

The background of the page features three large, light gray decorative swirls. One swirl starts from the top left, curves upwards and to the right, ending near the top right corner. Another swirl starts from the middle left, curves downwards and to the right, ending near the bottom right corner. A third swirl starts from the bottom left, curves upwards and to the right, ending near the middle right corner.

!ndigo

VENDOR MANUAL FOR BOOK VENDORS

VERSION 9.1

INTRODUCTION	6
INDIGO VENDOR CODE OF CONDUCT	7
DIVERSITY, EQUITY & INCLUSION	11
INDIGO OPEN-DOOR POLICY	12
 <u>SECTION 1 – VENDOR ONBOARDING</u>	 13
VENDOR REGISTRATION	13
1.1 Terms of Trade	13
1.2 Lead Times	13
1.3 Social Compliance Program	14
1.3.1 Social Compliance Policy Statement	14
1.3.2 Vendor Code of Conduct	14
 <u>SECTION 2 – EDI EXPECTATIONS & ONBOARDING</u>	 15
2.1 INTRODUCTION	15
2.2 E-Commerce Standards	15
2.3 EDI Transaction Set	16
2.4 Indigo's EDI Service Provider	16
2.5 EDI Onboarding with Indigo	16
2.6 EDI Enabled Vendors – Testing & Certification	17
2.7 EDI Transmissions	17
2.8 GS1-128 Label	18
2.9 Vendor EDI Contacts	18
2.10 Indigo EDI Contacts	18
 <u>SECTION 3 – ARTICLE SET-UP</u>	 20
ARTICLE SET-UP	20
3.1 Bibliographic Data Submission	20
3.2 Rights Changes	20
ISBN Labels	21
 <u>SECTION 4 – PURCHASE ORDERS, RETURNS PROCESS & INVOICE PAYMENTS</u>	 22

PURCHASE ORDER PROCESS	22
4.1 Purchase Order Detail	22
4.2 Purchase Order Dates	23
4.3 Purchase Order Line Items	23
4.4 Purchase Order Freight/INCO Terms	23
4.5 Purchase Order Acknowledgment.....	24
4.6 Purchase Order Change	25
4.7 Backorder Policy.....	25
4.8 Flow Through Purchase Orders.....	26
4.9 Cross-Dock	26
 PURCHASE ORDER LEAD-TIMES & RETURNS	 26
4.10 PO Delivery Lead-Times	26
4.10.1 Replenishment Orders.....	26
4.11 Rejected Returns Process.....	27
 INVOICE PAYMENTS & BILLINGS	 28
4.12 Invoices.....	28
4.13 Invoice Payment.....	28
4.14 Billing for Vendor Discounts, Allowances, Rebates, Compliance Chargebacks	29
4.14.1 Invoice & Billing Inquiries	29
 <u>SECTION 5 – SUPPLY CHAIN EXECUTION & VENDOR COMPLIANCE</u>	 <u>30</u>
VENDOR PERFORMANCE MANAGEMENT PROGRAM (VPM)	30
THE PERFECT ORDER GUIDELINE	30
5.1 On-Time Delivery/Shipment/ASN Delivery (“On Time”).....	30
5.1.1 On-Time Delivery (OTD) - to DC & Store locations.....	30
5.1.2 On-Time Shipment (OTS) – (For Collect Freight).....	31
5.1.3 On-Time Booking – (For Collect Freight)	32
5.1.4 On-Time ASN (Advance Shipping Notice)	32
5.1.5 Additional Delivery Requirements	33
5.2 Fill Rate - (“Complete”).....	34
5.3 Accurate Documentation (“Accurate”)	34
5.3.1 ASN Accuracy	34

5.3.2	Bill of Lading Accuracy	35
5.3.3	Packing Slip Accuracy	36
5.3.4	Invoice Accuracy	36
5.4	In Good Condition (Shipment Quality)	37
5.4.1	Case & Pallet Labelling Guideline	37
5.4.2	Master/Case & Pallet Labelling Requirements for EDI Vendors	37
5.4.3	Master/Case Labelling Requirements for Non-EDI Vendors.....	44
5.4.4	Inner Case/Pack Labelling Requirements (EDI & Non-EDI Vendors).....	46
5.4.5	Labelling for Specialty Products- EDI & Non-EDI Vendors	47
5.4.6	Labelling Compliance To Canadian Laws & Regulations.....	47
5.5	Packing Guideline	49
5.5.1	Inner/Outer Case Pack Requirements	49
5.5.2	Carton Specific Packaging Requirements	50
5.5.3	Inner Packaging Material Requirements	52
5.5.4	Pallet Specific Packaging Requirements.....	53
5.5.5	Packaging for Specialty Products	54
5.5.6	Additional Packaging Requirements	55
5.5.7	Price Sticker Specification & Placement Guideline for Non-Book Merchandise	55
5.5.8	Damage-Free Shipment/Product	55
	PRODUCT COMPLIANCE AND QUALITY	56
5.6	Product Quality Policies (Applicable to non-Book Merchandise)	56
5.6.1	Product Compliance Policy	56
5.6.2	Product Incident Management	56
5.6.3	Product Withdrawal or Recall.....	57
5.6.4	Bilingual Packaging and Labelling Requirements.....	57
5.6.5	Transit Testing (Package Testing).....	57
	<u>SECTION 6 VENDOR COMPLIANCE PROGRAM</u>	58
	Summary	58
6.1	Compliance Chargebacks	58
6.2	Measuring Non-Compliance & Notifications	63
6.3	Quarantine.....	63
6.4	Compliance Charge Dispute Process	64

