



Indigo

VENDOR MANUAL
FOR
MERCHANTISE VENDORS

VERSION 7.0

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VERSION 7.0 – CHANGE LOG

Section	status	Guideline	Pages
<i>INTRODUCTION</i>	updated	Indigo VENDOR CODE OF CONDUCT	8-9
<i>INTRODUCTION</i>	new	External Party Integrity Hotline	10
<i>Sub-Section I</i>	amended	Vendor Set-up: 2 additional documents added to onboarding Vendor Package: <i>Introduction to NISS letter, Preparing Your First Shipment to Indigo</i>	11
Sub-Section 1.3	updated	New Vendor Set-up: <i>Vendor Support</i> section has been added to Vendor Registration Form	12
Sub-Section 1.4	updated	Certificate of Insurance Requirements & Vendor Liability Insurance Matrix	12-15
Sub-Section 1.5	new	Social Compliance Program	16-17
Sub-Section 5.1	added	SAN# reference table	25
Sub-Section 5.4	updated	EDI 855 POA section	27-28
Sub-Section 5.8	new	Invoice Payment	29
<i>Sub-Section VII</i>	reorganized	Sub sections have been reorganized/regrouped: 7.1 On-Time Delivery/Shipment/ASN; 7.2 Fill Rate; 7.3 Accurate Documentation; 7.4 In Good Condition	31
Sub-Section 7.1.1. a	revised	On-Time Shipment: Ship Window defined for Ocean/Air (outside N.A.) & Land/Air (inside N.A.)	32-33
Sub-Section 7.1.1. d	added	Original Customs Document requirement	33-34
Sub-Section 7.1.2	revised	On-Time Delivery - Delivery Window redefined	34
Sub-Section 7.2	updated	Fill Rate Guideline	37
Sub-Section 7.4.1.	reassigned	new subsection/reorganized	40
Sub-Section 7.4.1.1.ii.	amended	Inner case/pack labeling requirement: <i>"Each inner case/pack must be labeled with a human readable UPC of the product AND a scannable barcode of the UPC."</i>	41
Sub-Section 7.4.1.1.v.	added	2nd bullet point: <i>"Labels must all be placed under shrink wrap (not overtop), but the barcode on the label must be scannable;"</i>	45
Sub-Section 7.4.1.2	revised	Figure 7 - Non-EDI Shipping Label Zones; Zone C: <i>"Carton quantity (# of total units in carton) is required "</i>	49
Sub-Section 7.4.2.1	added	Inner/Outer Case Pack Requirements: <i>"Each outer case/master carton must contain only one SKU/UPC/EAN (exception may be for Cross-Dock orders only)."</i>	53
Sub-Section 7.4.2.2.i	added	4th bullet point: <i>"The UPC and description of the respective product and the total quantity of units must be marked/indicated on (the outer long side of) the master carton."</i>	53

Sub-Section 7.4.2.8	added	Price Sticker Specification & Placement Guideline	59-61
Sub-Section 7.4.3	added	Damage-Free Shipment/Product Guideline	61-62
Sub-Section 9.1	updated	Cost Recovery Schedule has been updated: OTS, OTD, FR, Accurate EDI Documentation, Accurate Product Dimensions, Accurate Case Pack QTY, Label Accuracy, Single SKU Cartons, Carton Requirements, Price Sticker Requirements, Damage-Free Shipment, Flow-Thru Requirements, On-Time Booking, VGM Declaration, Customs Documents, QA issue.	66-70
Sub-Section 9.3	added	Quarantine (receiving) Guideline	71
Sub-Section 10.1	added	Packing Slip: " <i>For international shipments, the Packing List must include the number of cartons per SKU/per PO at the container level when shipping multiple containers under one MBL (Master Bill of Lading).</i> "	74
Sub-Section 10.2	amended	Notify Party updated	74
<i>Sub-Section XII.i.</i>	updated	FNF requirement for Ground Shipments (Domestic)	77
Sub-Section 13.1.i	updated	FNF requirement for Ocean/Air/Ground Shipments (International)	79
Sub-Section 13.1.ii	added	Pre-Alert form requirement	79
Sub-Section 13.1.v	new	SOLAS Requirements & VGA Declaration	79-81
Sub-Section 13.1.viii	amended	Original Customs Document Guideline	81
Sub-Section 13.2	updated	Supplier VGM Declaration requirement added; Freight Invoice removed	82
SECTION 6.1	updated	Key- Contacts: Shipping Inquiries/ Routing/ Customs & Brokerage/ Pre-Alert Forms	86
SECTION 6.2	updated	EDI - SPS Commerce contact	87
SECTION 6.3	updated	Director, QA contact	87
SECTION 6.4	updated	Accounts Payable contact	88
Appendix C	updated	a) FNF - OCEAN/AIR; b) FNF-GROUND	95-96
Appendix D	added	Pre-Alert Form	97
Appendix E	added	IMO SOLAS Regulation & Shipper VGM Declaration Forms	98-101
Appendix J	updated	Customs Tariff Schedule	111-116
<i>SECTION 8</i>	amended	VENDOR MANUAL ACKNOWLEDGMENT FORM	126

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.

The most updated version of this Vendor Manual is also available at:

https://static.indigoimages.ca/2014/Indigo_Vendor_Manual_For_Merchandise_Vendors_v6_1.pdf

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 of the vendor, their suppliers and respective factories they use for manufacturing/producing (herein referred to as “organization”) include, but are not limited to, the following:

(Please refer to the SA8000 Standard for a full detailed list of standards:

[http://sa-intl.org/ data/n_0001/resources/live/SA8000%20Standard%202014.pdf](http://sa-intl.org/data/n_0001/resources/live/SA8000%20Standard%202014.pdf))

- A. **Compliance with Laws** – The organization shall 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** – The organization shall not put employees at risk of physical harm due to their work environment. Any and all employees shall be fairly compensated, and granted the right of free association.
- C. **Wages and Benefits** – The organization shall, at minimum, provide wages and benefits that comply with the laws of their country of operation and country in which goods are manufactured/produced. The organization shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards.
- D. **Working Hours** – The organization shall 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. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. Employees are entitled to receive at least one day off following every six (6) consecutive days of working.
- E. **Child Labour** – The organization shall not employ child labour in any of their facilities. Child labour is defined as any person under 15 years of age, unless the minimum age for work or mandatory schooling is higher by local law, in which case the stipulated higher age applies in that locality.
- F. **Forced or Slave Labour** – The organization shall not engage in or support the use of forced, slave or compulsory labour, including prison labour, in any of their facilities. Neither the organization nor any entity supplying labour to the organization shall withhold any part of any personnel’s salary, benefits, property or documents in order to force such personnel to continue working for the organization.
- G. **Discrimination/Human Rights** – The organization shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, retirement or any other term or

condition of work (other than legitimate occupational requirements allowed by law) on the basis of race, colour, national or territorial or social origin, ethnic origin, citizenship, religion, faith, political opinion, gender, sexual orientation, age, marital status, same-sex partnership status, family status, disability, or any other condition that could give rise to discrimination.

- H. **Disciplinary Practices** – The organization shall treat all personnel with dignity and respect. The organization shall not engage in or tolerate the use of corporal punishment or other forms of mental or physical coercion, or verbal abuse of their employees.
- I. **Abuse/Harassment** – The organization shall not abuse or harass employees, whether physical, psychological or sexual. No harsh or inhumane treatment is allowed.
- J. **Health and Safety** – The organization shall provide employees with a safe and healthy working environment consistent with all applicable laws and regulations regarding health and safety. The organization shall take effective steps to prevent potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work.

EXTERNAL PARTY INTEGRITY HOTLINE

Indigo has set up an External Party Integrity Hotline as outlined below:

If you wish to report questionable behavior or a possible violation of the Indigo Vendor Code of Conduct, you are encouraged to work with your primary Indigo contact in resolving your concern. If that is not possible or appropriate, please use the External Party Integrity Hotline.

The External Party Integrity Hotline is available to external parties to confidentially communicate any Code of Conduct concerns or violations with respect to Indigo employees and the Vendors that Indigo conducts business with. Any person who believes that a violation of the Indigo Vendor Code of Conduct or Employee Code of Conduct has occurred is asked to report the relevant information in confidence to: ExternalIntegrityLine@indigo.ca

You may choose to remain anonymous if you contact the External Party Integrity Hotline. Indigo will make every effort to investigate all reported violations in a discreet, fair and confidential manner, and will take appropriate action, as required, to maintain the integrity of its business.

SECTION 1- VENDOR ONBOARDING

I. VENDOR SET-UP

As a part of the onboarding process, each prospective Indigo vendor will receive the Vendor Package, which contains the following documents:

1. **Indigo Purchase Agreement**
2. **Vendor Manual**
3. **Vendor Registration Form**
4. **Vendor Code of Conduct & Social Compliance Acknowledgment Form**

The Vendor Package may also contain additional reference documents, including:

5. **Introduction to NISS Letter** (New Item Submission System) (see Section 2 further detail on NISS)
6. **Preparing Your First Shipment to Indigo**

In order to complete the Vendor Set-up Process, each prospective vendor must have the following documents (described in greater detail below) signed by an authorized individual at your company and submitted to Indigo:

1. **Indigo Purchase Agreement**
2. **Vendor Manual Acknowledgement Form**
3. **Vendor Registration Form**
4. **Vendor Code of Conduct & Social Compliance Acknowledgment Form**
5. **Certificate of Insurance**

Where applicable, prospective vendors may also be required to submit a valid **Vendor Social Compliance Audit** for each factory where the sourced product is being manufactured (please refer to **Section 1.5 - Social Compliance** for further detail on audit requirements).

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

1.1. INDIGO PURCHASE AGREEMENT

The Purchase Agreement sets forth the standard terms and conditions applicable to the purchase of products ordered by Indigo from vendor from time to time. Please refer to Indigo's Purchase Agreement to review in full detail.

The Purchase Agreement must be signed by an authorized signing officer; please use your organization's full legal name in this document.

1.2. VENDOR MANUAL ACKNOWLEDGEMENT FORM

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

1.3. NEW VENDOR REGISTRATION FORM

This excel template sets out (i) certain important vendor contact information; (ii) applicable Indigo requirements, such as re-order frequency, lead time, and insurance coverage(s); and (iii) negotiated business terms determined by vendor and their respective Indigo Category Manager(s), namely:

- Payment terms
- INCO terms
- EDI terms
- Vendor Support
- Discounts, Rebates, Allowances,
- Co-op/MDF
- Other special negotiated terms

1.4. CERTIFICATE OF INSURANCE

1.4.1. INSURANCE COVERAGE REQUIREMENTS

Indigo requires vendors to have and maintain comprehensive general liability insurance coverage, at vendors cost, in such amounts as specified in the **Indigo Vendor Liability Insurance Matrix** (see 1.4.2 below) and meeting the following requirements:

- a. **Insurance Coverage.** Comprehensive commercial general liability insurance with minimum limits of coverage of not less than the amount set out in the Vendor Matrix below per occurrence for bodily injury and property damage which must include the following

coverages: personal injury liability, bodily injury liability, advertising injury liability, products and completed operations liability, blanket contractual liability (including liability for damage to or losses relating to performance by Vendor of its obligations to Indigo), and property damage liability (including liability for damage to or losses relating to an Indigo location and any Indigo or other third party chattels, property, merchandise, trade fixtures, or monies), and business interruption relating to Indigo's operations.

- b. Occurrence Basis.** All coverage required by Indigo must be written on an occurrence basis. Claims-made policies are not acceptable.
- c. Additional Insured.** Vendor's insurance must designate Indigo Books & Music Inc. as an Additional (or Joint) insured, including with respect to third party claims or actions brought directly against Indigo or against Indigo and Vendor as co-defendants.
- d. Severability of Interests; Subrogation.** Vendor's coverage must provide for a severability of interests between Indigo and Vendor, and all policies of insurance shall contain an endorsement waiving all rights of subrogation against Indigo.
- e. Supplier Insurance is Primary.** Vendor's insurance will be primary and will be required to respond to and pay prior to any other available coverage of Indigo.
- f. Self-Insurance.** Indigo does not allow Vendors to self-insure their coverage requirements, without Indigo's prior written consent.
- g. Cancellation.** Indigo requires and expects that either Vendor or its insurer/broker will provide Indigo with at least thirty (30) days advance written notice of any material change or cancellation of the applicable policies.
- h. Certificate of Insurance.** Vendors must provide a valid certificate of insurance that:
 - i.** Clearly specifies the required coverage(s) (type(s) & amount(s));
 - ii.** List Indigo as an additional insured;
 - iii.** Describes Vendor's business and/or the products being supplied to Indigo;
 - iv.** Includes Vendor's address; and
 - v.** References Indigo's address:

Indigo Books & Music Inc.
468 King Street West, Suite 500
Toronto, Ontario
M5V 1L8

Certificates of Insurance must be renewed annually and an updated copy provided to Indigo at vendorsetup@indigo.ca.

