

write the future

Sustainability at Indigo

!ndigo



our pledge

To move quickly and with determination towards sustainability and becoming a net-zero company.

We will write the future.

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write the future



A NOTE FROM OUR CEO

Like so many CEOs, my journey to understanding what is happening to our environment and, more importantly, to embracing my responsibility to put the environment front and centre at Indigo has been a process.

Today, Indigo welcomes the opportunity to become a passionate steward of the environment, and we are committing to becoming a net-zero organization by 2035.

We are clear on where we are today relative to our carbon footprint, and I am pleased to share that work has begun in earnest across our organization with our Write the Future net-zero strategy.

We are mindful that this will be a learning journey for us as an organization.

We have already identified a few areas where we can move quickly to reduce our footprint. But there are many other areas where it will take innovation, investment, and learning—both for us and for our suppliers and vendors.

We are committed to both quick, measurable wins and continuous, intentional action to take us to our end goal.

Key to our commitment is that we will share annual targets, report on progress against these, and continually move the target bar forward to the net-zero goal.

What is most energizing is the reality that acting with our planet in mind is not only the right thing to do, it is also key to the two critical contributors to sustained business success: employee engagement and customer affection.

I look forward to working with everyone within Indigo and with all our stakeholders as we collectively make our contribution to a beautiful future.

Heather Reisman, CEO & Chief Booklover

our sustainability commitment

OUR GOAL

To have net-zero emissions by 2035. To help us on this journey, we are partnering with The Delphi Group, a leading consultancy firm that specializes in corporate sustainability, climate change, the green economy, and cleantech innovation.

According to the United Nations, greenhouse gas emissions in the atmosphere rose to new records, making 2020 one of the warmest years yet. Climate change is one of our world's biggest challenges, disrupting economies and impacting vulnerable communities around the planet.

Climate science is clear on the facts and the causes of climate change. Climate change is a consequence of the excessive amount of greenhouse gases that are emitted into the atmosphere by human activities. If we collectively continue to pump out emissions that cause climate change, temperatures will

continue to rise, causing irreversible damage to our societies, economies, and the natural world. In order to stabilize the effects of climate change, greenhouse gas emissions must fall to zero.

Solving climate change requires organizations worldwide to move quickly and with determination towards a sustainable future. That's why Indigo has made the commitment to become a net-zero company by 2035, putting sustainability at the heart of our business. This net-zero roadmap outlines our organization's strategy to address climate change.