<u>SECTION 7 – SHIPPING GUIDELINES</u>	65
7.1 Freight Terms & Responsibilities	66
7.2 Inbound Shipment Requirements	67
7.2.1 Packing Slip	67
7.2.2 Bill of Lading	67
7.2.3 Surrender of Original Bill of Lading for International Shipments	68
7.2.4 Physical Presentation Requirements	69
7.2.5 Minimum Utilization Standards for Containers	69
7.3 Routing Instructions.....	69
7.3.1 For Indigo Controlled-Freight (where applicable)	69
7.3.2 Booking a Delivery Appointment (at each DC).....	69
7.3.3 Domestic Shipments Procedure (originating within Canada only)	70
7.3.4 International Shipments Procedure & Additional Requirements.....	73
7.3.5 SOLAS Requirements & VGA Declaration	73
7.3.6 Original Customs Documents.....	75
7.3.7 Canadian Customs Clearance Document Requirements.....	75
7.3.8 Canada Customs Invoice/Commercial Invoice	78
7.3.9 From “A” Certificate of Origin	78
7.3.10 NAFTA	79
7.3.11 NAFTA Certificate of Origin.....	79
7.3.12 NAFTA Low Value Declaration	80
 <u>SECTION 8 - CONTACTS</u>	 81
 <u>SECTION 9 - APPENDICES</u>	 84

CHANGE LOG

Section	status	Guideline
7.2 Inbound Shipment Requirements	updated	New section added: 7.2.5 Minimum utilization standards for 40' Standard and High Cube containers
7.3.3 Domestic Shipments Procedures	updated	New Health and Safety hi viz clothing requirement for drivers delivering to Indigo DCs New booking instructions for collect shipments of 6 skids or more
Section 8 - Contacts	updated	Updates to Contacts
Section 9 - APPENDICES	updated	Updates to: <ul style="list-style-type: none"> FNF – INBOUND TRUCK BILL OF LADING 5 SKIDS OR LESS FNF – INBOUND TRUCK BILL OF LADING 6 SKIDS OR MORE
Throughout	new	Removed references to Calgary DC (CDC), site #988 Update to address for Online DC (ODC), site #970 – new building number

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.

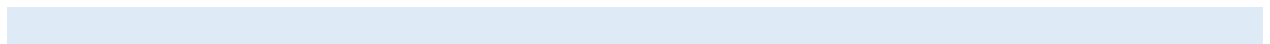
This document will guide you through Indigo's expectations for each of the following:

- Vendor Code of Conduct
- Vendor Registration
- EDI Set-up
- Article/Product Data Set-up
- Purchase Orders
- Supply Chain Execution & Vendor Compliance
- Shipping Guidelines

We expect that the requirements contained in this document are communicated both within your organization and 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 indigo.ca in the About Indigo/Vendors & Authors section.



INDIGO VENDOR CODE OF CONDUCT

Indigo Books & Music Inc. (together with its subsidiaries, "Indigo") is committed to doing business in a legal, ethical, socially responsible and sustainable manner. In turn, Indigo expects its suppliers, agents, service providers, and contractors (collectively, "Vendors") to embrace this commitment to integrity by complying with the standards detailed in this Vendor Code of Conduct (the "Code") and communicating these standards to their workers and suppliers. We insist that our Vendors and their suppliers uphold the highest ethical standards in their workplace, business practices, conduct and policies. In addition to adhering to this Code, Vendors must always comply and stay updated with local laws and regulations in each of the countries in which they do business. Where there is a differing standard between this Code and the local legal requirements, Vendors must comply with the higher standard.

This Code is based on the United Nations Universal Declaration of Human Rights, International Labor Organization Conventions and Recommendations and other internationally accepted standards.

GUIDING PRINCIPLES

Vendors' business and labour practices must comply with the laws and regulations of the countries in which they conduct business. Furthermore, Vendors must comply with the requirements of this Code, even when this Code exceeds the requirements of those applicable laws and regulations.

LABOUR PRACTICES

Child Labour

Indigo will not tolerate the use of child labour. Vendors, and any subcontractors they use, shall not employ in any of their facilities any person under 15 years of age. Where the minimum age for work or mandatory schooling is higher than 15 years of age by local law (where work is performed), such stipulated higher age applies in that locality. Workplace apprenticeship programs must comply with all applicable local laws and this Code. ILO Conventions 79, 182 apply.

Forced Labour

Vendors shall not engage in or support forced or compulsory labour, including slave, prison, trafficked, indentured, or bonded labour in any of their facilities or their subcontractor facilities. Workers must not be coerced to work (regular or overtime hours) by means of violence or intimidation, and must have sought work on their own free will and have the freedom to leave work or terminate their employment with reasonable notice. Neither the Vendor nor any entity supplying labour to the Vendor 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. Workers must be given clear contracts in a language understood by the worker. ILO Conventions 29 and 105 apply.

Due to forced and underage labour in the Uzbekistan and Turkmenistan cotton regions, all vendors supplying cotton or products containing cotton ("Cotton Products") to Indigo must certify that any Cotton Products sold to Indigo do not contain and are not sourced from cotton that originates from the countries of Uzbekistan and Turkmenistan.