1.4.2. VENDOR LIABILITY INSURANCE MATRIX

The following matrix indicates the required liability insurance coverage limits by product category for all vendors:

LIABILITY INSURANCE COVERAGE LIMIT	PRODUCT CATEGORY
\$1,000,000	<ul style="list-style-type: none"> • Journals, stationery products • Paper products
\$2,000,000	<ul style="list-style-type: none"> • Clothing and apparel (excluding infant and children’s clothing and sleepwear) • Bags, wallets, totes, handbags • Baskets • Calculators • Cameras-Disposable battery operated • CDs/DVDs • Christmas decorations (non-electronic) • Clocks (non-electric) • Computer accessories, Peripherals non-electric (e.g. flash drives) • Cooking appliances (non-electrical) • Craft wares (non-electronic) such as home decorations, vases, and handcraft, antique • Fragrances • Games and puzzles • Garden & Outdoor (non-electric) • Glassware, drink ware, travel mugs, tableware, cutlery, serve ware (non-electrical) • Hair accessories (excluding infant and children’s) • Hats, caps, gloves, scarves (including fashion and gardening) • Holiday novelty items (non-electric) • Housewares (non-electric) • Household decoration items (non-electric) • Jewellery (excluding infant and children’s) • Key chains • Kitchen utensils (non-electric) • Leather goods • Wallets, briefcases, and belts • Linens, towels, tablecloths, fabric, fabric curtains • Locks • Novelty gifts (excluding candles, lighters of any kind) • Pet supplies- such as pet apparel, pet food, pet accessories, and pet chews • Photo frames and framed art (non-electric) • Plants, planting accessories and hand-tools • Porcelain ware • Sunglasses and Eye Glasses • Tech accessories (non-electronic) • Umbrellas Watches

LIABILITY INSURANCE COVERAGE LIMIT	PRODUCT CATEGORY
\$5,000,000	<ul style="list-style-type: none"> • Beverages including bottle water, sodas and juices, teas, coffees, hot chocolate mix • Bar-B-Ques (charcoal) excluding propane; Fire pits • Batteries- electric and/or rechargeable • Bicycles and tricycles • Camera- rechargeable, electric (e.g. video) • Candles, candle-sets for all occasions • Computers, fax machines, digital picture frames including electrical peripherals (e.g. printers, scanners) • Confectionery, cookies, crackers, bread, pastries • Craft wares • Electronics • Foods including canned foods, dry foods (including snacks, pasta, seasonings, etc.) • Holiday lights • Infant/Children’s wear (including sleepwear and any protective/safety wear) • Infant/Children’s costumes, clothing, headwear • Infant/Children’s accessories and jewellery • Infant/Children’s furniture • Lamps and lighting • Personal care products - such as lotions, bath products • Sports and fitness equipment – electric, collapsible, folding items • Toys- electric and non-electric toys (including infant toys, projectiles, launching items, ride-in/on items)

Please note that additional liability insurance coverage limits may be required for new/specialty products and new/special product categories at any given time. These will be communicated to the respective vendors as required.

1.5. SOCIAL COMPLIANCE PROGRAM

1.5.1. SOCIAL COMPLIANCE POLICY STATEMENT

Indigo is committed to ensuring that our vendors and their suppliers uphold the highest ethical standards in workplace conditions and labour practices. Our Social Compliance Program affirms our strong position on key labour practices around the world that includes, without limitation, our position against child labour, forced labour, discrimination and abuse/harassment, as well as fair wages, benefits, working hours and health & safety practices. All vendors are expected to meet or exceed the internationally recognized Social Accountability 8000 International Standard (“SA8000”), which is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law.

1.5.2. VENDOR CODE OF CONDUCT

Indigo is fully committed to doing business in a legal, ethical and socially responsible manner. The Indigo Vendor Code of Conduct is designed to ensure that suppliers, vendors, agencies, distributors, service providers and contractors (collectively, “vendors”) have a clear understanding of how Indigo expects to conduct its business with vendors, and how Indigo expects its vendors to embrace our commitment to integrity by complying with the standards within the Code of Conduct and communicating them to their employees. (Please refer to the Indigo Code of conduct section at the beginning of this document)

1.5.3. VENDOR ONBOARDING

As per our Vendor Code of Conduct, we have a minimum required set of criteria for factory qualification (i.e. free from critical violations such as child labor, forced labor, abuse/harassment). During our vendor onboarding, prospective vendors must acknowledge and agree to comply with our Social Compliance Program and Vendor Code of Conduct by submitting a signed Vendor Code of Conduct & Social Compliance Program Acknowledgment Form, prior to vendor set-up. Additionally, where Indigo is importer of record, vendors are audited to ensure that they meet or exceed the expectations of our Social Compliance Program.

1.5.4. FACTORY AUDIT PROGRAM

Factory Audits

Factories that are considered for manufacturing Indigo private label products must pass an audit to SA8000 standards by Indigo or its designated auditor before any order placement to ensure the facilities comply with the minimum requirements of our Social Compliance Program. Those factories must undergo annual social compliance audits to ensure ongoing compliance.

Corrective Action

For those factories where non-conformance with our standards is uncovered, our auditors will develop a Corrective Action Plan (CAP) with timelines for compliance to enable factories to rectify any areas of non-conformance. For severe violations of our Vendor Code of Conduct, including but not limited to child/slave/prison or forced labour, corruption, failure to pay wages, Indigo will immediately disqualify the vendor.

Follow-up Factory Audit

Except for severe violations (see above), follow-up audits are scheduled, as necessary, where vendors are required to implement CAPs for any non-conformances observed during any audit.

Indigo is committed to work with our vendors and auditors to help identify areas for improvement in the working conditions in factories, in an effort to promote continuous improvement.

1.5.5. ENVIRONMENTAL AWARENESS

Alongside our continuous commitment to protect the environment, we require all of our vendors to manufacture and operate in a sustainable manner to ensure low negative environmental impact on their local communities as well as globally. To ensure this, we have incorporated into our third party factory audits, a review of environmental policies and practices, and compliance with all applicable environmental laws and regulations.

1.5.6. DEVELOPMENT OF OUR VENDOR CODE OF CONDUCT & THE VENDOR SOCIAL COMPLIANCE PROGRAM

We will periodically review our Vendor Code of Conduct and Vendor Social Compliance Program and may revise them accordingly, as required. We will notify our vendors of any important changes; however, the most updated versions of our Code and Social Compliance Program will always be available to vendors on Indigo's website, www.chapters.indigo.ca

(https://static.indigoimages.ca/2016/corporate/IndigoCodeOfConduct_April2016_v2.pdf)

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. Questions of clarification on the Standard Operating Procedures should be directed to: newvendor@indigo.ca

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

The EDI exemption, if provided by your buyer, is captured on the **Vendor Registration Form**.

Please note that the cost of **EDI non-compliance** is \$250 per non-compliant Purchase Order.

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 Cross-Dock)
- 855 Purchase Order Acknowledgment (POA)
- 856 ASN
- 810 Invoice
- 860 Purchase Order Change and/or Cancellation (POC)
- 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, and view Indigo's specifications, 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 & Music Inc. - General Merchandising" (for GM 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://spsreferrals.com/indigo-books-music-books/>

(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 USD/month.
- **Existing EDI solution already in place, but not with SPS Commerce:** the one-time cost is \$500 USD 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 USD/month; there is a seasonal option to turn the solution On/Off.
 2. You could choose to adopt another EDI solution from someone other than SPS Commerce. This solution would need to be certified by SPS Commerce for a one-time cost of \$500 USD.
- **If you do not have an EDI solution in place and your purchase order volume with Indigo will be < \$ 50 K / year:** Indigo has negotiated a separate lower cost solution. It

would involve a bit more administrative effort within Indigo, but this has been created to overcome some of the cost concerns that smaller vendors just starting with Indigo may have; if you feel you meet this criteria (no EDI solution in place and Purchase Order volume < \$50 K /year), please contact newvendor@indigo.ca for further discussion.

When you complete the link to the SPS form, you will see a requirement for an Indigo vendor # and a DUNS #. You can still start the transition to EDI without our vendor # and/or your DUNS #; however, they will be needed for SPS to finally complete your transition to EDI with Indigo so please do provide them once available. If you do not have a DUNS # and prefer not to acquire one, please note this on the SPS form.

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 support@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 support@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

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 Manual.

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. A cost recovery charge will also 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 – 9pm 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:** support@spscommerce.com
(Retailers and suppliers who send EDI directly to a Retailer)
 - **EDI implementation/certification:** clientservices@spscommerce.com
 - **File Integration:** support@spscommerce.com
 - **Trading Partner Intelligence:** tpiservices@spscommerce.com
 - **WebForms/Catalog/Scan and Pack/other:** support@spscommerce.com
- **International Support:**
 - **Asian Offices:** asiastupport@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: NISS (NEW ITEM SUBMISSION SYSTEM)

Indigo utilizes a web-based application called **NISS (New Item Submission System)** to manage article master data creation and changes for our online and retail sales channels. It is our expectation that vendors will submit article master data via NISS. We realize that this application will be new for your organization, and so, we advise you to review the respective training materials that will be provided for you, and to direct any questions regarding NISS to NISS@indigo.ca.

NISS provides the ability to load and maintain all aspects of article data 24 hours a day through a standardized interface that contains workflows to streamline and simplify all aspects of Indigo's article loading process. NISS allows you to:

- Create new articles by providing:
 - product detail,
 - dimensions & packaging detail;
 - Harmonized System Code (HS Code – Canadian Version)
- Upload Single Article Data or Bulk Article Data using multiple article templates;
- View status of an article;
- Search for and modify existing articles and images;
- Track details of all the modifications that have been made to your articles.

3.1. BENEFITS OF NISS:

- Improves the accuracy of our master data;
- Increases the speed of our transactional processes from purchase orders to goods receipt, through to the sale of your products.

3.2. NISS REGISTRATION STEPS FOR APPROVED INDIGO VENDORS:

Once you have been assigned a vendor number by Indigo, the following will occur:

- A NISS account will be created by Indigo's Master Data team;
- Vendors will receive an e-mail notification with instructions for login and password creation.

- Note: login USER NAME will be the e-mail address submitted by the vendor to be set-up as the data contact for NISS (as indicated on Indigo’s Vendor Registration Form).
- Vendors will also be sent the “How To Use NISS” document, outlining the article creation and maintenance process.
- Please note: NISS is for article submission only. Category Managers must approve your articles and images for Indigo usage.

Although NISS allows vendors to enter master data solely via a web interface, we also provide a bulk upload feature that allows data input via a template. If you anticipate creating and/or maintaining more than 5 (five) articles for Indigo, it may be easier to use the bulk upload (ie article creation) feature.

Supported browsers include (please note version minimum):

- Chrome V32 (recommended)
- Internet Explorer 9
- Firefox V25
- Safari 5

If you have any questions, please contact NISS@indigo.ca and a member of Indigo’s Master Data team will be in contact within 1 business day. We request that you do not address questions regarding NISS functionality to your merchant contact at Indigo.

IV. UPC (UNIVERSAL PRODUCT CODE) LABELS

- 4.1.** Vendors are responsible for ensuring that a unique scannable, and correct UPC or EAN (International Article Number; formerly European Article Number) is provided on all products shipped to our Distribution Centres (“DCs”) or Stores. UPCs and EANs must meet the specifications defined by the Electronic Commerce Council of Canada.
- 4.2.** If possible, UPC numbers should never be reassigned; however, in the event one must be reassigned, Indigo requires that the number not be in use for a minimum of 36 months prior to reuse or reassignment to allow the UPC to pass through the retail product cycle.

SECTION 3 – PURCHASE ORDERS

V. PURCHASE ORDER PROCESS

5.1. PURCHASE ORDER DETAIL

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# (see table below))
- 13-digit case UPC code (being ordered)
- Item Description
- Vendor Manufacturing Part Number (if provided to Indigo via NISS)
- Listing Case Pack Size for outer and inner cartons
- Quantity (being ordered)
- Unit Costs in currency of record for vendor
- Delivery Date at the Ship To address
- Carrier Hand-over Date (CHO Date) (if applicable)
- INCO and FOB terms
- Payment Terms
- Method of Transportation

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 Thru*
Online DC (970)	1187414	Regular (Initial Buy & Replenishment)
	7603223	Online Customer Order

*Flow Thru SAN# is not currently available for Merchandise vendors

As a clarification, please note that **Online orders** (i.e. POs cut for Online DC 970) **are DC orders** (these should not be considered as Store orders).

If there are questions regarding the meaning of these data elements, please contact your Indigo Category manager or newvendor@indigo.ca.

5.2. PURCHASE ORDER TERMS

- Vendor must deliver the items on the Purchase Order on the Delivery Date indicated on the Purchase Order.
- For collect orders, 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 cannot be received against a different Purchase Order.
- Indigo will place a Purchase Order for the UPC on the product; vendor generated/internal SKU numbers will not be used on Indigo Purchase Orders when placing an order.
- Vendor should not ship “substitute” or “replacement” UPCs. In this case, the current PO line must be cancelled via Purchase Order Acknowledgment (with ACK29 code “CO”) and a new PO line must be created for the new UPC. This must be confirmed/approved by the respective Indigo buyer.
- The Purchase Order quantity will be in “eaches” of product/UPC ordered (corresponding to individual units or assortment units).
- Indigo policy is to always order with the case UPC. Indigo does not currently support the use of GTIN 14 product identifiers. It is imperative the case UPC on the Purchase Order is what is shipped and is on the ASN. If the UPC is incorrect please contact the Category Manager to have this corrected immediately upon receipt of the order. An incorrect UPC 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 UPC.

5.3. FREIGHT TERMS

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

- **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.
- **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.

Shipping instructions are provided in the Shipping Guideline section of this Manual (see Section 5).

5.4. PURCHASE ORDER ACKNOWLEDGEMENT (POA)

The POA is an electronic document (EDI 855) that is used to confirm the terms and details of the Purchase Order.

- We require the POA to be loaded into our Warehouse Management System 72 hours after you receive the Purchase Order.
- If your POA is rejected due to an error, the POA must be retransmitted once the error has been corrected.
- If the POA is not in our system, we will base delivery performance KPIs on our original Purchase Order terms. A cost recovery charge may be applied for late and/or incomplete orders (see Vendor Compliance - Cost Recovery Charge Summary (Section 4, VIII, 8.1)).

- Vendor must review all terms of the Purchase Order and communicate any discrepancies to the respective Indigo Category Manager **within three (3) business days** (i.e. incorrect UPC, cost, pack size, quantity, delivery or CHO date, INCO terms, etc...)
- If an adjustment is required, vendor must await the receipt of a Purchase Order Change Notice (EDI 860), or an e-mail correspondence acknowledging the change(s), from the Indigo Category Manager, before filling/shipping the order.
- If vendor does not communicate any discrepancies/required changes within the allotted 3 business days, the terms and order information on the original Purchase Order govern.
- Vendor must immediately notify the respective Indigo Buyer of any changes to Purchase Order terms that may arise at a later date, including any foreseen late shipments.

