN duty rate has been reduced according to the staging schedule, and all three parties have arrived at the reduced rate, these goods will be considered as originating when traded among the three parties. Please note that under Canada Tariff, most of these goods are duty free under the most-favoured-nation.

Criterion F applies to bilateral trade agreements between NAFTA countries. One set of rules apply to U.S./Mexico trade, and another set of rules apply to Canada/Mexico trade. Criterion F is not relevant to Canada/U.S. trade.

Criterion F should not be used for goods exported from the U.S. to Canada. For goods exported from Mexico to Canada, exporters or producers should follow the instructions below.

When agricultural goods are imported into Canada, to complete field 7, the exporter or producer must first determine if they are originating goods under criteria A, B, or C (criteria D and E are not relevant to agricultural goods). Then, if the goods are wholly produced in Mexico or jointly produced Mexican/U.S. or

Mexican/Canadian, it must be determined if the goods are qualifying goods within the meaning of Annex 703.2, section B, paragraph 14. Annex 703.2-B-14 says:

... **qualifying good** means an originating good that is an agricultural good except that, in determining whether such good is an originating good, operations performed in or material obtained from the United States shall be considered as if they were performed or obtained from a non-party. After the exporter or producer determines that the goods are originating and qualifying, they must determine if the goods are subject to any quantitative restrictions when imported into Canada. If no quantitative restrictions apply, the exporter or producer may use criterion F.

Field 8 Producer

In this field, the person completing the *Certificate of Origin* is telling Canada Customs and Revenue Agency why they have the information needed to substantiate the certificate.

If the exporter is the producer of the goods, state "yes."

If the exporter is not the producer, state "no," followed by one of three possible explanations why the exporter is in a position to certify the origin of the goods:

- "No(1)" if the origin of the goods was certified based on the exporter's knowledge of whether the goods qualify as originating;
- "No(2)" if the person signing the certificate is relying on written information from the producer (other than a *Certificate of Origin*) documenting that the goods qualify as originating; or
- "No(3)" if a completed and signed *Certificate of Origin* for the goods was provided to the exporter by the producer.

Whether or not an exporter can use "no(1)" will depend on the specific rule of origin. If the rule of origin requires only a tariff change, and the exporters know where the tariff change occurs, then they can use "no(1)." However, if the rule of origin involves a regional-value-content requirement, it is unlikely that the exporter will be able to substantiate the certificate without cost-of-production documentation from the producer.

If exporters cannot substantiate the origin of goods, they should not be completing a *Certificate of Origin*.

Field 9 Net cost

In this field, those completing the *Certificate of Origin* indicate whether or not they used the net cost method to determine the regional value content (RVC) of a good. If the rule of origin for the goods requires the RVC to be calculated, the exporter or producer can use two methods of calculation. One is the **transaction value method**, and the other is the **net cost method**. This field should be completed in all cases with one of the following:

- If the exporter or producer has used the net cost method to determine the RVC, they will indicate "NC."
- If the exporter or producer has used the transaction value method, they will indicate "no."
- If the rule of origin for the goods does not require the RVC to be calculated, they will indicate "no."

In some cases, when exporters or producers use the net cost method to calculate RVC, they are entitled to average certain costs over a period of time. If they have averaged costs, they should identify the starting and ending dates of the averaging period below the "NC" (e.g., "02/01/07 - 31/03/07").

Field 10 Country of origin

This field has different applications for each country.

If field 10 is not completed, neither the importer nor Canada Customs and Revenue Agency will know which of the different tariff treatments the goods are eligible to receive. In this case, Canada Customs and Revenue Agency will expect the importer to pay the highest applicable NAFTA duty rates.

For most goods imported into Canada, there are three NAFTA tariff treatments.

For originating agricultural and textile goods imported into Canada, the exporter or producer should indicate either "US" or "MX" in field 10. If there is some joint production of the agricultural or textile goods between the U.S. and Mexico, the exporter or producer must apply the *Determination of Country of Origin for the Purposes of Marking Goods Regulations* to determine whether the goods are Mexican or American.