our net-zero roadmap

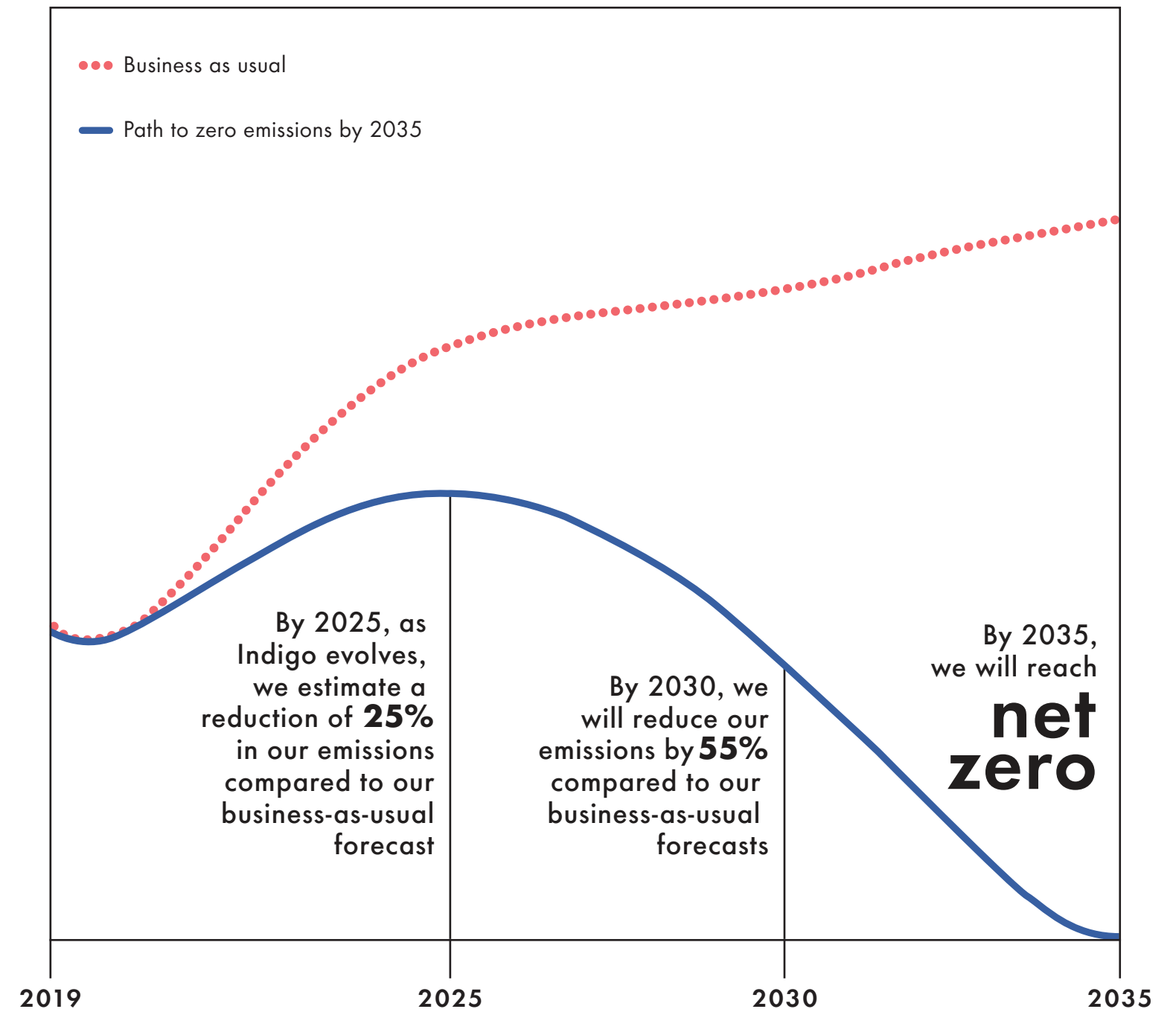
OUR GOAL

To drive to net-zero emissions by reducing our 2025 emissions by 25 per cent and our 2030 emissions by 55 per cent compared to our business-as-usual levels.

Our journey to net zero will begin by optimizing Indigo's operations. We will focus on energy-efficiency opportunities in our facilities while diverting 99 per cent of our waste from landfills to recyclable and compostable streams.

We will also reduce our emissions through responsible sourcing and advocacy initiatives that will encourage our suppliers, publishers, and service providers to prioritize sustainable goods and cleaner logistics.

The final piece of our net-zero efforts will be investing in carbon removal and clean-energy opportunities to balance the emissions that cannot be directly reduced by Indigo.

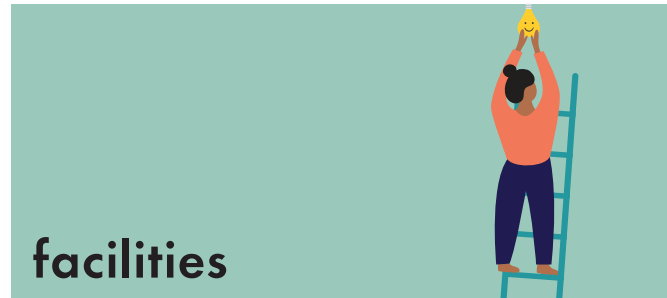


key areas of focus



Developing and advocating for sustainable products and responsible manufacturing practices through our own private label brands as well as with our national brand suppliers and publishing partners.