5.5. PURCHASE ORDER CHANGE

At this time, Indigo's Purchase Order Change document is only able to support the following changes:

- Change in unit cost
- Change in unit quantity
- Cancellation of an entire line item

Improvements are being made to enhance the Purchase Order Change functionality to support our General Merchandise business. When completed, they will be deployed to you through SPS Commerce.

At this time, if changes are required for an existing Purchase Order other than those listed above, these changes need to be agreed to via e-mail correspondence with your Category Manager. In some instances, the Category Manager may decide to cancel the Purchase Order and reissue a new version.

5.6. ADVANCE SHIP NOTICE (ASN)

The ASN is an electronic document (EDI 856) that is used to describe 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.
- 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)).
- It is mandatory that the Bill of Lading # (BOL) associated with your shipment be included in the ASN. Failure to provide the BOL # could lead to your shipment being rejected at our Distribution Centre Appointment Desk. If the actual BOL # is not available at the time of the ASN creation, please do the following:
 - Enter Indigo's Purchase Order No. beginning with "45" in the BOL # field for the ASN;
 - Ensure that Indigo's Purchase Order No. is 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.

5.7. INVOICES

All invoices are received via the 810 EDI document. Indigo will not process any invoices sent via mail by EDI vendors. All paper (inclusive fax) invoices will be discarded; therefore no payment will be issued. **Non-EDI vendors are the only exception**; these vendors may send paper invoices, or preferably, a PDF version of the invoice by e-mail to the respective A/P contact at Indigo.

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

5.8. INVOICE PAYMENT

Indigo has two payment cycles per month: mid-month and month-end. The below examples illustrate when an invoice gets paid based on the terms of payment:

- Any invoice which is due for payment from the first of the month to the 15th will be paid on the 15th of the month;
- Any invoice which is due from the 16th of the month will be paid on the month end cheque run.

Please note that invoices are aged from the date of the invoice, and are due for payment based on the terms of payment.

5.9. BILLING FOR VENDOR DISCOUNTS, ALLOWANCES, REBATES, COST RECOVERY CHARGES

Where your organization has entered into an agreement with Indigo for vendor support programs, including, but not limited to, co-op, markdown support and vendor rebates, 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)

*SECTION 4 - **SUPPLY CHAIN EXECUTION & VENDOR COMPLIANCE***

VI. 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 2016, as a part of Indigo's VPM Program, we will develop a process to formally communicate supply chain performance results to Top Tier vendors who will be contacted accordingly.

VII. 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/shipping 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/shipped:
 - On-Time
 - Complete
 - Accurately
 - In Good Condition
- The Perfect Order Index is calculated by multiplying the 4 key delivery metrics above:

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

7.1. ON-TIME DELIVERY/SHIPMENT/ASN DELIVERY (“ON TIME”)

7.1.1. ON-TIME SHIPMENT (OTS):

a. Applicable to: Vendors that have the following INCOTERMS*:

- EX WORKS (EXW)
- FOB
- FCA
- CIF

(* please refer to INCOTERM table (Section 5, IX) for a summary of Buyer/Seller responsibilities)

b. Guideline:

- Indigo expects Purchase Order shipments to be ready and available in full to be handed over within the Ship Window.
- The Ship Window is defined as follows:
 - **For Ocean/Air (outside of North America):** up to ten (10) business days early, and three (3) business days late compared to the final acknowledged/agreed to Purchase Order Carrier-Hand-Over Date (CHO Date).

- **For Land/Air (inside of North America):** up to ten (3) business days early, and three (3) business days late compared to the final acknowledged/agreed to Purchase Order CHO Date.
 - A shipment handed over outside the Ship Window will be considered as non-compliant, and will be charged a cost recovery fee as per the Cost Recovery Schedule (see Fig 10.)
 - Rescheduling CHO Date: a CHO Date revision request, initiated by vendor via e-mail, may or may not be approved:
 - If CHO Date revision is approved, OTS performance will be measured against the revised CHO Date, referred to as the “final agreed to” CHO Date;
 - If CHO Date revision is not approved, OTS performance will be measured against the original CHO Date on the Purchase Order.
- c. Freight Notification:**
- A completed Freight Notification Form (please refer to Section 7, Appendix C) must be sent to Indigo’s international Freight Forwarder & Customs Broker (“Carrier”) as follows:
 - **Ocean shipment:** min. 2 weeks in advance of the CHO date.
 - **Air shipment:** min. 2 weeks in advance of the CHO date (outside of North America)
 - **Truck shipment:** min. 3 business days in advance of the CHO date (within North America)
 - It is recommended that vendors book as early as possible, but at a minimum based on the deadlines indicated above.
 - Upon receipt of the Freight Notification Form, Indigo’s 3PL Provider will provide Routing Instructions to the vendor.
- d. Original Customs Documents:** In order to permit our appointed logistics provider to manage all government security and customs filings more efficiently we would request that during the shipment booking process all our valued suppliers immediately provide copies of all commercial shipping documents to Delmar.
- **For international ocean shipments,** the documents must be provided to Delmar not later than 48 hours after vessel departure.
 - **For air and truck (North America),** the documents are required by Delmar prior to cargo departure.
 - The documents to be provided to Delmar are:

- Canada Customs invoice
 - Commercial invoice
 - Packing list
 - Form “A” or Export Statement of Origin (when applicable)
 - North American Free Trade Certificate – NAFTA (when applicable)
 - Original Bill of Lading/Telex Release
- Failure to deliver Customs documents on-time will result in late document and storage/yard movement cost recovery charges as per the Cost Recovery Schedule (see Fig. 11).
 - 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.

7.1.2. ON-TIME DELIVERY (OTD) - TO DC & STORE LOCATIONS:

a. Applicable to: vendors that have the following INCOTERMS:

- DDP
- DAP

b. Guideline:

- 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 Delivery Window.
- The Delivery Window is defined as up to three (3) business days early, and three (3) business days late compared to final acknowledged/agreed to Purchase Order Delivery Date.
- 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. 11).
- Rescheduling Delivery Date: a Delivery Date revision request, initiated by vendor via e-mail, may or may not be approved:
 - If Delivery Date revision is approved, OTD performance will be measured against the revised Delivery Date, referred to as the “final agreed to” Delivery Date;
 - If Delivery Date revision is not approved, OTD performance will be measured against the original Delivery Date on the Purchase Order.

7.1.3. ADVANCE SHIPPING 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 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. 11).

7.1.4. 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. case freight only from CANPAR, UPS, FEDEX, PUROLATOR).
(* 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 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, BOL
- No ASN
- Delivered too early (earlier than booked appointment)
- Visible Damage to shipment
- Improperly packed shipment (on pallet, wrong cartons, etc...)
- Other non-compliance issues caught at inbound.
- 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.

7.2. FILL RATE - (“COMPLETE”)

- Indigo expects our Purchase Order Lines to be shipped/delivered complete, that is, 100% filled, on the initial shipment; and for the overall PO to be shipped/delivered 100% complete 30 days after the expected PO CHO/Delivery Date.
- A variance of +/- 2% of the PO Line QTY and the overall PO QTY 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. 11)

7.3. ACCURATE DOCUMENTATION (“ACCURATE”)

- Indigo expects all documentation & EDI transactions preceding, accompanying, and succeeding an inbound shipment to be accurate, on-time 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
 - Customs Documentation
- 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. 11).

7.3.1. 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)
 - UPC
 - QTY shipped
- An ASN is considered to be invalid and non-compliant if there is a:
 - systemic error/failure
 - receiving data error/failure

7.3.2. BILL OF LADING ACCURACY

- Indigo expects all vendor shipments to be accompanied by an accurate Bill of Lading whose details exactly match what has been routed for shipment.
- 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.

7.3.3. 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 UPCs
 - List of Product Descriptions/Titles
 - Total units shipped by Description/Title and total quantity back-ordered
 - List of correct lot numbers (if applicable)
 - For international shipments: Number of cartons per SKU/per PO at the container level when shipping multiple containers under one MBL
- 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.

7.3.4. INVOICE ACCURACY

- Indigo expects EDI vendors to send a valid and accurate Invoice (EDI 810 for EDI vendors) 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
 - Vendor's DUNS #
 - Purchase Order No.(s)
 - Date of shipment
 - Accurate payment terms
 - Payment currency
 - List of UPCs shipped
 - List of Product Descriptions shipped
 - Quantity Shipped by Item (in eaches) by UPCs
 - Accurate Unit Price (per each) of 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 constitute 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 11, Section IX**.

7.4. IN GOOD CONDITION (SHIPMENT QUALITY)

7.4.1. 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.

Definitions:

Master/Outer Case/Pack: a vendor's outermost carton containing the ordered units, packed loosely or in inner packs.

Inner Case/Pack: packaging material (i.e. inner carton, polybag, ...) grouping together a number of ordered units within a master/outer pack.

7.4.1.1. 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. Inner Case/Pack Labeling Requirements for EDI Vendors

These requirements only apply if there is an Inner Case/Pack inside an Outer Case (see Outer Case requirements below). Indigo does not require an EDI GS1-128 label to be provided on inner cases/packs for EDI vendors. However, Indigo does require labeling for Inner Cases/Packs as follows:

- Each inner case/pack must be labeled with a human readable UPC of the product **AND a scannable barcode of the UPC.**
- The inner case pack label must include:
 - The unit quantity contained within the inner case/pack,
 - A description of the product.
- The inner case/pack label can be no smaller than 1" x 1"
- Use of a stencil and/or printed on the inner case/pack is permitted.
- The inner case label must appear on one side only, in the upper right hand corner. It should not appear on more than one side of the inner case.

iii. 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.

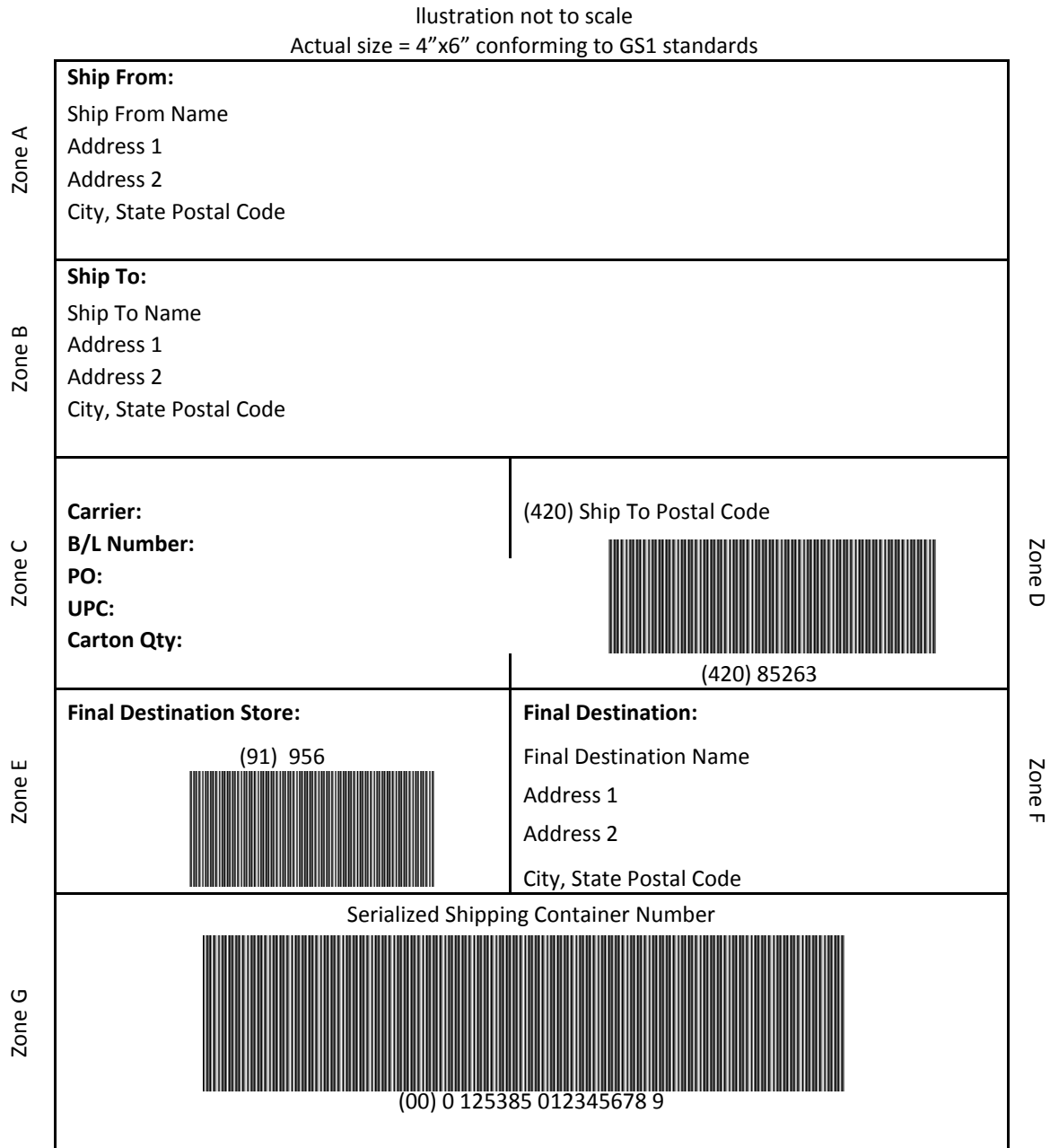


Figure 1 - Indigo GS1- 128 Label with Zones.