For all other goods imported into Canada, the exporter or producer will indicate either "US," "MX," or "JNT" in field 10. "JNT" stands for joint production of goods between the U.S. and Mexico. Generally speaking, using "JNT" will result in the highest NAFTA duty rate being applied to the goods. However, some rules of origin essentially say that, if there is joint production between the U.S. and Mexico and the contribution of one of those countries is relatively insignificant, the exporter can claim that the goods originate in the country where most of the production occurred. When both the U.S. and Mexico contribute significantly to the production of the goods, the exporter must state "JNT" in field 10. When there is joint production of the goods between the U.S. and Mexico, the exporter or producer should see the *NAFTA Tariff Preference Regulations*, found in Canada Customs and Revenue Agency Memorandum D11-4-19, *Regulations Respecting the Determination of When Goods are Entitled to the Benefit of the United States Tariff or Mexico-United States Tariff*, to determine whether they should complete field 10 with "US," "MX," or "JNT."

Field 11 Certification

The exporter or producer completing the *Certificate of Origin* is strongly advised to **read the statements in field 11** before signing the certificate.

All the information in field 11 (which includes the signature area) must be completed.

In addition to being able to substantiate the origin of the goods, the person signing the certificate should be someone in the company who is entitled to sign legally binding documents on behalf of the exporter or producer. This is someone who has full knowledge of the origin of the goods, and who has access to the books and records that substantiate the claim. If the statements made in the certificate are untrue, the company could be liable for penalties.

Update: February 17, 2005 - <http://www.cbsa.gc.ca/publications/dm-md/d11/d11-4-5-eng.pdf>

General Preferential Tariff (GPT)

If the 60% ex-factory price is not satisfied, or is not supported by adequate documentation, the goods are not eligible for the GPT and a Form A should not be issued for such goods.

Least Developed Country Tariff (LDCT)

If the 40% ex-factory price is not satisfied, or is not supported by adequate documentation, the goods are not eligible for the LDCT and a Form A should not be issued for such goods.

J. NAFTA – CERTIFICATE OF ORIGIN

(SAMPLE ONLY)

Form can be found at: <http://www.cbsa.gc.ca/publications/forms-formulaires/b232-eng.pdf>



Canada Border Services Agency

Agence des services frontaliers du Canada

Help

PROTECTED B (When Completed)

NORTH AMERICAN FREE TRADE AGREEMENT

CERTIFICATE OF ORIGIN

(Instructions Attached)

Restore/Restaurer

Please print or type

1 Exporter's Name and Address: Tax Identification Number: ▶	2 Blanket Period: From <input type="text" value="DD - MM - YY"/> To <input type="text" value="DD - MM - YY"/>
3 Producer's Name and Address: Tax Identification Number: ▶	4 Importer's Name and Address: Tax Identification Number: ▶

5 Description of Good(s)	6 HS tariff Classification Number	7 Preference Criterion	8 Producer	9 Net Cost	10 Country of Origin

11 I certify that:

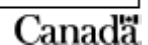
- the information on this document is true and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document;
- I agree to maintain, and present upon request, documentation necessary to support this Certificate, and to inform, in writing, all persons to whom the Certificate was given of any changes that would affect the accuracy or validity of this Certificate;
- the goods originated in the territory of one or more of the Parties, and comply with the origin requirements specified for those goods in the North American Free Trade Agreement, and unless specifically exempted in Article 411 or Annex 401, there has been no further production or any other operation outside the territories of the Parties; and
- this Certificate consists of pages, including all attachments.

Authorized Signature:		Company:	
Name:		Title:	
Date (dd-mm-yy)	Telephone:	Fax:	

B232 E (08)

(Ce formulaire existe aussi en français)

BSF314 E



SECTION 8 – VENDOR MANUAL ACKNOWLEDGEMENT FORM

Indigo Books & Music Inc.

VENDOR MANUAL ACKNOWLEDGEMENT FORM

I acknowledge that I have received a copy of Indigo's Vendor Manual, read and understood the contents, and distributed it throughout my company as required.

To the best of my knowledge, my company is in compliance with Indigo's Vendor Manual; where my company is not in compliance, I understand that Indigo may apply a cost recovery charge associated with the respective non-compliance. I validate that my company will only supply Indigo with products that meet all Canadian laws and regulations.

Name: _____

Position: _____

Company: _____

Signature: _____

Dated this ____ day of _____, in the year _____.