Discrimination/Human Rights

Vendors shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, discipline, 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. ILO Conventions 100, 111 and 156 apply.

Disciplinary Practices

Vendors shall treat all personnel with dignity and respect. Vendors shall not engage in or tolerate the use of corporal punishment or other forms of mental or physical coercion, or verbal abuse of their workers.

Harassment & Abuse

Vendor shall not abuse or harass workers, whether physical, psychological or sexual. No harsh or inhumane treatment will not be tolerated.

Wages and Benefits

Vendors must compensate all workers with wages, including overtime, that meet or exceed minimum legal standards in the countries in which they conduct business, or by their collective agreements, whichever is greater. The wage paid shall be sufficient to cover the basic needs of workers and their families. Illegal deductions from wages including deductions as a disciplinary measure are prohibited. Wages must be disbursed in a convenient and timely manner to workers with the detail of pay provided on a pay slip or similar documentation. Vendors must also provide all legally mandated benefits. ILO Conventions 26, 95 and 131 apply.

Working Hours

Vendors shall comply with the applicable local laws of working hours of the countries in which they conduct business, or with industry standards and relevant ILO conventions, whichever standards are more stringent. In either case, a worker's weekly hours must not exceed 48 hours or 60 hours with overtime, on a regular basis. Workers must be permitted to receive at least one (1) day (24 hours) of rest following each six (6) consecutive days of work. Overtime must be voluntary and vendor must compensate workers for overtime at the legal premium rate. ILO Conventions 1 and 14 apply.

Freedom of Association/ Worker Representation

Vendor shall respect the right of workers to form or join at their own discretion an association or organization dedicated to protecting and promoting worker interests. Vendor shall not interfere with or inhibit the workers' pursuit of freedom of association and collective bargaining, where legally permitted. Where restricted by law, workers must be allowed to pursue parallel means to freely associate for bargaining purposes. Vendors must provide an open and anonymous communication channel for workers to report grievances. ILO Conventions 87, 98, 135, 154 apply.

HEALTH & SAFETY

Vendors shall provide a safe and healthy working environment in structurally sound buildings consistent with all applicable local building, fire, electrical and chemical safety laws and regulations. Vendors shall also protect workers by ensuring they are not exploited, nor exposed to dangerous, unsafe or hazardous conditions. Vendors shall adopt required measures and implement adequate systems to prevent, detect and avoid potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work. Vendors must guarantee that workers are provided regular training on health and safety requirements. Factories must provide good ventilation, access to clean drinking water, sufficient and clean toilets and washing facilities, first aid supplies, and personal protective equipment. Where housing or dormitories are provided for workers, they must be separate from production areas and must be kept safe, healthy and sanitary. ILO Convention 155 applies.

ENVIRONMENTAL PROTECTION

Vendors must comply with all applicable, local environmental laws and regulations, and shall commit to using practices to protect the environment by preventing contaminations due to hazardous materials or other dangerous substances resulting from production and operations within their facilities. Vendors shall maintain processes and standards for waste management, emissions, wastewater treatment, handling and disposing of chemical and hazardous substances, and for reporting any environmental accidents that may occur during operations.

ETHICAL CONDUCT

Vendors shall not engage in, or allow, any unethical practices such as fraud, bribery, corruption, or any matters that may pose a conflict of interest when dealing with Indigo or any worker, agent, public official, or an individual in the private sector. Vendors shall provide a mechanism or means by which workers may report anonymous workplace grievances and shall protect worker whistleblower confidentiality and prohibit retaliation.

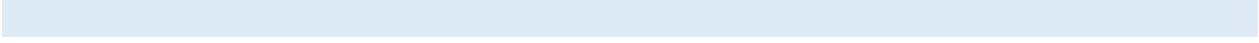
SUB-CONTRACTING

Vendors must ensure that all permitted subcontractors comply with the requirements of this Code.

MANAGEMENT SYSTEMS

Vendors must develop and maintain management systems to implement, monitor and ensure compliance with this Code. This must include clear processes, policies, documentation, appointment of staff responsible for implementation, ongoing monitoring, and worker feedback and participation. In the event of any violation of the Code's requirements, Vendors must document and take prompt remedial action. Documentation and records must be maintained and be readily available upon request.

Indigo is committed to ensuring that our vendors and their suppliers uphold the highest ethical standards in workplace conditions and labour practices. Our sourcing policies are subject to change at any time in Indigo's sole discretion.



DIVERSITY, EQUITY & INCLUSION

Diversity, Equity and Inclusion are at the heart of what we do at Indigo, we are committed to providing an assortment that reflects the diversity of our society.

We have joined the **15% pledge** to ensure we partner intentionally with even more diverse vendors to bring our customers a joyful experience.

If you would like more information about our DEI initiatives, please contact diversity@indigo.ca

INDIGO OPEN-DOOR POLICY

At Indigo, we have a strong and long-standing commitment to doing the right thing, and we have zero tolerance for unethical conduct. In line with this commitment, we have set up the **Indigo Open Door Hotline** as outlined below.

If you wish to report unethical 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 Indigo Open-Door Hotline.