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Reducing emissions in our retail stores and distribution centres through energy-efficiency projects and emission-reduction initiatives.

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Reducing our transportation emissions through advocacy and partnerships with our carrier network and providing lower-impact shipping options to our customers.

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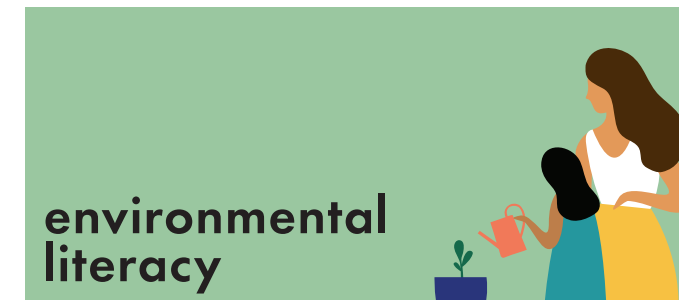
Diverting our waste in our retail stores and distribution centres away from landfills and into recyclable and compostable streams through sustainable packaging and robust recycling programs.

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Creating a positive shift through innovative thinking and continuous learning while leveraging our people and their passion for change.

page 18

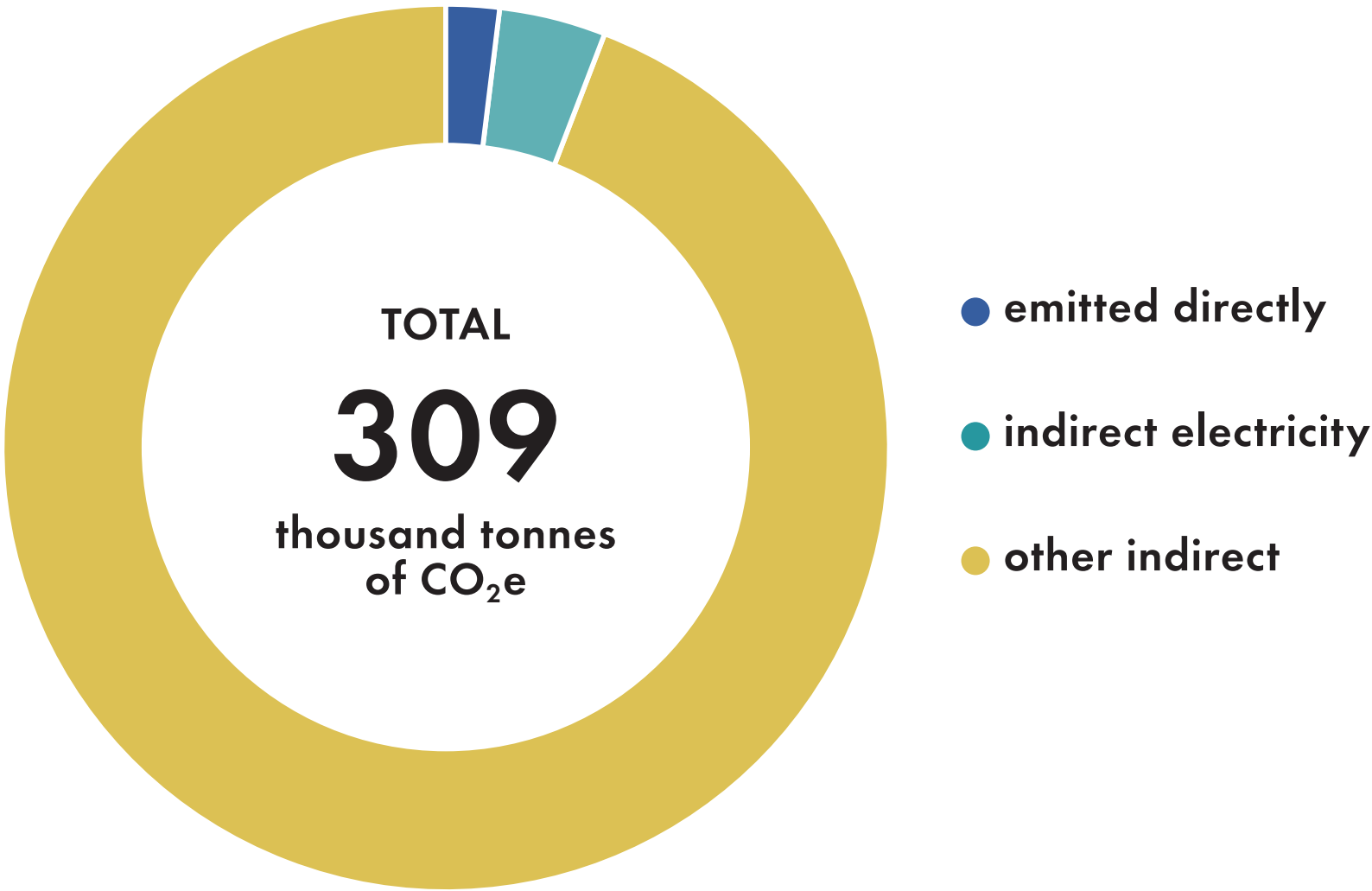