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 # is required if available; must be provided in EDI 856 - PO Number <u>is required</u> - UPC <u>is required</u> - Carton Qty (total # of units in the carton) <u>is required</u>	10 to 16 pt font
D	Ship To postal code and barcode (optional)	10 to 16 pt font
E	Final Destination Store Number and bar code (for Cross-Dock shipments only; if DC shipment, indicate DC #)	10 to 16 pt font
F	Final Destination Name and Address (for Cross-Dock shipments only; leave blank for DC shipments)	10 to 16 pt font
G	UCC-128 Serial Shipping Container Code (SSCC-18) <u>is required</u> Packaging Type indicator (3rd digit): <ul style="list-style-type: none"> • "0" for case/carton • "1" for pallet 	20 mil bars

Figure 2 - Indigo GS1- 128 Label Zones.

iv. 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”

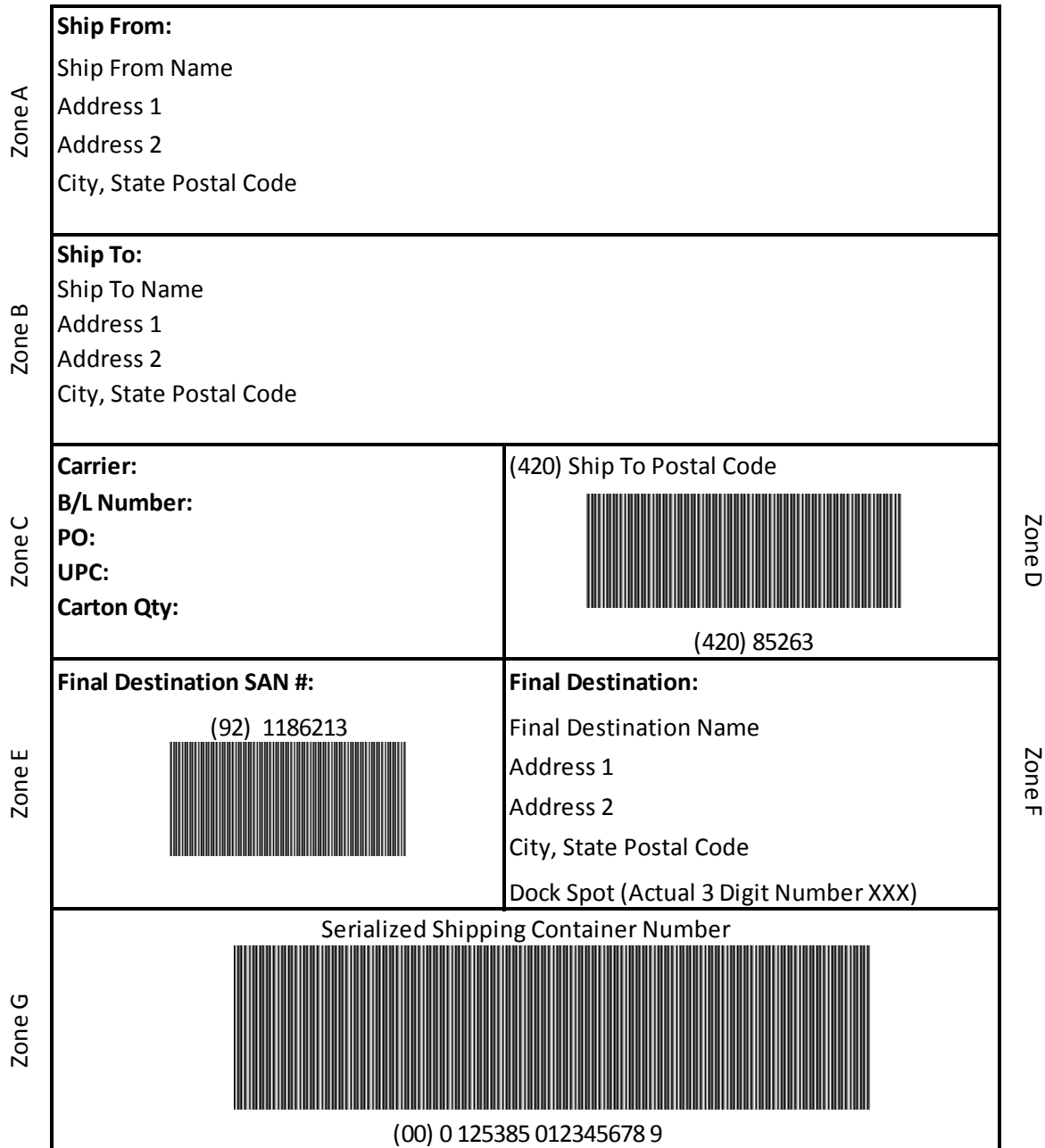


Figure 3 - Indigo GS1- 128 Cross-Dock Label with Zones.

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 is required 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.

v. Label Placement

- The GS1-128 label must be placed on the shortest side of the outer case on the right hand side;
- Labels must all be placed under shrink wrap (not overtop), but the barcode on the label must be scannable;
- 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.

vi. 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. There are significant productivity improvements that Indigo and the vendor can realize from using this ASN structure. The label requirements are as follows:

For full or half-pallet shipments of a single product (i.e. single 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.** The pallet label must be placed on the top carton on the right hand side, under the shrink wrap (not overtop), but the barcode on the label must be scannable.
- **The UPC and description of the respective product and the total quantity of units must be marked/indicated on each individual master carton on the pallet shipment.**
- 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.
- Pallet shipments must be packed to a maximum pallet height of 52 inches, and one case pack size only.
- 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 UPC and QTY must be indicated on the carton);
 - Please note that for this option: the Packaging Code in the TD1 segment 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.)

vii. Package Type Indicator - Case vs. Pallet Label

As indicated in **Zone G of Indigo GS1- 128 Label Zones** (Fig. 3 above); 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

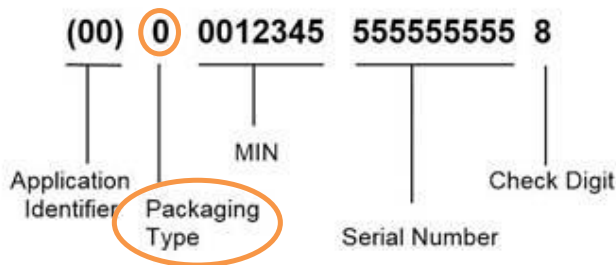


Figure 5 – SSCC – Packaging Type Indicator

- 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.

7.4.1.2. 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 unscannable. Reasons why a label would be identified as missing or unscannable include:

- Label does not scan at all
- 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. Inner Case/Pack Labeling Requirements for Non- EDI Vendors

These requirements only apply if there is an Inner Case/Pack inside an Outer Case. The requirements for Non-EDI vendors are identical to Indigo's requirements for EDI vendors regarding Inner Cases/Packs (please refer to Section 7.4.1.1(ii) above).

- Each inner case/pack must be labeled with a human readable UPC of the product **AND a scannable barcode of the UPC.**
- The inner case pack label must include:
 - The unit quantity contained within the inner case/pack,
 - A description of the product.
- The inner case/pack label can be no smaller than 1" x 1"
- Use of a stencil and/or printed on the inner case/pack is permitted.
- The inner case label must appear on one side only, in the upper right hand corner. It should not appear on more than one side of the inner case.

iii. 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. 5), using the subsequent Zone content table (Fig. 6), 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 : UPC : 9781234567890 or 123456789012  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: 20px; 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> • UPC # <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 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.

7.4.1.3. LABELING FOR SPECIALTY PRODUCTS- EDI & NON-EDI VENDORS

i. Fragile Products

- Fragile or other product requiring special handling must be clearly labeled on the case.
- If commodities require special handling or stowage, the packaging should be marked accordingly; this information should also appear on the Bill of Lading.
- 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.

ii. Other Handling Indicators

- Expiry' and 'Best Before' dates must be clearly indicated on at least one side of each carton.
- Any goods requiring temperature control including protection from freezing must be identified as such on the carton and on the Bill of Lading. It is recommended that

temperature requirements be clearly stated on the cartons as a guideline. Failure to identify goods in this manner may result in your account being charged for the value of the goods, freight and any excess freight to replace the goods in the event the carriers move goods without temperature controls and the goods are unsalable as a result.

iii. Assortments

If “assortments” are being purchased by Indigo, please contact your Buyer or vendorcompliance@indigo.ca to further discuss the master data, Purchase Order and receiving processes associated with product of this nature. Indigo’s experience has been that there are differing definitions of “assortments’ in the General Merchandise community so this will assist in avoiding misunderstanding and poor supply chain execution. Please ensure that the UPC label on the assortment pack is the same UPC as ordered on the Purchase Order.

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 following **Cost Recovery Schedule**:

7.4.2. PACKAGING GUIDELINE

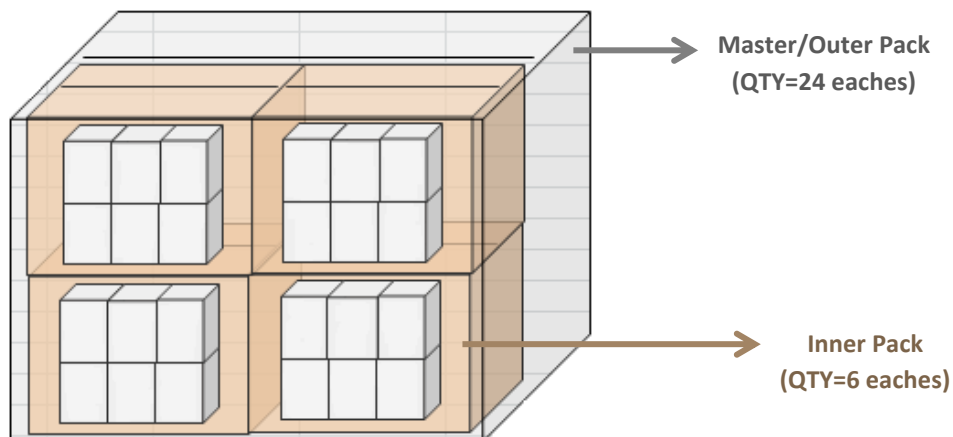
Indigo's **Packaging Guideline** applies to all product purchased for resale by Indigo Books & Music Inc. inbound to each of our DC and Store locations. This guideline plays a key role in ensuring that vendors provide the packaging, carton and pallet requirements for shipments to our DC and Store locations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

The Packaging Guideline includes Indigo's requirements for:

- Inner/Outer Case Pack
- Carton Specific Packaging
- Inner Packaging Material
- Pallet Specific Packaging
- Packaging for Specialty Product, including:
 - Fragile product
 - Apparel & Accessories
 - Food/Gourmet
 - Other
- Inner/Outer Package Labeling
- Environmental Reporting and Packaging Requirements
- Price Ticket Placement (on customer facing merchandise)

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

7.4.2.1 INNER/OUTER CASE PACK REQUIREMENTS



- All products must be packed in cartons/cases in accordance with the master/outer pack and inner pack quantities that are agreed to on the original Purchase Order. Any deviation in inner/outer pack quantities may result in a Non-compliance Cost Recovery Charge (see Fig. 11).
- Each outer case/master carton must contain only one SKU/UPC/EAN (exception may be for Cross-Dock orders only).
- Each inner case must contain only one SKU/UPC/EAN.
- Each outer case/carton must contain merchandise for only one Purchase Order.
- For Apparel & Accessories: each carton must contain only one style, colour and size combination (that is, one SKU/UPC).
- If a single SKU/UPC does not completely fill a carton, the remaining space must be filled with inner packaging material (dunnage).

7.4.2.2. CARTON SPECIFIC PACKAGING REQUIREMENTS

i. Master/Outer Pack (Carton) Packaging Requirements:

All products shipped to our DC & store locations must be packed in cartons/cases (the exception is some small couriered orders). At a minimum, all master/outer 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) (exceptions for gift, toy and baby product must be pre-approved by the respective Indigo Category Manager ahead of delivery).
- Filled case weight must not exceed 40 lbs (exceptions must be pre-approved by the respective Indigo Category Manager ahead of delivery)
- The UPC and description of the respective product and the total quantity of units must be marked/indicated on (the outer long side of) the master carton.
- 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).
- Exceptions are for Food (liquids & semi-liquid) and Furniture which require a bursting strength of 275lb/in² (1896kPa - 18.4kg/cm²)
- The top and bottom seams of open cartons/cases 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 master carton must be for the product contained inside only.
- Special handling instructions must be indicated on the master carton (i.e. “fragile”, “glass”, “This way up”, “Do not double stack” etc...).

ii. Inner Pack Packaging Requirements:

- Inner packs may be in the form of cartons or polybags, depending on item specifications.
- The top and bottom seams of open inner cases must be sealed using strong packing tape.
- 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.
- Inner packs must have a unique scannable and human readable UPC/EAN properly affixed.

iii. Drop Test Requirement:

Please refer to Section 7, Appendix B for required Drop Test Procedure.

7.4.2.3. INNER PACKAGING MATERIAL REQUIREMENTS

- Although bulk shipments are warehoused in the Indigo DC, product must be packed properly to handle further distribution to Indigo Stores or online customers.
- At a minimum, all products should be packed inside a carton/case 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.

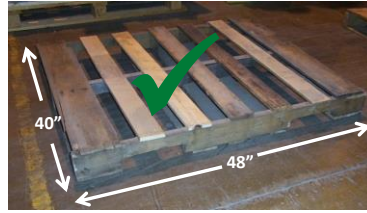
- Inner voids within cartons/cases must be filled with packing materials (dunnage, air pillows,...).
- Packing materials requirements:
 - The use of Packing Paper (dunnage), Tissue, Air Pillows and Foam is permitted so long as they provide sufficient protective packaging for the products in the container.
 - The use of Packing Poly Peanuts, Newspaper, Printed Material, Hay, or Straw is not permitted.
- Protective packaging (i.e. polybags, tissue, 'baggies',...) must each be labeled (on the outside) with a scannable and human readable UPC of the product.
- All liquid products must have a sealed cap and must be packed to contain accidental leakage.
- All furniture or large items must be sufficiently packed to avoid damages from water and dust and to withstand long haul transportation.
- The use of polystyrene foam for packing furniture is permitted.
- All sharp or pointed objects/product edges must be wrapped in such a way so as to avoid puncturing the carton/case.
- Protective carton inserts are required on top of product to ensure knife damage will not occur.
- Please note: vendor is required to send thirty (30) days prior notification of any new configurations/packaging changes that will ship to Indigo's DC or Store locations.
- Notification must be sent via email to the respective Indigo Category Manager and DC Transportation Manager.