The Indigo Open Door 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 incident in confidence as follows:

By phone: 1 (888) 881-3177 (North American toll free)

Or by visiting: www.IndigoOpenDoor.ca (North American & international submissions)

Please refer to the quick video link for an overview on how to make a submission online:

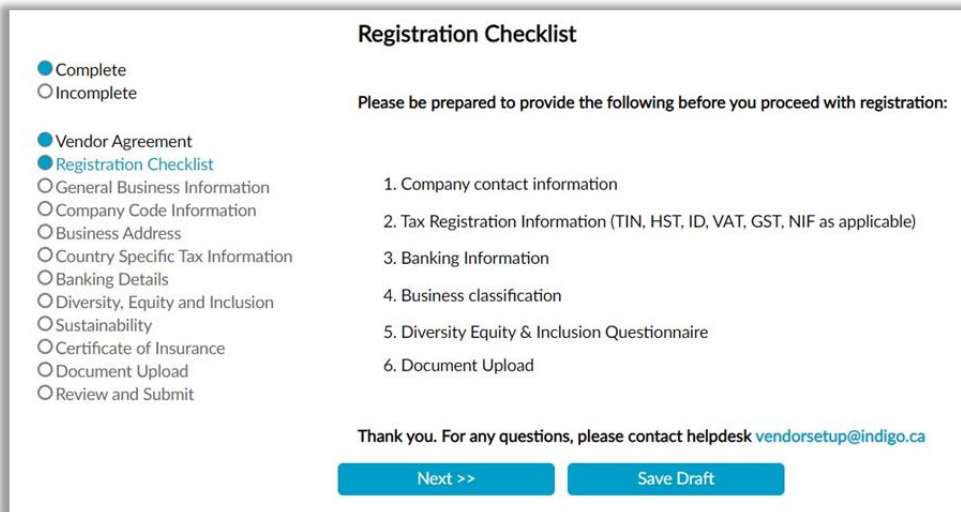
[Introducing Indigo Open Door](#)

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

VENDOR REGISTRATION

New vendors will be sent an invitation email to register on the **Indigo Vendor Hub** (onboarding portal). Vendors should be prepared to provide the required information on the **Registration Checklist** (below) prior to proceeding with registration.



The screenshot shows a 'Registration Checklist' interface. On the left, there is a list of items with radio buttons: 'Complete' (filled blue circle) and 'Incomplete' (empty circle). The items are: 'Vendor Agreement' (Complete), 'Registration Checklist' (Complete), 'General Business Information' (Incomplete), 'Company Code Information' (Incomplete), 'Business Address' (Incomplete), 'Country Specific Tax Information' (Incomplete), 'Banking Details' (Incomplete), 'Diversity, Equity and Inclusion' (Incomplete), 'Sustainability' (Incomplete), 'Certificate of Insurance' (Incomplete), 'Document Upload' (Incomplete), and 'Review and Submit' (Incomplete). On the right, a message says 'Please be prepared to provide the following before you proceed with registration:' followed by a numbered list: 1. Company contact information, 2. Tax Registration Information (TIN, HST, ID, VAT, GST, NIF as applicable), 3. Banking Information, 4. Business classification, 5. Diversity Equity & Inclusion Questionnaire, and 6. Document Upload. At the bottom, a thank you message and a helpdesk email 'vendorsetup@indigo.ca' are shown, along with two buttons: 'Next >>' and 'Save Draft'.

As a part of the **Document Upload** requirement in the Registration Checklist, Book Vendors must load the following documents before submitting their registration:

1. Terms of Trade (Class of Trade)
2. Lead Times by province

1.1. TERMS OF TRADE

All terms of trade are negotiated and confirmed via e-mail between Indigo and an authorized individual at the vendor organization. Once a vendor confirms via reply e-mail their agreement to the terms of trade, the vendor is required to complete the **Indigo Class of Trade Template** available in the **Help – Vendor Documents** section of the Indigo Vendor Hub and upload it to their registration.

1.2. LEAD TIMES

Book Vendors are required to complete the **Indigo Lead Times Template**, also available in the **Help – Vendor Documents** section of the Indigo Vendor Hub, and upload it to their registration before submitting it. The requirement will be to provide Lead time (is days) for each province (region) and for each of Indigo's distribution centres.

1.3. SOCIAL COMPLIANCE PROGRAM

1.3.1. SOCIAL COMPLIANCE POLICY STATEMENT

Our Code of Conduct is the foundation of our social compliance program and will serve as a guide to achieving social and environmental compliance both within our company and in our supply chain. While we recognize that laws and standards may differ from one region of the world to another, we believe that our Code of Conduct outlines a set of fundamental principles for good corporate citizenship that our business partners should share and implement.

The social compliance program will direct business partners towards greater compliance with local and international legal requirements and help them maintain good standing for continued business with Indigo. Business partners who do not continually meet our standards or complete corrective actions and steps for long-term remediation will not be considered a business partner of choice and are at jeopardy to the discontinuation of conducting business with Indigo.

1.3.2. VENDOR CODE OF CONDUCT

Indigo Books & Music Inc. (together with its subsidiaries, "Indigo") is committed to doing business in a legal, ethical, socially responsible, and sustainable manner. In turn, Indigo expects its vendors to embrace this commitment to integrity by complying with the standards detailed in this Vendor Code of Conduct (the "Code") and communicating these standards to their workers and suppliers. We insist that our Vendors and their suppliers uphold the highest ethical standards in their workplace, business practices, conduct and policies. In addition to adhering to this Code, Vendors must always comply and stay updated with local laws and regulations in each of the countries in which they do business. Where there is a differing standard between this Code and the local legal requirements, Vendors must comply with the higher standard.