Empowering our youth, particularly those in high-needs communities, through access to books and resources about climate change and environmental issues.

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our total emissions

In 2020, our work started with an in-depth assessment of our 2019 emissions and setting our net-zero baseline, regardless of how much our company grows. Now that we understand the impact of our operations, we can plan the road ahead.



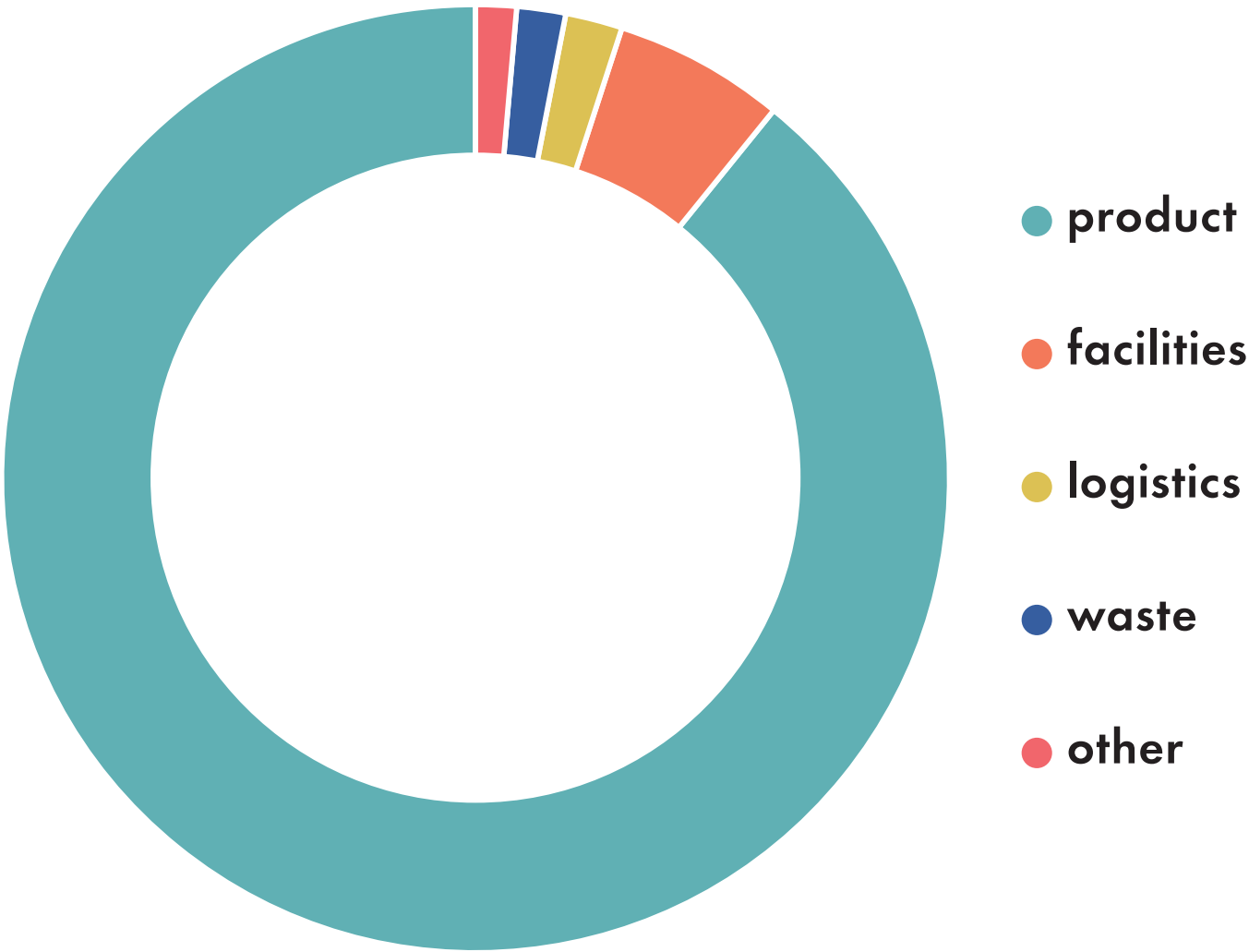
SCOPE	EMISSIONS	DESCRIPTION	GHG EMISSIONS (TONNES CO ₂ e)	% OF TOTAL
Scope 1	Direct	Emissions from on-site fossil fuel consumption	5,768	2%
Scope 2	Indirect Electricity	Emissions that result from the generation of electricity purchased from a utility provider	11,222	4%
Scope 3	Other Indirect	Emissions from all other upstream (e.g., purchased goods) and downstream (e.g., distribution) activities	219,815	94%