7.4.2.4. 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 & DC Product Flow Manager, ahead of shipment/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 9 – Acceptable vs. Unacceptable Pallet Types

ii. Pallet Packing & Stacking:

- A Pallet must contain product for one DC or store ship-to-location only (no mixed destinations).
- 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"**.
- All pallets must be securely shrink-wrapped with no overhang of product (see Fig. 10).
- Use of cardboard Gaylord boxes/containers, wooden/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.



Figure 10 – Unacceptable Pallet Overhang

Special Considerations:

- Any merchandise shipment that requires special handling should be identified and pre-approved prior to the initial shipment by contacting the respective Indigo Category Manager and the DC Transportation Manager.
- For example, in the event that filled case weight exceeds maximum allowable weight of 40 lbs (per case), as this will require special shipping arrangements.

iii. **Pallet Shipment – ASN Structure**

For full or half-pallet shipments of a single product (i.e. single 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.)

7.4.2.5. PACKAGING FOR SPECIALTY PRODUCTS

i. Fragile

- All fragile items (glassware, ceramics, gift items, furniture...) must be adequately packaged to protect merchandise from breakage or damage.
- If products require special handling or stowage, the packaging should be marked; this information should also appear on the Bill of Lading.
- Please refer to Packaging for Specialty Product in the Case & Pallet Labeling Guideline (Section 7.4.1.3) for further instruction on labeling Fragile product.

ii. Apparel & Accessories

- All apparel merchandise, which is not already pre-packed in a floor-ready (branded) package, must be individually packed by size in polybags.
- Units sold as assortments/sets/pre-packs (using one UPC number) must be packed in the same polybag/carton in the full size assortment going to a store.
- Each master carton may contain only one UPC.
- Do not mix sizes, styles or colours in the same carton (unless they are part of an assortment/set/pre-pack under one UPC).
- Where available, clothing items should be shipped on a sales floor ready hanger.

iii. Food/Gourmet

- For food, gourmet and any other such product with a shelf life the 'Best Before' date must be clearly indicated on at least one side of each carton (in addition to being indicated on each of the item itself).

- Any goods requiring temperature control including protection from freezing must be identified as such on the carton and on the Bill of Lading.
- In order to ensure receipt and put-away within a 48hr window, gourmet/food and any other perishable product must be clearly indicated/identified as such:
 - On the Freight Notification Form (for Indigo controlled freight);
 - At time of booking a DC delivery appointment (for vendor controlled freight).

iv. Other

- 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.
- Any cartons containing cosmetics must have the ‘Expiry’ and ‘Best Before’ dates clearly indicated (marked/labeled) on at least one side of each carton (in addition to being indicated on each of the item itself).

7.4.2.6. PACKAGE LABELS (INNER/OUTER CASE)

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 inner/outer case label for review, if necessary.
- Please refer to *The Case and Pallet Labeling Guidelines* (Section 7.4.1.1) for further detail.

7.4.2.7. 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.

7.4.2.8. PRICE STICKER SPECIFICATION & PLACEMENT GUIDELINE

(ON CUSTOMER FACING MERCHANDISE) – FOR RETAIL ONLY

All merchandise must be shipped to our Retail Distribution Centres and Stores with a scannable UPC or EAN barcode, and a **Price Ticket/Sticker** placed on the customer-facing merchandise (boxed/ wrapped or unboxed/unwrapped). Please note, this guideline does not apply to Online merchandise (Online POs) shipping to the Online DC; Online product should not have price stickers attached.

Retail Price Tickets – Mandatory

Retail price tickets are required on all retail merchandise. The price displayed is the Canadian retail selling price from the Purchase Order.

Indigo does not supply Indigo-branded price/SKU stickers. Vendors assume all costs associated with price stickering and must ensure that all products are properly ticketed. All price stickers must be produced according to the specifications below, and must be pre-approved by Indigo (i.e. sample photo sent to VendorCompliance@indigo.ca).

Price Sticker specifications:

Colours	White label Black font (no variations permitted)
Size	1.45” x 0.725” (may vary slightly)
Type	Low Tack (must peel off easily without leaving adhesive residue)
Content (4 options)	1. CAD RETAIL PRICE ONLY, NO INDIGO LOGO 2. CAD RETAIL PRICE ONLY, WITH INDIGO LOGO 3. CAD RETAIL PRICE & UPC BARCODE, NO INDIGO LOGO 4. CAD RETAIL PRICE & UPC BARCODE, WITH INDIGO LOGO

Price Sticker Samples:

1. CAD RETAIL PRICE ONLY, NO INDIGO LOGO



2. CAD RETAIL PRICE ONLY, WITH INDIGO LOGO



3. CAD RETAIL PRICE & UPC BARCODE, NO INDIGO LOGO



4. CAD RETAIL PRICE & UPC BARCODE, WITH INDIGO LOGO



Placement:

The following are the price sticker placement guidelines based on the type of packaging used:

- For boxed/wrapped product, price stickers must be placed at the bottom or back of item, beside the UPC barcode;
- For product with a HANGTAG (such as apparel, accessories, stuffed toy animals, etc...), price tickets should be attached to the back of the hangtag.

Please note that price stickers cannot cover any warning labels or care instructions.

Should you have any specific questions or require additional instruction, please contact VendorCompliance@indigo.ca

For non-compliant or missing price stickers, a cost recovery fee may be charged as per the Cost Recovery Schedule (see Fig. 11). Vendors may also receive an additional charge for the cost of (re)stickering the order.

7.4.3. DAMAGE-FREE SHIPMENT/PRODUCT

- Indigo expects vendor shipments to be delivered damage-free, with all products packed according to Indigo's Packaging Guidelines (see Section 7.4.2).
- 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. 11)
- 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 their 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) calendar days of being sent the notification by Indigo or may choose to pay Indigo to dispose of the damaged product. 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.

- 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. 11).

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** (see **Figure 11, Section IX.**)

VIII. QA COMPLIANCE - PRODUCT SAFETY, COMPLIANCE & TESTING

8.1. PRODUCT SAFETY POLICIES

While all products sold to Indigo must be in compliance with all applicable Canadian laws and regulations, Indigo has additional policies regarding food products and children's jewellery/hair accessories. At any time, further policies may be added as safety concerns arise.

Food Products – Due to increasing industry and consumer concern regarding food safety practices in China, Indigo will not purchase food products containing ingredients sourced from China. In addition, Indigo will not purchase food products that are made or assembled, in whole or in part, in this region. Limited exceptions may be made by Indigo for certain types of food product – for example, tea made in China may be acceptable. Any exception must be authorized by Indigo in writing.

Children's Jewellery/Hair Accessories – Indigo will not purchase any children's metal jewellery/hair accessories. Indigo will only purchase children's plastic jewellery/hair accessories that, if they contain a metallic coating, do not contain lead and/or cadmium, or any other heavy metals.

8.2 PRODUCT ALERTS, RECALLS & WITHDRAWALS

If a recall or withdrawal is initiated by the vendor, or is requested or required by any governmental authority having jurisdiction in Canada, vendor shall promptly advise Indigo of such recall or withdrawal. Vendor shall notify Indigo's Category Manager and Quality Assurance group (see Contacts – Section 6) **within two (2) calendar days** of becoming aware of any possible material non-compliance with product laws, or its notice of a claim from a consumer (which, individually or in the aggregate, may reasonably be expected to result in material liability to vendor and/or Indigo) that a product is defective or does not comply with all product laws.

In the event of a Canadian or US regulatory government recall or alert of a product safety risk, Indigo reserves the right to issue a recall notice, cancel outstanding purchase orders and return all product for a full refund and charge back the vendor any costs incurred to facilitate the recall/withdrawal.

8.3. PRODUCT TESTING

Upon request, vendors are required to provide test reports to ensure that all consumer goods comply with applicable Canadian laws, regulations and industry standards.

Indigo may cancel Purchase Orders if any requested test results are not provided or are not satisfactory.

8.4. INSPECTION OF GOODS

Vendors are responsible for supplying safe, quality products with any non-conformances identified and addressed by respective Quality Control processes.

8.5. FOOD/GOURMET VENDORS - ADDITIONAL REQUIREMENTS

8.5.1. INDIGO ALLERGEN CHECKLIST

The Indigo Allergen Checklist (see Section 7, Appendix B-2) must be completed by the manufacturing facility and submitted to Indigo Quality Assurance (QA) for review against final product label. Completed Allergen Checklists are to be sent to the Category Manager.

8.5.2. MARKETING SAMPLES

Indigo's Food/Gourmet Category Managers will contact Food/Gourmet vendors regarding marketing sample requirements.

8.5.3. PRODUCT CODES

- Indigo requires that each salable unit of food be identified with a code mark in the form of a Best Before Date ("BBD") on the label or container. Coding is mandatory to trace products through the distribution chain and to facilitate recalls.
- An example of the Canadian Food Inspection Agency ("CFIA") Best Before Date format is shown in the table below.
- The term 'Best Before' must be shown in English and French (Best before / Meilleur avant).
- The year must appear first, followed by the month, then the day. This format is used to avoid confusion in date interpretation.
- The month must appear in both official languages by using specified bilingual Month symbols, as shown below.

Shelf Life	Code Date Type Required	CFIA Format
All shelf lives, including 90 days or less	Use "Best Before Date" NOT "Expiry Date"	Best before 08 JA 30 Meilleur avant

Month	Bilingual Month Symbols to be used in Code
January:	JA
February:	FE
March:	MR
April:	AL
May:	MA
June:	JN
July:	JL

August:	AU
September:	SE
October:	OC
November:	NO
December:	DE

- If BBD codes are applied by sticker, the adhesiveness must be validated to withstand handling, to ensure traceability of the code.

8.5.4. SHELF LIFE

Products arriving at Indigo’s DCs and/or Store locations must have 80% of their shelf life remaining at time of receipt.

8.5.5. INDIGO QUALITY ASSURANCE SAMPLES FOR REVIEW

- Two final production samples from the manufacturing facility are required by Indigo QA to review the **Best Before Date coding and final label compliance to Canadian Regulations** for QA Release.
- Send samples to **Indigo Home Office** to the attention of “**QA – Product Sample**”
468 King Street West
Suite 500
Toronto ON, M5V 1L8

8.5.6. TEMPERATURE CONTROL

Chocolate confectionery temperature control in transit to DCs and/or Store locations is to be arranged where required.

8.5.7. QA NON-COMPLIANCE

- Any manufactured product that deviates from the approved sample is considered to be non-compliant.
- Indigo QA requires a response back within 24 hours to any inquiries pertaining to non-compliance issues or customer complaints, and where applicable the completion of a Root Cause and Corrective Action form.

IX. VENDOR COMPLIANCE PROGRAM

9.1. SUMMARY

Indigo expects vendors to comply with the guidelines and requirements detailed in this manual. 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;
- 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 as of January 1 st , 2014, unless otherwise stated)			
Metric	Delivery Guideline	Violation	Cost Recovery Fee
ON-TIME	On-Time Shipment (OTS) Handed over to Carrier within <u>Ship Window :</u> Ocean/Air (outside NA): -10/+3 bus. days early/late vs CHO Land/Air (inside NA) -3/+3 bus. days early/late vs CHO	PO Handed Over to Carrier: Ocean/Air (outside NA): > 10 business days earlier than PO CHO Date > 3 business days after PO CHO Date Land/Air (inside NA): > 3 business days earlier than PO CHO Date > 3business days after PO CHO Date Minimum Chargeback	2% x QTY* early 5% x QTY* late *(PO value) 2% x QTY* early 5% x QTY* late *(PO value) Minimum \$250 per PO

	<p>On-Time Delivery (OTD)</p> <p>Delivered to DC or Store within Delivery Window: 3 bus. days earlier/3 bus. days later than agreed to PO Delivery Date</p>	<p>Delivered to DC/Store:</p> <p>> 3 business days earlier than PO Delivery Date > 3 business days after PO Delivery Date</p> <p>Minimum Chargeback</p>	<p>2% x QTY* early 5% x QTY* late *(PO value)</p> <p>Minimum \$250 per PO</p>
	<p>ASN Delivery</p> <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) 	<p>Missing/Late ASN:</p> <ul style="list-style-type: none"> ▪ EDI 856 not sent ▪ Flow Thru Missing ASN ▪ Valid EDI 856 sent late <ul style="list-style-type: none"> ○ Retail DC ○ Online DC ○ Store 	<p>\$250 per shipment \$100 per shipment \$100 per shipment, per store</p>
	<p>DC/Store Delivery Requirements:</p> <ul style="list-style-type: none"> ▪ Appointment Booking ▪ Correct Address/Ship Location ▪ Paperwork 	<p>DC/Store Delivery:</p> <ul style="list-style-type: none"> ▪ No Appointment; Early/ Late Arrival ▪ Shipped To Wrong Location ▪ Paperwork Error/Missing Required paperwork (ie. BOL, Packing Slip, PO,...) 	<p>\$250 per PO</p>
COMPLETE	<p>Fill Rate</p> <p>PO Line 98%-102% filled on:</p> <ul style="list-style-type: none"> • Initial shipment • Overall PO 	<p>Fill rate variance from PO Line QTY</p> <ul style="list-style-type: none"> ▪ > +2% ▪ < -2% 	<p>5% of non-compliant QTY* *(PO value not filled)</p> <p>Minimum \$100 per PO</p>
	<p>Accurate Shipped Quantity</p> <p>QTY shipped must match PO QTY, by PO line; No substitute UPCs/ISBNs</p>	<ul style="list-style-type: none"> ▪ Incorrect PO line QTY shipped ▪ Incorrect/Substitute UPC/ISBN 	<p>\$25 per PO line</p>
ACCURATE	<p>Accurate Documentation</p> <ul style="list-style-type: none"> ▪ BOL Accuracy ▪ Packing Slip Accuracy 	<ul style="list-style-type: none"> ▪ Non-compliant/Missing BOL ▪ Non-compliant/Missing Packing Slip ▪ PO not on BOL 	<p>\$100 per violation/PO</p> <p>(applies to all cases of inaccuracy/invalidity)</p>
	<p>Accurate EDI Documentation</p> <ul style="list-style-type: none"> ▪ ASN Accuracy ▪ POA Accuracy ▪ Invoice Accuracy 	<p>Inaccurate ASN EDI 856 (SPS/SAP validation)</p> <ul style="list-style-type: none"> ▪ Incorrect Article/Site <p>Inaccurate POA EDI 855 (SPS/SAP validation)</p> <ul style="list-style-type: none"> • Date Mismatch, Invalid DR, Incorrect use of IA, Incorrect Cost price/Discount, other) <p>Inaccurate Invoice EDI 810 (SPS/SAP validation)</p> <ul style="list-style-type: none"> • Incorrect Cost Price, PO contains invalid items, Incorrect Tax Amount 	<p>\$100 per violation/PO</p>
	<p>Accurate UPC</p> <ul style="list-style-type: none"> ▪ Correct UPC shipped ▪ Correct Product 	<ul style="list-style-type: none"> ▪ Wrong product shipped/ incorrect UPC/ISBN ▪ UPC/ISBN Mismatch ▪ UPC/ISBN not on PO 	<p>\$250 per PO</p>