This Code is based on the United Nations Universal Declaration of Human Rights, International Labor Organization Conventions and Recommendations and other internationally accepted standards.

(Please refer to the Indigo Code of conduct section at the beginning of this document)

SECTION 2 - EDI EXPECTATIONS & ONBOARDING

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.

Vendors must provide Indigo with at least five (5) business days advance written notice of all Vendor system changes and modifications that could have an adverse effect on Vendor-Indigo communications of Orders, including Vendor's EDI connectivity. Vendors will be deemed to have received any Indigo communications if Vendor fails to provide the required notice of a system change.

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 granted by Vendor Compliance based on the following criteria:

- Timing of initial order: temporary exemption (applicable to initial PO only; given EDI onboarding has been initiated and is in progress)
- Anticipated size of ongoing relationship expected to be **less than \$25K/year of annual purchases**: permanent exemption

Please note:

- The cost of **EDI non-compliance** is \$150 per non-compliant Purchase Order.
- Bindery shipments are not exempt from our ASN requirement; **an ASN must be provided for all bindery shipments.**

BENEFITS OF EDI

- Enhanced order visibility from PO to Invoice
- Accelerated time to market
- Faster order to cash cycle
- Improved data integrity & inventory management (reduce errors)
- Increased automation/eliminate manual processes
- Unlock Drop Ship capability

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 (PO)
- 855 Purchase Order Acknowledgment (POA)
- 856 Advance Ship Notice (ASN)
- 810 Invoice
- 860 Purchase Order Change (POC)
- 865 Purchase Order Change Acknowledgment (POCA)
- 832 Price/Sales Catalogue (for **Drop Ship vendors only**)
- 846 Inventory Advice (for **Drop Ship vendors only**)
- 997 Functional Acknowledgement
- GS1-128 Label

2.4. INDIGO'S EDI SERVICE PROVIDER

Indigo has partnered with **InterTrade** to manage the transition of our vendors to EDI with Indigo Books & Music. Vendors can access program information including EDI specifications on InterTrade's Indigo EDI vendor portal.

To access the portal as a generic user, and view Indigo's specifications, please go to:

<https://intertrade.com/indigo/>

For Book EDI specs, please go to "Indigo Books & Music Inc. – Trade Books"

2.5. EDI ONBOARDING WITH INDIGO

As part of your onboarding with Indigo, a representative from InterTrade will contact you to initiate the EDI onboarding process. Vendors can choose one of the following EDI fulfilment solutions:

- **Integrated EDI solution** (to connect via 3rd party provider or in-house EDI); this will require testing and certification with InterTrade; **to register for EDI certification**, select "EDI Testing and Certification", fill in information and submit.
- **InterTrade's WebEDI solution** (Indigo's preferred web EDI solution for trading partners); this is a cloud-based option available to vendors with no existing EDI solution; **to register for WEB EDI**, select "Register for Web EDI", fill in information and submit.

Please ensure you identify your preferred solution to Indigo's EDI Team at EDISupport@indigo.ca

2.6. EDI ENABLED VENDORS – TESTING & CERTIFICATION WITH INTERTRADE

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

If you are currently using a third-party EDI provider, you are not required to change to InterTrade services; however, your provider will be required to Test & Certify through InterTrade on new Indigo Books & Music Inc. documents.

If you are migrating to a new EDI service provider, please advise support@intertrade.com and EDIsupport@indigo.ca prior to making this change, with sufficient advanced notice. It is important to consider whether there are open orders residing with your current EDI service provider; you will need to ensure that return document flow for any such open orders is managed without interruption by your new EDI service provider. This process can take 2-3 weeks to be executed properly.

2.7. EDI TRANSMISSIONS

EDI transactions will flow daily as follows: (note: these are based on hours of operation)

EDI Transaction	Data	Direction	Frequency
EDI 850	Purchase Order	From InterTrade	Daily , as required
EDI 855	Purchase Order Acknowledgement	To Intertrade	Within 1-2 business day of receiving the 850 PO (excluding weekends & holidays) (For Drop Ship, must be sent within 1 business day of receiving the 850)
EDI 860 (not required for Drop Ship)	Purchase Order Change (POC)	From InterTrade	Daily , as required
EDI 865 (not required for Drop Ship)	Purchase Order Change Acknowledgment (POCA)	To Intertrade	Daily , as required
EDI 856	ASN	To Intertrade	Daily , immediately following shipment of an order (For Drop Ship, must be sent within 2 business days of receiving the 850)

EDI 810	Invoice	To Intertrade	Along with ASN
EDI 832 (Drop Ship vendors only)	Price/Sales Catalogue	To Intertrade	Minimum Weekly (or as required), vendor can also send multiple times/week
EDI 846 (Drop Ship vendors only)	Inventory Advice/Inquiry (inventory position file)	To Intertrade	Minimum Daily , vendor can send multiple times/day
EDI 997	Functional Acknowledgment	Bi-directional	Immediately sent by the respective recipient system following each EDI document transmission

2.8. GS1-128 LABEL

GS1-128 label format is available through InterTrade. 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 or Stores. A compliance chargeback will also be applied to any violation of this guideline (please refer to **Vendor Compliance Program** section for further detail).