*Indigo reports emissions in accordance with the Greenhouse Gas Protocol.

our emissions by category

Products are the biggest part of the Indigo climate footprint. We are committed to offering customers private label brands with competitive value and quality while leveraging sustainable designs and responsible sourcing practices. We will advocate for our publisher partners and national brand suppliers to prioritize the reduction of greenhouse gas emissions.

Our facilities and operations account for 11 per cent of Indigo’s emissions. Shifting towards energy-efficient facilities, and optimizing logistics and diverting waste from landfills will be the key focus in driving down our emissions.



SCOPE	CATEGORY	DESCRIPTION	TOTAL EMISSIONS	% OF TOTAL
Scope 3	Product	Emissions from Indigo’s purchased goods, including books, proprietary brands, and national brands	274,495	89%
Scope 1 & 2	Facilities	Emissions from Indigo’s stores, offices, and distribution centres	16,990	6%
Scope 3	Logistics	Emissions from the inbound, outbound, and e-commerce transportation and distribution	7,694	2%
Scope 3	Waste	Emissions from waste sent to landfill or incineration from our stores, distribution centres, and home office	5,281	1.7%
Scope 3	Other	Emissions from other Scope 3 categories, such as business travel and employee commuting	4,345	1.4%

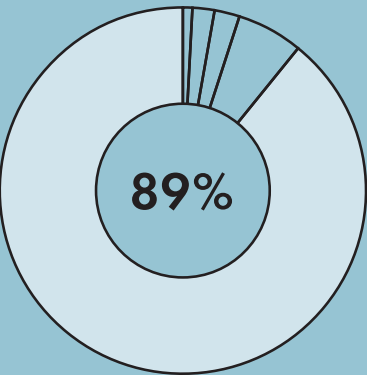
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OUR GOAL

To deliver fully sustainable Indigo private label brands through leveraging sustainable designs, responsible sourcing practices, and certified sustainable materials by 2025.

As Indigo’s products are our single largest source of emissions, we are accelerating the development and sourcing of responsible product. Indigo’s products account for 89 per cent of our greenhouse gas emissions. General merchandise accounts for 46 per cent of our product emissions while books account for 54 per cent.