	Accurate Product Dimensions <ul style="list-style-type: none"> ▪ Correct Product Dimensions as per specification of ordered UPC. ▪ Correct Product Volume (based on Dims) ▪ Correct Product Weight 	<ul style="list-style-type: none"> ▪ Incorrect Product Dimensions ▪ Incorrect Product Volume ▪ Incorrect Product Weight ▪ Incorrect Carton Volume ▪ PIM Errors 	\$100 per item/PO
	Accurate Case Pack QTY (Case Count)	<ul style="list-style-type: none"> ▪ Incorrect case pack quantity (case count) 	\$250 per PO
CASE & PALLET LABELING	Case & Pallet Label (General)	For both EDI/non-EDI Outer Case & Pallet Labels: <ul style="list-style-type: none"> ▪ Label Missing ▪ Label Barcode Not Scannable ▪ UPC Barcode Not Visible 	\$250 per shipment
	Inner Case/Pack Label (for both EDI & non-EDI)	<ul style="list-style-type: none"> ▪ No Scannable UPC barcode on Inner Label ▪ No human readable UPC on Inner Label ▪ QTY not indicated on Inner Label ▪ Incorrect inner case QTY indicated ▪ Incorrect label placement (inner) 	\$250 per PO
	Outer Case Label (for both EDI & non-EDI)	<ul style="list-style-type: none"> ▪ Incorrect Label format ▪ Incorrect label placement (outer) ▪ Shipping Label Covered/Not Visible 	\$250 per PO
	Label Accuracy	<ul style="list-style-type: none"> ▪ Label missing: <ul style="list-style-type: none"> ○ Ship to/from address ○ UPC/ISBN ○ PO# ○ Case/Pallet QTY ○ HU (handling Unit) / SSCC18 code ▪ EDI label error ▪ HU Error: Incorrect/Mismatch/Duplicate 	\$250 per shipment
	Cross-Dock Label	<ul style="list-style-type: none"> ▪ Incorrect cross-dock label format ▪ Incorrect/Missing DC Dock Spot ▪ Incorrect Final Destination Name/Address indicated 	\$250 per PO
	Specialty Product/Handling Labels Polybag Markings	<ul style="list-style-type: none"> ▪ Special handling/stowage not labeled/marked ▪ Required label markings missing (i.e. FLOW THRU, SHERWAY 965, Street Sensitivem etc...) ▪ Markings not legible/erased, ▪ Markings not written in all required languages ▪ Expiry/Best Before dates/ Temperature Control not indicated when required ▪ Labeling error for Assortments 	\$250 per PO

PACKAGING	Single SKU cartons (applicable to General Merchandise product only; non Cross-Dock)	<ul style="list-style-type: none"> ▪ Mixed UPCs in inner case ▪ Mixed UPCs or POs in outer case 	\$250 per PO
	Inner Packaging Materials	<ul style="list-style-type: none"> ▪ Incorrect packaging material used 	\$250 per PO
	Pallet Requirements	<ul style="list-style-type: none"> ▪ Incorrect/bad pallet type ▪ Broken/Damaged Pallet ▪ Improper packing (bulk)/stacking ▪ Pallet overhang ▪ Maximum pallet height of 52 inches exceeded 	\$250 per shipment
	Carton Requirements	<ul style="list-style-type: none"> ▪ Filled Carton/Case weight > 40 LBS ▪ Incorrect Carton/Case dimensions ▪ Incorrect Carton/Case Volume ▪ Incorrect Carton Type ▪ Damaged Carton ▪ Missing Carton Markings: UPC/QTY 	\$250 per PO
	Carton Requirements	<ul style="list-style-type: none"> • Correct Carton Weight • Correct Carton Dimensions • Correct Carton Volume (based on Case Dims) • Correct Carton Type • Carton Markings: UPC/QTY 	
	Pallet Shipments Should be a pallet shipment for single SKU pallet	<ul style="list-style-type: none"> ▪ Missed Pallet Shipment 	\$250 per PO
	Packaging for Specialty Products	<ul style="list-style-type: none"> ▪ Specialty Product not labeled/identified: <ul style="list-style-type: none"> ○ Fragile/heavy/oversized ○ Expiration date missing on Food/Gourmet/Cosmetics 	\$250 per PO
	Packaging for Apparel/Accessories	<ul style="list-style-type: none"> ▪ Apparel/Accessories not individually packaged (inner protective packaging) ▪ Mixed UPCs (non-assortment) per inner/outer case pack 	\$250 per PO
	Product Package Labels	<ul style="list-style-type: none"> ▪ No UPC barcode label on product packaging (including on individual item protective packaging) 	\$250 per PO
	Package Type	<ul style="list-style-type: none"> ▪ Unacceptable package type ▪ Bulk Vs Carton 	\$250 per PO
	Wood Packaging Requirements (import vendors only)	<ul style="list-style-type: none"> ▪ Violation of specified requirements (i.e. illegally harvested wood and paper products) 	\$250 per PO
Price Sticker Requirements (on customer facing merchandise)	<ul style="list-style-type: none"> ▪ Violation of specified price sticker requirements (i.e. specifications, contents, placement,...) 	\$250 per PO	

EDI	Transacting via EDI (i.e. EDI PO)	<ul style="list-style-type: none"> EDI non-compliance 	\$250 per non-compliant PO (non-EDI)
DAMAGE-FREE	Damage-Free Shipment	<ul style="list-style-type: none"> Damaged Shipment Damaged Unit (Online DC) 	\$250 per PO \$25 per PO line cancellation or damaged unit (Online DC)
FLOW THRU	Flow Thru (F/T) Shipment Requirements (where applicable)	<ul style="list-style-type: none"> F/T pallet mixed with non F/T F/T – missing ASN F/T – partial case Other F/T error 	\$250 per PO
ROUTING	On-Time Booking	<ul style="list-style-type: none"> Late Booking Missed Pick-up/ Handover to Carrier 	\$250 per PO
	VGM Declaration	<ul style="list-style-type: none"> Cost of weighing container(s) at port VGM Declaration Non-Compliance 	Actual cost incurred per container (in CAD) \$100 USD per shipment
	Customs Documents	Required commercial documents & Original BOL/Telex RIs not received by Delmar prior to freight arrival in Canada. <ul style="list-style-type: none"> Customs hold Yard Storage: Container + Chassis Detention & Storage (container) Yard pull/movement (container) 	\$250 per PO with late customs documents incident \$250/day per container \$200 per yard pull, per container
QA	QA issue (as identified)	<ul style="list-style-type: none"> Per incident/violation Other charges as required/applicable 	\$250 per PO (+ Other charges as applicable)
ALL	Required Sorting/Rework at DC to correct non-compliant shipment	<ul style="list-style-type: none"> For any sorting/rework required (at DC) or, charged per unit as required 	+ \$75/hr (in addition to fees above) or \$25/unit (as required)

Figure 11 – 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, DC & Store Shipment Errors will be communicated to vendors on a weekly basis, and Performance KPIs (i.e. OTD, FR) will be communicated on a monthly basis, with details of all applicable cost recovery charges and subsequent deductions.

9.3. QUARANTINE

Non-compliant shipment may be placed in the **DC or Store Quarantine** until the error is corrected/resolved to enable receipt of the shipment. There is, however, a **DC Quarantine Threshold** of fifty dollars (\$50) for the total value of the non-compliant shipment, below which the contents of the respective shipment are automatically transferred to our warehouse sale stock to avoid inefficient use of labour and resources.

9.4. 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 30 (thirty) 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

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											

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 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 UPC(s)
 - List of Product Description(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.
- d. For international shipments, the Packing List must include the number of cartons per SKU/per PO at the container level when shipping multiple containers under one MBL (Master Bill of Lading).

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:	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 7.4.1)
- Packaging Guideline (Section 7.4.2)

11.4. ROUTING INSTRUCTIONS

- 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 (i.e. case freight only from CANPAR, UPS, FEDEX, PUROLATOR).
(* 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. 11)).
- 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)

- i. Once a Purchase Order has been issued, a **Freight Notification Form** (see Section 7, Appendix C (b)) 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:** min. 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. 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 complete ALL fields of the freight notification form** at the time of making a booking with Delmar International, including:
 - 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
- 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.
- 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 (a)) 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:** min. 2 weeks in advance of CHO date
 - b. **Air shipment:** min. 2 weeks in advance of CHO date (outside North America)
 - c. **Ground shipment:** min. of 3 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. 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; however, **it is the vendor's responsibility to ensure the Freight Notification Form is submitted on time**. Upon receipt of the form, Delmar International will provide Routing Instructions to the vendor.
- iv. Vendor **must complete ALL fields of the Freight Notification Form** at the time of making a booking with Delmar International, including:
 - 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. SOLAS REQUIREMENTS & VGA DECLARATION

For overseas shipments, as per the new IMO regulation titled Safety of Life at Sea (Solas) effective **as of July 1, 2016, all containers must have a declaration of the Verified Gross Mass (VGM) of the container (including Tare of the container) or it will not be loaded on the ship. It is the responsibility of the shipper to supply this information to Delmar International at the time of making a booking, by filling a SHIPPER VGM DECLARATION**

form (either LCL or FCL). Failure to do so could result in delayed shipments and additional weighing and holding charges, as well as respective non-compliance cost recovery charges. Please refer to **Appendix E** for the **IMO notice** issue May 23, 2016, and the **Shipper VGM Declaration forms (LCL/FCL).**

There are two acceptable methods to obtain the VGM:

1. weigh the loaded container
2. weigh all the items loaded into the container (including dunnage, securing material, etc.) and add the tare mass of the container to the sum of those single masses

Delmar will need from the shipper of the cargo the following:

LCL

Upon completion of packaging the shipment for transport the shipper will need to insure they have an accurate VGM for each booking.

The shipment will **need to be weighed on qualified weighing equipment** (Qualified Weighing Equipment is defined as meeting the applicable accuracy standards and requirements of the State in which the equipment is being used.

You will then need to complete the attached document and submit it to the office with which you made the booking prior to the cargo being delivered.

This document must be signed by a person employed by your company authorized to sign the document.

FCL

Method 2:

As above, and add the tare which can be obtained from the imprint on the door of the container

Complete the attached document and submit it to the office with which you made the booking, this document should be sent when the loading of the container is complete and the seal is placed on the container and must be received prior to the container being delivered to the terminal. Again must be signed by an authorized person

Method 1:

Upon the conclusion of packing and sealing a container and using calibrated and certified equipment, the shipper may weigh, or have arranged that a third party weigh, the packed container. SOLAS Regulation, paragraph 4.1; IMO Guidelines, paragraph 5.1.1. The scale, ©

weighbridge, lifting equipment or other devices used to verify the gross mass of the container must meet the applicable accuracy standards and requirements of the State in which the equipment is being used. IMO Guidelines, paragraph 7.1.

Whichever method is used you must then complete the attached document and submit it to the office with which you made the booking, this document should be sent when the loading of the container is complete and the seal is placed on the container and must be received prior to the container being delivered to the terminal. Again must be signed by an authorized person

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- vi. For shipments originating outside of North America, the vendor will be provided with contact information of Delmar's local Origin office. The local origin office will contact the vendor prior to the product completion date to arrange for collection.
- vii. 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.
- viii. Original Customs Documents must be sent to Delmar International as follows (soft copies are acceptable via e-mail and can be sent to indigoglobaldocs@delmar.ca):
 - **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.
 - Failure to deliver Customs documents on-time will result in late document and storage/yard movement cost recovery charges as per the Cost Recovery Schedule (see Fig. 11).
- ix. 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.
- x. 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).
- xi. 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.
- xii. All vendor invoices are to be sent to Accounts Payable at Indigo.

- xiii. 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		
Supplier VGM Declaration (applicable to Sea shipments only)	required		

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 G. Instructions for completion can be found in Section 7, Appendix F.

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. GPT was removed for certain countries, including China, but remains in effect for many countries
- 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 I.
Instructions for completion can be found in Section 7, Appendix H.
A list of qualifying countries can be found in Section 7, Appendix J.