2.9. VENDOR EDI CONTACTS

It is important for vendors to maintain/update their respective EDI contacts as both Indigo and InterTrade use these contacts for notification of any EDI document failures, issues, downtime/maintenance notifications or changes to Indigo's EDI requirements, program, etc... If the EDI contact person for your company changes, please send the details regarding this new contact to both support@intertrade.com and EDIsupport@indigo.ca immediately.

2.10. INDIGO EDI CONTACTS

INTERTRADE (EDI SERVICE PROVIDER)

- **For immediate assistance**, please contact:
InterTrade Customer Support
1-800-873-7803
(8:30am – 8:00pm EST, Monday through Friday, excluding holidays)

For non-urgent assistance, please send an email to the following address with your name, your company name, and a detailed description of the issue:
support@intertrade.com

INDIGO EDI SUPPORT

- **Indigo EDI Support Team**
EDIsupport@Indigo.ca



SECTION 3 – ARTICLE SET-UP

ARTICLE SET-UP

3.1. BIBLIOGRAPHIC DATA SUBMISSION

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

Currently, Indigo uses xml version 2.0, with the ability to process both ONIX 2.0 and ONIX 2.1 specifications. In 2021, Indigo plans to upgrade to ONIX 3.0; further information regarding the upgrade will be provided as it becomes available.

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

1. Use Indigo's hosted web-application SYME. This tool works very effectively for vendors who have less than 100 active book titles. For any questions regarding the use of SYME for Bibliographic Data, please contact your Master Data Specialist or e-mail masterdata@indigo.ca.
2. Use the Booknet Biblioshare Webform solution (<http://www.booknetcanada.ca/biblioshare-webform/>) that allows a user to enter data directly into a web based tool and get an ONIX file back. Please contact MasterData@indigo.ca to discuss the optimal method to send this ONIX file.
3. Load ONIX files directly to the vendor specific SFTP site in the folder Bibliographic Data. If you do not have a specific SFTP site please contact Masterdata@indigo.ca to initiate the process.

3.2. RIGHTS CHANGES

A change in the rights to sell a title is a regular occurrence within the book industry. Ideally, this change is communicated to Indigo by both the vendor gaining the rights and the vendor losing the rights to ensure no misunderstanding regarding the transition. Failure to properly communicate these changes can lead to out of stock situations (lost sales) and/or unnecessary costs being incurred if titles are returned to the incorrect vendor. Ideally, this communication occurs at least 1 month prior to the change to allow time to address any inconsistencies.

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

- ISBN 13
- Retail price

- Status
- Class of Trade code

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

ISBN LABELS

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

SECTION 4 – PURCHASE ORDERS, RETURNS PROCESS & INVOICE PAYMENTS

PURCHASE ORDER PROCESS

4.1. PURCHASE ORDER DETAIL

Indigo will submit Purchase Orders to EDI Vendors via EDI 850 Purchase Order document. Indigo will submit Purchase Orders to non-EDI Vendors via e-mail only.

Indigo's Purchase Order will specify the following:

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

The following are the SAN numbers per Distribution Centre already in operational use, as follows:

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

For further clarification:

- **Online orders** (i.e. POs cut for Online DC 970) **are DC orders** (these should not be considered as Store orders).
- **Drop Ship orders** (where applicable) will include Customer ship to data (instead of a DC SAN #)

If there are questions regarding the meaning of these data elements, please contact VendorCompliance@indigo.ca

4.2. PURCHASE ORDER DATES

- **For Prepaid orders**, Vendor must **deliver** the items on the Purchase Order in full on the **Delivery Date** indicated on the Purchase Order.
- **For Collect orders**, Vendor must **hand over** the items on the Purchase Order in full on the **CHO Date (Carrier Handover Date)** indicated on the Purchase Order.

4.3. PURCHASE ORDER LINE ITEMS

- 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/ISBN 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” ISBN/UPCs**. In this case, the current PO line must be cancelled via Purchase Order Acknowledgment or by using the Purchase Order Change Form 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/ISBN/UPC ordered (corresponding to individual units or assortment units).
- For assortments (ie Box sets), Indigo will always order with the parent/Box set UPC.
- Indigo does not currently support the use of GTIN 14 product identifiers.
- **It is imperative the ISBN/UPC on the Purchase Order is what is shipped and is on the ASN.** If the ISBN/UPC is incorrect, please contact the Indigo Buyer to have this corrected on the order ahead of the shipment. An incorrect ISBN/UPC can only be addressed by cancelling the line item on the Purchase Order (see Purchase Order Change Process section below).

4.4. PURCHASE ORDER FREIGHT/INCO 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).

4.5. PURCHASE ORDER ACKNOWLEDGEMENT

For vendors transacting via EDI, 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 sent within two (2) business days of receiving the Purchase Order (exception is for Drop Ship orders where POA must be sent within one (1) business day following receipt of the PO 850)
- If your POA is rejected due to an error, the POA must be retransmitted once the error has been corrected.
- If we do not receive a valid POA, we will base delivery performance (on-time delivery, fill rate, etc...) on our original Purchase Order terms. A compliance chargeback may be applied to late and/or incomplete orders.
- Follow-up POAs may be submitted to relay key PO changes/updates (i.e. changes to QTY, Delivery Date, etc...) as long as no prior ASN has been sent for that respective PO line item (in which case the POA will not be accepted and will fail in our system)

At this time, Indigo's POA document (EDI 855) is only able to automatically complete the following actions on the respective Purchase Order:

- cancel a PO line item
- update the cost price of a PO line item

All other changes (ie change in QTY, Delivery Date, etc...) should be communicated via POA for visibility; however, those will not automatically update the PO.