Along with our focus on Indigo’s private label brands, we will partner with our publishers and national brand suppliers to advocate for change that aligns with Indigo’s net-zero goals.



environmentally
sustainable products



environmentally sustainable products

Strategic Initiatives:

Product Emission Reduction

We are committed to better understanding the emissions from the products we purchase. We will implement a system to collect emissions data from each supplier and publisher that sells products to Indigo.

Sustainable Materials

We are committed to prolonging the life of products by developing and sourcing high-integrity products that meet customers' needs and expectations. Where possible we will source and develop products that use certified sustainable, renewable, or recycled materials. We will also leverage circular design and thinking in the development of our private label brands.

Responsible Sourcing

We continue to actively seek suppliers that prioritize sustainability and the environment. We will increase the number of suppliers that use sustainable raw materials, renewable energy, and energy-efficiency practices in the production of goods.

Advocacy With National Brand Suppliers & Publisher Partners

We will encourage our suppliers and publisher partners to join us on this journey and take action to protect the environment. We will play an active role in promoting positive change among the organizations and companies we partner with.



OUR GOAL

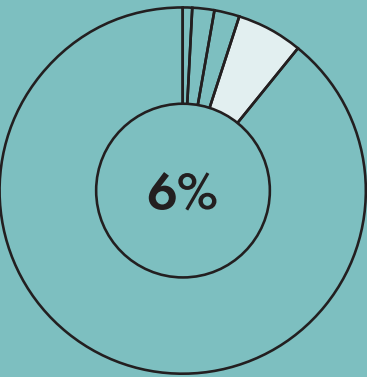
To emit zero emissions in our facilities through energy-efficiency measures and to invest in renewable energy for those emissions we cannot directly reduce.

Our business operates in 3.4 million square feet of space. The energy consumed at our corporate offices, distribution centres, and retail stores accounted for 6 per cent of our 2019 emissions.

Our Home Office building, located in Toronto, is LEED certified, which reduces carbon

emissions. We will focus our efforts on reducing the emissions generated in our distribution centres and retail stores.

Alongside establishing energy-efficiency measures, we will invest in clean energy. Where possible, we will purchase renewable electricity to supply our facilities.



facilities



facilities

Strategic Initiatives:

Energy Management Systems

We will implement an energy management system to collect real-time, specific data on energy consumption activities in our facilities. This data will help us prioritize the areas in need of system upgrades.

Lighting Upgrades

We will expand our investment in LED lighting upgrades at our distribution centres and retail stores. To date, we have completed LED lighting upgrades across more than 500,000 square feet of our distribution centres.

Heating & Air Conditioning Upgrades

We will update heating and cooling systems, which will improve the performance of our buildings by reducing inefficiencies. Natural gas consumption varies depending on the size, location, and specifications of our buildings.



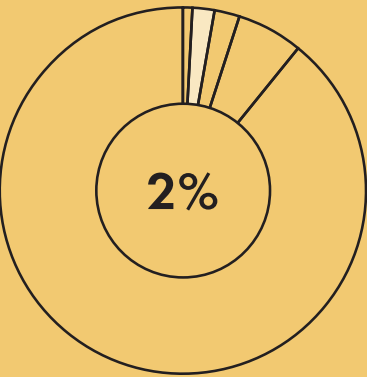
OUR GOAL

To reduce the emissions from our inbound and outbound transportation by partnering with our carriers and moving towards cleaner logistics.

Transporting products into our distribution centres, retail stores, and directly to consumers represents 2 per cent of our carbon emissions.

As our business and e-commerce grow, we will shift towards clean logistics to drive down the emissions from our transportation.

In 2019, our emissions from e-commerce were 44 per cent of our outbound transportation emissions. In 2020, this shifted to 82 per cent. As e-commerce continues to grow, we will adapt our supply chain to meet these challenges.



logistics



logistics

Strategic Initiatives:

Lowest Emission Options

We will seek low-emitting transportation options by partnering with our logistics providers. Once we better understand our network, we will begin to shift away from transport powered by fossil fuels. Through our advocacy efforts, we will engage with our logistics partners to accelerate the move to low-carbon modes of transportation.