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 L
Instructions for completion can be found in Section 7, Appendix K.
- 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) Weekends (from Sept - Jan only) 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 DCinboundappointments@indigo.ca	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	inbound@indigo.ca		Monday - Friday 9:00 am – 5:00 pm (EST)
Routing	Delmar International IndigoGlobal@delmar.ca IndigoNA@delmar.ca	Fax: 905-206-9925 Fax: 514-636-1212	
	• International • Domestic & North America IndigoCustoms@delmar.ca	Fax: 905-206-9925	
Customs & Brokerage	IndigoGlobalDocs@delmar.ca	Fax: 905-206-9925	
Pre-Alert Forms			

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 fiservices@spscommerce.com (reply within 24hrs)	1-888-739-3232 (for immediate assist. Select option #2)	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. QUALITY ASSURANCE

KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
Director, Quality Assurance	Geoff Suares gsuares@indigo.ca	Bus: 416-646-8939	Monday to Friday 9:00 AM – 5:00 PM (EST)

4. ACCOUNTS PAYABLE

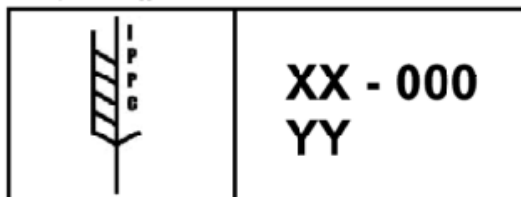
KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
Accounts Payable A/P - Invoice Payment Attention to: General Merchandise: (Toys, Gifts, Games, Paper Product) Consignment, Music, Entertainment, Videos/DVD and Electronics	A/P Dept. 100 Alfred Kuehne Boulevard Building # 55 Brampton, ON, Canada L6T 4K4 Sharon Garzon sharon_g@indigo.ca Genieve Carridice gcarridice@indigo.ca	Bus: 905 789-1234 ext. 711 800 974-7381 ext. 711 905-789-1234 ext. 2138 905-789-1234 ext. 2151	Monday to Friday 9:00 AM – 5:00 PM (EST)

SECTION 7 - APPENDICES

A. WOOD PACKAGING REQUIREMENTS

1. 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).

2. 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.

3. 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.

4. 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.

5. 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. QA REQUIREMENTS

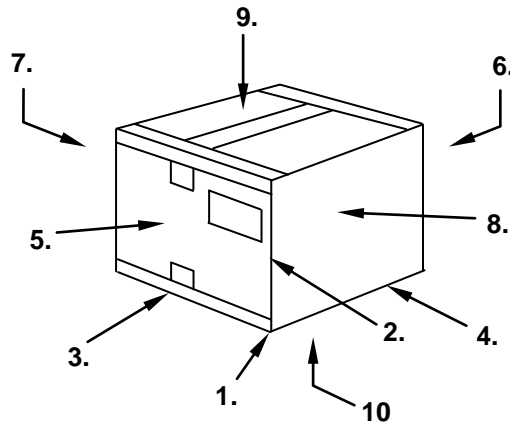
1. DROP TEST PROCEDURES

The following describes the procedures for performing a drop test for protective packaging according to ISTA-1A standards.

Carton Drop Test consists of a '10-drop sequence test.' Package weight cannot exceed 40 lb. The test consists of a series of ten free-fall drops from heights that vary with weight as follows:

Imperial	
Package Weight	Drop Height
1 – 75 lb.	30 inches
76 – 100 lb.	24 inches

Metric	
Package Weight	Drop Height
1 – 34 Kg	76 cm
35 – 45 Kg	61 cm



The test must be performed in following order:

1. Most fragile corner, if not known, at the carton manufacturer's joint
2. Shortest edge radiating from that corner
3. Medium edge radiating from that corner
4. Longest edge radiating from that corner
5. Flat on one of the smallest faces
6. Flat on the opposite small face
7. Flat on one of the medium faces
8. Flat on the opposite medium face
9. Flat on one of the largest faces
10. Flat on the opposite largest face

2. ALLERGEN CHECKLIST FOR FOOD SUPPLIERS & MANUFACTURERS (SAMPLE ONLY)



ALLERGEN CHECKLIST FOR FOOD SUPPLIERS AND MANUFACTURERS

Original Form Amended Form

Product Name: _____ UPC # _____

Complete the following table **for each product**. Column I indicates the allergens that may be found in the product, from addition or cross-contamination. Column II indicates the allergens present in other products that are run on the same equipment but at a different time. Column III indicates whether any allergens are present in your plant.

Fill in each cell of the table with a **YES** or a **NO** and, when applicable, include the name of the ingredient.
DO NOT LEAVE ANY CELLS BLANK.

Component	<u>Column I</u> Present in the product	<u>Column II</u> Present in other products manufactured on the same line	<u>Column III</u> Present in the same manufacturing plant
Peanut or its derivatives, e.g., Peanut - pieces, protein, oil, butter, flour, and mandelona nuts (an almond flavoured peanut product) etc. Peanut may also be known as ground nut .			
Tree Nuts (almonds, Brazil nuts, cashews, hazelnuts (filberts), macadamia nuts, pecans, pine nuts (pinyon, pinon), pistachios and walnuts or their derivatives, e.g., nut butters and oils etc.			
Sesame or its derivatives, e.g., paste and oil etc.			
Milk or its derivatives, e.g., milk caseinate, whey and yogurt powder etc.			
Eggs or its derivatives, e.g., frozen yolk, egg white powder and egg protein isolates etc.			
Fish or its derivatives, e.g., fish protein, oil and extracts etc.			
Crustaceans (including crab, crayfish, lobster, prawn and shrimp) and Shellfish (including snails, clams, mussels, oysters, cockle and scallops) or their derivative, e.g., extracts etc.			
Soy or its derivatives, e.g., lecithin, oil, tofu and protein isolates etc.			
Wheat, triticale or their derivatives, e.g., flour, starches and brans etc. Includes other wheat varieties such as spelt, durum, kamut, emmer etc. and includes all gluten sources.			
Mustard or its derivatives, e.g., mustard seeds, mustard flour, ground mustard, prepared mustard etc.			
Sulphites , e.g., sulphur dioxide and sodium metabisulphites etc. (if YES, indicate amount ppm)			
Others (as considered necessary)			

Do you have procedures to avoid cross-contamination of the product with the allergens not present in the product but noted in columns II and III? Yes No (If yes, describe procedures on back or on separate page.)

Attach a finished product label to this form for each product. **If, for any reason, there are any modifications to this product, you are responsible for updating your records including labels and specifications, and notifying us immediately.**

Vendor Name: _____

Vendor Address: _____

Manufacturing Facility Name: _____

Manufacturing Facility Address: _____

This form has been completed by responsible technical staff, as indicated by the undersigned:

Name: _____ Signature: _____ Date: _____

C. (a) FNF- OCEAN/AIR

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: _____

<p>Vendor:</p> <p>Contact:</p> <p>Telephone:</p> <p>Fax:</p> <p>Email:</p>	<p>Consignee: (Please select one)</p> <p><input type="checkbox"/> Indigo Books & Music Retail Distribution Centre 100 Alfred Kuehne Blvd Building # 55 Brampton, ON L6T4K4</p> <p><input type="checkbox"/> Indigo Books & Music Online Distribution Centre 100 Alfred Kuehne Blvd Building # 50 Brampton, ON L6T4K4</p>
<p>Shipper (if different from Vendor):</p> <p>Contact:</p> <p>Telephone:</p> <p>Fax:</p> <p>Email:</p>	<p>Indigo P.O. Number(s):</p> <hr/> <p>P.O. Completion Date:</p> <hr/> <p>PO Due Date into the Indigo DC:</p> <hr/>
<p>Total Number of Pallets/Cases/Units:</p> <p><input type="checkbox"/> Palletized <input type="checkbox"/> Floor Loaded</p>	<p>Total Weight: _____ kg</p> <hr/> <p>Shipment Volume: _____ m³</p>
<p>Freight Terms:</p> <p><input type="checkbox"/> EXW <input type="checkbox"/> FOB <input type="checkbox"/> FCA</p>	<p>Name of Origin Port/ Terminal: (if FOB/FCA)</p> <hr/>
<p>Mode of Transport:</p> <p><input type="checkbox"/> Ocean LCL <input type="checkbox"/> Ocean FCL <input type="checkbox"/> Air</p> <p><input type="checkbox"/> Truck LTL <input type="checkbox"/> Truck FTL</p>	<p>Equipment Required:</p> <p><input type="checkbox"/> 20' <input type="checkbox"/> 40' <input type="checkbox"/> 40' High Cube</p> <p><input type="checkbox"/> 45' <input type="checkbox"/> Special Equipment</p>
<p>Commodity Description/Special Handling:</p> <hr/> <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> <p>For All shipments where multiple containers are being shipped vendor is to provide SKU level Data per container being loaded. This includes carton/ SKU # / cartons being shipped per SKU/ and total cartons per PO#.</p>	

C. (b) FNF- GROUND



INDIGO FREIGHT NOTIFICATION FORM

Date of Notification: _____	Ground Freight Requests to be completed by the Vendor 3 business days prior to shipping For Domestic & North America (Ground): IndigoNA@delmar.ca , Fax: 514.636.1212/ Tel: 1.888.758.3625
--------------------------------	--

Vendor Name and Address: *Must be completed	Consignee: *Please select one				
Contact: _____ Telephone: _____ Fax: _____ Email: _____	<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 Name and Address: (If different from the Vendor) *Must be completed	PO# Breakdown	Total # Of Ctns	Total Units	Total Pallets	Total Weight
Contact: _____ Telephone: _____ Fax: _____ Email: _____					
Hours of Operation:	Grand Total:				
Commodity, description of the goods:	Date cargo available for pickup: _____				
Special Instructions required ie. Straight truck required, residential, Hazmat with UN # and class please indicate.	PO due date into the Indigo DC: _____				
Please ensure the following is completed in full:	Please indicate whether the cargo will be: <input type="checkbox"/> Palletized <input type="checkbox"/> Floor Loaded				
	Freight Terms: (One must be indicated) <input type="checkbox"/> EXW <input type="checkbox"/> FOB <input type="checkbox"/> FCA				
	Dimensions: _____				
	Pallet Height Requirement: Pallets cannot be taller than 52 inches in height unless pre-authorized by Indigo.				
	An appointment required for pick up:	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
	Is there a loading dock to pick up:	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
	Is a lift gate required to pick up:	<input type="checkbox"/> Yes	<input type="checkbox"/> No		

IMPORTANT

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.
 For all shipments where **Indigo** is responsible for freight, shipments will be arranged by **Delmar International**

D.

PRE-ALERT FORM

Pre-Alert to be completed by CIF and DAP Vendors Only

Please email the completed document to **Delmar International** at indiglobaldocs@delmar.ca
or fax at (905) 206- 9925

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): ETD (Expected Time of Departure): ETA (Expected Time of Arrival): Vessel Name & Voyage: Container No.(s):
Total Number of Pallets/Cases/Units: <input type="checkbox"/> Palletized <input type="checkbox"/> Floor Loaded	Total Weight: _____ kg Shipment Volume: _____ m ³
Freight Terms: (if CIF/DAP, name port/terminal) <input type="checkbox"/> CIF <input type="checkbox"/> DAP	
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	Carrier Name & Contact:
Commodity Description/Special Handling:	
IMPORTANT	
This document is to be filled out by ALL Vendors shipping goods destined for Indigo Books & Music Inc. ("Indigo") and the shipper is responsible for freight charges.	

E. IMO SOLAS Regulation & Shipper VGM Declaration Forms



E

4 ALBERT EMBANKMENT
LONDON SE1 7SR

Telephone: +44 (0)20 7735 7611 Fax: +44 (0)20 7587 3210

MSC.1/Circ.1548
23 May 2016

ADVICE TO ADMINISTRATIONS, PORT STATE CONTROL AUTHORITIES, COMPANIES, PORT TERMINALS AND MASTERS REGARDING THE SOLAS REQUIREMENTS FOR VERIFIED GROSS MASS OF PACKED CONTAINERS

1 The Maritime Safety Committee, at its ninety-sixth session (11 to 20 May 2016), recalled that the amendments to SOLAS regulation VI/2, adopted by resolution MSC.380(94) and which will enter into force on 1 July 2016, introduce new paragraphs 4, 5 and 6 relating to the verification of the gross mass (VGM) of packed containers.

2 In this context, the Committee noted the concerns of Member States regarding practical aspects of compliance with the aforementioned SOLAS amendments, in particular, relating to transhipped containers and communication of VGM information, in an initial period following their entry into force.

3 The Committee agreed that Administrations and port State control authorities should adopt a practical and pragmatic approach when verifying compliance with the requirements of SOLAS regulations VI/2.4 to VI/2.6, for a period of three months after 1 July 2016, with a view to:

- .1 permitting packed containers that are loaded on a ship before 1 July 2016 and are transhipped on or after 1 July 2016 to be shipped to their final port of discharge without the VGM specified in SOLAS regulations VI/2.4 to VI/2.6; and
- .2 providing flexibility to all the stakeholders in containerized transport to refine, if necessary, procedures for documenting, communicating and sharing VGM information.

4 Notwithstanding the above, the Committee emphasized that the stability and safe operation of ships, including the safe packing, handling and transport of containers, is not limited to the provision and use of VGM information and is also covered by a number of SOLAS regulations, including SOLAS regulations VI/2.1, VI/2.2 and VI/2.3, and other IMO instruments, amongst others.

5 Member States are invited to be guided accordingly and to bring the contents of this circular to the attention of all concerned, especially port State control officers.