4.6. PURCHASE ORDER CHANGE

Indigo's Purchase Order Change document (EDI 860) is used to communicate the following PO changes:

- PO line item cancellation
- PO line item addition
- PO line item QTY change

If a vendor has sent an ASN that has been properly processed, Indigo's ERP system will not allow a PO Change document to be created for the respective PO.

Vendor must acknowledge any PO Cancellation/Change (sent via EDI 860) by sending a PO Cancellation/Change Acknowledgment (EDI 865 document. Vendors not able to send the EDI 865 must send an acknowledgement of a POC via e-mail to the respective Indigo buyer.

- If an adjustment is required to a PO, 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 buyer, before filling/shipping the order.
- Vendor must immediately notify the respective Indigo Buyer of any changes to Purchase Order terms that may arise at any time using a follow-up POA (please refer to the POA section above), including any foreseen late deliveries/shipments, quantity discrepancies and/or ISBN/line item changes.
- If vendor, in turn, does not communicate any discrepancies/required changes to a Purchase Order up to 5 business days ahead of Delivery/CHO due date, the terms and order information on the original Purchase Order govern.

4.7. BACKORDER POLICY

Indigo's Backorder policy is as follows:

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

4.8. FLOW THROUGH PURCHASE ORDERS

Below are the guidelines for Flow Through POs through our Retail DC:

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

4.9. CROSS-DOCK

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

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

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

PURCHASE ORDER LEAD-TIMES & RETURNS

4.10. PO DELIVERY LEAD-TIMES

4.10.1. REPLENISHMENT ORDERS

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

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

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

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

4.11. REJECTED RETURNS PROCESS

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

- Vendor must request a Chargeback Number before they send the rejections for approval.
- Once a Chargeback Number is received, Vendor may send their return rejection claim by filling out the **Vendor – Return Rejection Form** and emailing it to **Trade Returns Team (trade.returns@indigo.ca)**. If they don't have one, they can email the team to request the form.
- Vendor must hold onto all titles and quantities that is in the claim until they hear back from the Trade Returns Team (before shipments may be sent back to Indigo's DC).
- Vendor will be provided with all the necessary information once return rejection is reviewed: credit authorization, return back to Indigo authorization number, and pick up details and any other info necessary to resolve the claim.
- Once vendor is provided with an Authorization Number for the respective return, the items could then be sent back to our DC or a pickup could be arranged.
- Cartons for approved rejected returns should all be labelled with the Return Authorization Number (RA#) and directed to the **attention of "Rejected Returns"** at our Retail DC (956).

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

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

Important notes:

- Vendor should be aware that any titles that are returned to them within the 90 days from Status Change of the titles are considered good to return by Indigo.
- It is the Vendor's responsibility to send the most current status of their titles (i.e. out of print, no longer their publication, no Canadian rights, etc.) via ONIX Data Feed or using the Indigo SYME application; any questions may be forwarded to the Master Data team at (masterdata@indigo.ca).
- Any return from Indigo that are shelf worn should not be part of damaged return rejection
- Any damaged return rejection claim must include photo(s) of the damage(s) in order to be considered for review
- Vendor will be provided with all the necessary information once return rejection is reviewed: credit authorization, return back to Indigo authorization number, and pick up details and any other info necessary to resolve the claim.

INVOICE PAYMENT & BILLINGS

4.12. INVOICES

EDI vendors: Invoices are received via the 810 EDI document only. Any invoices sent via email by EDI vendors will not be processed for payment.

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.

4.13. 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.

Important notes:

- Any discrepancy between the vendor invoice and our receiving data may result in a payment different than the value shown on the invoice (i.e. short shipment will result in short payment).
- 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.

4.14. BILLING FOR VENDOR DISCOUNTS, ALLOWANCES, REBATES, COMPLIANCE CHARGEBACKS

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 compliance chargebacks 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)

4.14.1. INVOICE & BILLING INQUIRIES:

All inquiries regarding invoice and payment status should be directed to Indigo's Accounts Payable Department (Please refer to the **Contact Information** section)

SECTION 5 - SUPPLY CHAIN EXECUTION & VENDOR COMPLIANCE

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 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 overall customer experience.

THE PERFECT ORDER GUIDELINE

Indigo's **Perfect Order Guideline** applies to all product purchased for resale by Indigo Books & Music Inc. This guideline plays a key role in ensuring that our vendors deliver/ship 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")

5.1. ON-TIME DELIVERY/ SHIPMENT/ BOOKING/ ASN DELIVERY ("ON TIME")

5.1.1. 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 subject to a Late/Early Delivery chargeback.
- Rescheduling Delivery Date: a Delivery Date revision must be communicated via POA (EDI 855) up to 5 business days ahead of the current PO Delivery Due Date and no later than the transmitted ASN (EDI 856) for the respective PO line; change requests may or may not be approved, at the discretion of the Merchant/Buyer:
 - 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.

c. **OTD Guideline for Strict On Sale Titles:**

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

5.1.2. ON-TIME SHIPMENT (OTS) – (FOR COLLECT FREIGHT – WHERE APPLICABLE)

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

- EXW
- FOB
- FCA
- CIF

(* please refer to the INCOTERM table in our **Shipping Guidelines** 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 three (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 subject to a Late/Early Shipment chargeback.
 - **Rescheduling CHO Date:** a CHO Date revision request must be communicated via POA (EDI 855) up to 5 business days ahead of the current PO CHO Due Date; change requests may or may not be approved, at the discretion of the Merchant/Buyer:
 - 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, or if the PO Change Request is submitted outside the permitted window indicated above, OTS performance will be measured against the original CHO Date on the Purchase Order.