Operational Efficiency

We will increase the productivity and efficiency of our shipments, leading to reduced greenhouse gas emissions. Through improved planning, we will become more efficient in our outbound transportation, lowering the number of trips needed to fulfil our retail stores.

Retail Distribution

We will use our retail stores as distribution hubs for our e-commerce business, reducing the distance each package travels. We will create opportunities for consumers to better understand the impact of shipping options and will always encourage the lowest impact shipping method.



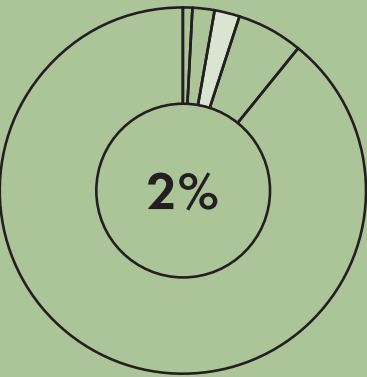
OUR GOAL

To divert 99 per cent of our retail stores’ and distribution centres’ waste to recyclable and compostable streams. We will reduce the overall tonnage of waste created, ensuring it is not sent to landfills or for incineration.

The waste sent to landfills accounts for approximately 2 per cent of Indigo’s 2019 emissions. Our waste is generated from various business activities, the largest of which is product packaging.

to recyclable and compostable streams. Continuous education at our facilities and innovative packaging solutions will be key to diverting 99 per cent of our waste away from landfills.

In 2020, our stores diverted approximately 65 per cent of waste while our distribution centres diverted approximately 87 per cent



waste



waste

Strategic Initiatives:

Waste Diversion

We are committed to increasing our waste diversion across our retail stores and distribution centres. We will work with our waste service providers to continuously audit our waste composition and educate our teams on sustainable practices in waste management.

Sustainable Packaging

We will implement 100 per cent sustainable product packaging for our private label brands. We will shift our packaging, tags, labels, and packing materials to sustainable alternatives made of recyclable or compostable materials. We are also committed to influencing our national brand suppliers to use more sustainable materials in their packaging.



OUR GOAL

To inspire and support our employees and customers in their quest to live in harmony with our planet. Through our organization's leadership, structure, and innovative thinking we will create positive change.

Awareness

We are committed to continuously learning. Becoming an environmentally responsible company starts with all of us committing to advancing our understanding of what business practices are harmful to the planet.

Transparency

We will build trust with honesty, transparency, and accountability. We are committed to sharing and communicating our journey. We will deliver an annual impact report that provides updates on our progress.

Communication

We will use our communication platforms to inspire sustainable living with our colleagues, customers, and community.

Advocacy

We will advocate for positive change—both directly within our business and by engaging with our customers. We are committed to influencing our suppliers and business partners to join us on this net-zero journey.

success enablers



OUR GOAL

To ensure that children across Canada, particularly those living in high-needs communities, have access to the highest quality and most up-to-date books that teach them about natural systems, environmental issues, and responsible environmental stewardship.

Climate change has already begun to alter the lives of people around the world. However, these impacts are not felt equally among all people. Communities experiencing poverty and other forms of marginalization are disproportionately affected by severe weather events and other environmental impacts. Within these communities, children are by far the most vulnerable.

Despite these challenges, we see opportunities to uplift and empower the next generation of Canadian children and

youth to become leaders and agents of positive change. We have seen the power of youth climate activists—from Greta Thunberg to Autumn Peltier—to mobilize those around them and make a difference.

Tackling climate change will not happen overnight, but we believe that by educating young Canadians, we have the power to spark both individual action and collective change.

environmental literacy





together we can write the future

Learn more about sustainability at Indigo: [indigo.ca/sustainability](https://www.indigo.ca/sustainability)

Indigo