6 This circular will remain effective until 1 October 2016.

[https://edocs.imo.org/Final Documents/English/MSC.1-CIRC.1548 \(E\).docx](https://edocs.imo.org/Final Documents/English/MSC.1-CIRC.1548 (E).docx)



* Mandatory fields

SHIPPER VGM DECLARATION (LCL)

<p>*Shipper/Manufacturer Company Name:</p> <p>*Address:</p> <p>*Authorized VGM contact: Phone: Fax: E-Mail:</p>	<p>*Submission date:</p> <p>*Signature of shipper's authorized contact:</p>
---	---

<p>*Seller (Defined as the name and address of the last known entity by whom the merchandise is sold or is agreed to be sold) *Address:</p> <p>Phone: Fax: Email:</p>	<p style="text-align: center;">Same as Manufacturer (Supplier)</p>
<p>*Delmar Booking number:</p>	<p>*Delmar origin office: *Address:</p> <p>*Contact Person:</p>

<p>*Carrier booking number: Shipper invoice number: Shipper P/O number: Name of booked vessel: Voyage number: ETD / ETA:</p>	<p>Place of receipt: Port of Departure: Port of Discharge: Final Destination: Freight Terms:</p>
<p>Container number: Marks & numbers *No. & Kind of Pkg: Description of Goods:</p>	<p>*Verified Gross Mass (VGM) *In KG (Kilograms):</p>
<p><input type="checkbox"/> For bookings of multiple container please complete and sign (Annex A)</p>	

VGM evaluation method:
(Please mark with "X")

- Method 1 (by weighing)**
 After a shipment has been completely packed, the shipment can be weighed by regular equipment (Scales, fork lift scales, crane scales, etc.).
 Must meet national certification and calibration requirements.
- Method 2 (by calculation)**
 All packages and cargo items may be weighted individually, incl. mass of dunnage, packing and securing material and added to Tare weight of the container (Tare weight for FCL shipment only).

The duly authorized contact person of the shipper hereby certifies, that the above mentioned shipment details are correct and consistent with the requirements of the International Convention for the Safety of Life at Sea (SOLAS), Chapter VI, part A Regulation 2. This Verified Gross Mass statement contains the VGM per container for FCL cargo or per shipment (for LCL cargo). Amendments, updates and/or corrections to the verified and declared weights have to be communicated and submitted to the responsible Delmar Ocean Freight department at least three days prior scheduled vessel departure.

Incorrect and/or belated VGM statements may result in non-acceptance of the shipment by the vessel operator and a delay in the originally planned schedule. Any additional cost caused by delay due to non-acceptance of the shipment by the carrier, will be at shipper's (VGM declaring party) expense.

* Mandatory fields

SHIPPER VGM DECLARATION (FCL)

*Shipper/Manufacturer Company Name:	*Submission date:
*Address:	*Signature of shipper's authorized contact:
*Authorized VGM contact:	
Phone:	
Fax:	
E-Mail:	

*Seller (Defined as the name and address of the last known entity by whom the merchandise is sold or is agreed to be sold) *Address: Phone: Fax: Email:	<input type="checkbox"/> Same as Manufacturer (Supplier)
*Delmar Booking number:	*Delmar origin office: *Address: *Contact Person:

*Carrier booking number: Shipper invoice number: Shipper P/O number: Name of booked vessel: Voyage number: ETD / ETA:	Place of receipt: Port of Departure: Port of Discharge: Final Destination: Freight Terms:
Container number: Seal number (if applicable): *No. Of Container: Description of Goods:	*Verified Gross Mass (VGM) *In KG (Kilograms):
<input type="checkbox"/> For bookings of multiple container please complete and sign (Annex A)	
VGM evaluation method: (Please mark with "X")	<input type="checkbox"/> Method 1 (by weighing) After a shipment has been completely packed, the shipment can be weighed by regular equipment (Scales, fork lift scales, crane scales, etc.). Must meet national certification and calibration requirements. <input type="checkbox"/> Method 2 (by calculation) All packages and cargo items may be weighted individually, incl. mass of dunnage, packing and securing material and added to Tare weight of the container (Tare weight for FCL shipment only).

The duly authorized contact person of the shipper hereby certifies, that the above mentioned shipment details are correct and consistent with the requirements of the International Convention for the Safety of Life at Sea (SOLAS), Chapter VI, part A Regulation 2. This Verified Gross Mass statement contains the VGM per container for FCL cargo or per shipment (for LCL cargo). Amendments, updates and/or corrections to the verified and declared weights have to be communicated and submitted to the responsible Delmar Ocean Freight department at least three days prior scheduled vessel departure.

Incorrect and/or belated VGM statements may result in non-acceptance of the shipment by the vessel operator and a delay in the originally planned schedule. Any additional cost caused by delay due to non-acceptance of the shipment by the carrier, will be at shipper's (VGM declaring party) expense.

SHIPPER VGM DECLARATION (FCL) ANNEX A

FOR BOOKINGS WITH MULTIPLE CONTAINERS

Delmar Booking number:
Shipper name:
Shipper address:
Carrier booking number:
Vessel name:
Voyage number:
ETD:

Container #	Seal #	VGM (kg)	*Signature of shipper's authorized contact:
			Submission date:

F. 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.

G. 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	
				Page <input type="text"/> of <input type="text"/> de <input type="text"/>			
1. Vendor (name and address) - Vendeur (nom et adresse)		2. Date of direct shipment to Canada - Date d'expédition directe vers le Canada		yyyy/mm/dd			
		3. Other references (Include purchaser's order No.) / Autres références (Inclure le n° de commande de l'acheteur)					
4. Consignee (name and address) - Destinataire (nom et adresse)		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		IF SHIPMENT INCLUDES GOODS OF DIFFERENT ORIGINS ENTER ORIGINS AGAINST ITEM 12 / SI L'EXPÉDITION COMPREND DES MARCHANDISES D'ORIGINES DIFFÉRENTES, PRÉCISEZ LEUR PROVENANCE EN 12			
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) / Désignation 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		<input type="checkbox"/>		16. Total weight - Poids total		17. Invoice total / Total de la facture	
Commercial invoice No. - N° de la facture commerciale ▶ <input type="text"/>		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		<input type="checkbox"/>			
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		<input type="checkbox"/>	
(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		<input type="checkbox"/>	
(iii) Export packing / Le coût de l'emballage d'exportation		(iii) Export packing / Le coût de l'emballage d'exportation					

CH1 (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

H. 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.

I. 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>.....</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">.....</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">.....</p> <p align="center">(importing country)</p> <p>.....</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.

J. CUSTOMS TARIFF – SCHEDULE

LIST OF COUNTRIES AND APPLICABLE TARIFF TREATMENTS (Issued January 1, 2016)

The following countries and territories are designated beneficiary countries for the purposes of the tariff treatments indicated. Tariff Treatment abbreviations are defined in Section 27 of the *Customs Tariff*.

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Afghanistan	X	X	X	
Albania	X			
Algeria	X			
American Samoa	X			
Andorra	X			
Angola	X	X	X	
Anguilla	X	X		CCCT
Antigua and Barbuda	X			CCCT
Antilles, Netherlands	X			
Argentina	X			
Armenia	X	X		
Ascension Island	X	X		
Australia	X			AUT
Austria	X			
Azerbaijan	X			
Bahamas	X			CCCT
Bahrain	X			
Bangladesh	X	X	X	
Barbados	X			CCCT
Belarus	X			
Belgium	X			
Belize	X	X		CCCT
Benin	X	X	X	
Bermuda	X			CCCT
Bhutan	X	X	X	
Bolivia	X	X		
Bosnia and Herzegovina	X			
Botswana	X			
Brazil	X			
British Indian Ocean Territory	X	X		
Brunei	X			
Bulgaria	X			
Burkina Faso	X	X	X	

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Burma	X	X	X	
Burundi	X	X	X	
Cambodia	X	X	X	
Cameroon	X	X		
Cape Verde	X	X	X	
Cayman Islands	X			CCCT
Central African Republic	X	X	X	
Chad	X	X	X	
Channel Islands	X			
Chile	X			CT
China	X			
Christmas Island	X	X		
Cocos (Keeling) Islands	X	X		
Colombia	X			COLT
Comoros	X	X	X	
Congo	X	X		
Cook Islands	X	X		
Costa Rica	X			CRT
Côte d'Ivoire	X	X		
Croatia	X			
Cuba	X			
Cyprus	X			
Czech Republic	X			
Democratic Republic of Congo	X	X	X	
Denmark	X			
Djibouti	X	X	X	
Dominica	X			CCCT
Dominican Republic	X			
Ecuador	X			
Egypt	X	X		
El Salvador	X	X		
Equatorial Guinea	X			
Eritrea	X	X	X	
Estonia	X			
Ethiopia	X	X	X	
Falkland Islands	X	X		
Fiji	X	X		
Finland	X			
France	X			

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
French Polynesia	X			
Gabon	X			
Gambia	X	X	X	
Georgia	X	X		
Germany	X			
Ghana	X	X		
Gibraltar	X			
Greece	X			
Grenada	X			CCCT
Guam	X			
Guatemala	X	X		
Guinea	X	X	X	
Guinea-Bissau	X	X	X	
Guyana	X	X		CCCT
Haiti	X	X	X	
Honduras	X	X		HNT
Hong Kong	X			
Hungary	X			
Iceland	X			IT
India	X			
Indonesia	X			
Iran	X			
Iraq	X	X		
Ireland	X			
Isle of Man	X			
Israel	X			CIAT
Italy	X			
Jamaica	X			CCCT
Japan	X			
Jordan	X			JT
Kazakhstan	X			
Kenya	X	X		
Kiribati	X	X	X	
Kosovo	X			
Kuwait	X			
Kyrgyzstan	X	X		
Laos	X	X	X	
Latvia	X			
Lebanon	X			

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Lesotho	X	X	X	
Liberia	X	X	X	
Libya	X			
Liechtenstein	X			SLT
Lithuania	X			
Luxembourg	X			
Macao	X			
Macedonia	X			
Madagascar	X	X	X	
Malawi	X	X	X	
Malaysia	X			
Maldives	X			
Mali	X	X	X	
Malta	X			
Mariana Islands	X			
Marshall Islands	X	X		
Mauritania	X	X	X	
Mauritius	X			
Mexico	X			MT, MUST
Micronesia	X	X		
Moldova	X	X		
Monaco	X			
Mongolia	X	X		
Montenegro	X			
Montserrat	X	X		CCCT
Morocco	X	X		
Mozambique	X	X	X	
Namibia	X			
Nauru	X	X		
Nepal	X	X	X	
Netherlands	X			
New Caledonia and Dependencies	X			
New Zealand	X			NZT
Nicaragua	X	X		
Niger	X	X	X	
Nigeria	X	X		
Niue	X	X		
Norfolk Island	X	X		
North Africa, Spanish	X	X		

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Norway	X			NT
Oman	X			
Pakistan	X	X		
Palau	X			
Panama	X			PAT
Papua New Guinea	X	X		
Paraguay	X	X		
Peru	X			PT
Philippines	X	X		
Pitcairn	X	X		
Poland	X			
Portugal	X			
Puerto Rico	X			UST, MUST
Qatar	X			
Romania	X			
Russia	X			
Rwanda	X	X	X	
Saint Helena and Dependencies	X	X		
Saint Kitts and Nevis	X			CCCT
Saint Lucia	X			CCCT
Saint Vincent and the Grenadines	X			CCCT
Samoa	X	X	X	
San Marino	X			
Sao Tome and Principe	X	X	X	
Saudi Arabia	X			
Senegal	X	X	X	
Serbia	X			
Seychelles	X			
Sierra Leone	X	X	X	
Singapore	X			
Slovakia	X			
Slovenia	X			
Solomon Islands	X	X	X	
Somalia	X	X	X	
South Africa	X			
South Korea	X			KRT
South Sudan	X	X	X	
Southern and Antarctic Territories French	X	X		
Spain	X			

Country Name	Tariff Treatment			
	MFN	GPT	LDCT	Other
Sri Lanka	X	X		
Sudan	X	X	X	
Suriname	X			
Swaziland	X	X		
Sweden	X			
Switzerland	X			SLT
Syria	X	X		
Taiwan	X			
Tajikistan	X	X		
Tanzania	X	X	X	
Thailand	X			
Timor-Leste	X	X	X	
Togo	X	X	X	
Tokelau Islands	X	X		
Tonga	X	X		
Trinidad and Tobago	X			CCCT
Tristan Da Cunha	X	X		
Tunisia	X			
Turkey	X			
Turkmenistan	X	X		
Turks and Caicos Islands	X			CCCT
Tuvalu	X	X	X	
Uganda	X	X	X	
Ukraine	X	X		
United Arab Emirates	X			
United Kingdom	X			
United States of America	X			UST, MUST
Uruguay	X			
Uzbekistan	X	X		
Vanuatu	X	X	X	
Vatican (Holy See)	X			
Venezuela	X			
Vietnam	X	X		
Virgin Islands, British	X	X		CCCT
Virgin Islands, U.S.A.	X			
West Indies, French	X			
Yemen	X	X	X	
Zambia	X	X	X	
Zimbabwe	X	X		

Issued January 1, 2016

K. 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.

L. 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:

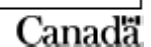
- the information on this document is true and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document;
- I agree to maintain, and present upon request, documentation 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:
	Fac:

B232 E (08)

(Ce formulaire existe aussi en français)

BSF314 E



SECTION 8 - VENDOR MANUAL ACKNOWLEDGMENT FORM

Indigo Books & Music Inc.

VENDOR MANUAL ACKNOWLEDGMENT FORM

Vendor Manual for Merchandise Vendors, **Version 7.0**

I/We, the undersigned, acknowledge that I/we have received a copy of **Indigo's Vendor Manual**, read and understood the contents, and distributed it throughout our company as required.

Furthermore, I/we confirm that I/we have read and understood **Indigo's Vendor Code of Conduct** and **Vendor Social Compliance Program** contained within, and agree to fully comply with the requirements of same.

Our company is in compliance with Indigo's **Vendor Manual**, **Vendor Code of Conduct** and **Vendor Social Compliance Program**. Where we are not in compliance, I/we understand that Indigo may apply a cost recovery charge associated with the particular non-compliance and/or terminate our commercial relationship in accordance with the provisions of the Vendor Manual. I/We acknowledge and agree that our company will only supply Indigo with products that meet all Canadian laws and regulations, and the requirements of the Vendor Manual.

Name: _____

Function: _____

Company Name: _____

Company Address: _____

Signature: _____

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

Witness (used for unincorporated individuals or entities):

Name (printed): _____

Address: _____

Signature: _____

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