5.1.3. ON-TIME BOOKING (FOR COLLECT FREIGHT – WHERE APPLICABLE)

- 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.
- Bookings made outside the above timelines will be subject to a Late Booking chargeback.

5.1.4. ON-TIME ASN (ADVANCE SHIPPING NOTICE)

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

- Indigo expects EDI vendors to send a valid EDI 856 (ASN) **immediately after the shipment departs from the vendor's facility** (this includes bindery shipments); this will allow time for remedial action to be taken in the event of ASN failure.
- 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, otherwise, it could result in rejection or receiving delays.
- 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.
- 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). **For Drop Ship orders**, an ASN is considered late and non-compliant if it is not sent 2 business days after PO issue/sent date.
- **Please note: ASNs are required for all bindery shipments**
- A compliance chargeback may be applied to late/missing/inaccurate ASNs.

5.1.5. ADDITIONAL 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 our Shipping Guidelines 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 included as supporting documentation if appealing the respective chargeback.

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
 - Incorrect item(s)/UPC(s) shipped
 - 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 subject to a compliance chargeback and any transportation and/or storage charges related to a delivery refusal.

5.2. 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 60 days after the expected PO Delivery Date (or CHO Date, where applicable) for all accepted and backordered PO line items (as per the POA – EDI 855).
- 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 may be subject to a Fill Rate chargeback for short shipment, over shipment or PO not filled.

5.3. 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 (please refer to our Shipping Guidelines for more detail)
- Any of the above documentation that is non-compliant with the requirements below may be subject to the respective compliance chargeback.

5.3.1. 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 does not meet our EDI 856 specifications** (specifically all mandatory segments/requirements). Please refer to Indigo's 856 EDI Specifications for more detail.
- It is mandatory that the Bill of Lading # (BOL) associated with your shipment be included in the ASN:

- An ASN is considered to be **invalid and non-compliant** if there is a:
 - systemic error/failure
 - receiving data error/failure
- 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.
- An invalid or inaccurate ASN may be subject to an ASN Error chargeback.

5.3.2. BILL OF LADING ACCURACY

- Indigo expects all vendor shipments to be accompanied by an accurate Bill of Lading No. whose details exactly match what has been routed for shipment.
- 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
- For EDI shipments, 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.
- 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.
- An inaccurate or missing BOL may be subject to the respective compliance chargeback.

5.3.3. PACKING SLIP ACCURACY

- Indigo expects all vendor shipments to be accompanied by an accurate Packing Slip whose details exactly match what has been routed for shipment.
- The Packing Slip must contain, at a minimum:
 - Purchase Order No.(s)
 - Date of Shipment
 - Ship-to Location/Address (Destination)
 - List of ISBNs or UPCs
 - List of Titles/Product Descriptions
 - Total units shipped by Title/Description and total quantity backordered
 - 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.
- An inaccurate or missing Packing Slip may be subject to the respective compliance chargeback.

5.3.4. INVOICE ACCURACY

- Indigo expects EDI vendors to send a valid and accurate 810 EDI document whose details match the respective Purchase Order details for the exact item(s) and quantity(s) that have been shipped.
- Non-EDI vendors are expected to include the following Purchase Order details on their paper invoices. The Invoice must accurately contain:
 - Invoice No.
 - Invoice Date
 - Vendor's DUNS #
 - Purchase Order No.(s)
 - Date of shipment
 - Accurate payment terms
 - Payment currency
 - List of ISBN/UPCs shipped (this **must match** the ISBN/UPC that is ordered on the PO)
 - i.e. for **Assortment ISBN/UPCs (ie Box sets, etc.)**, the Invoice must include the Assortment ISBN/UPC as ordered on the PO, with the respective Assortment price; an invoice with the component ISBN/UPC and price will be incorrect, will fail validation, and may experience payment delays as a result.
 - List of Product Descriptions shipped
 - Quantity Shipped by Item (in eaches) by ISBNs or UPCs
 - Accurate Unit Price (per each) of ISBNs or UPCs shipped

- Detailed list of other applicable charges & unit/total price per charge
- Accurate invoice sub-total
- Accurate calculation of total applicable taxes & duties
- Accurate calculation of total all other applicable charges
- Accurate grand total calculation
- An Invoice is considered to be inaccurate and non-compliant if it does not meet any of the above requirements.
- An inaccurate Invoice may be subject to the respective compliance chargeback.

5.4. IN GOOD CONDITION (SHIPMENT QUALITY)

5.4.1. 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, Store locations, and direct to customer (Drop Ship) 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.

5.4.2. MASTER/OUTER 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.

General Label Requirements (EDI shipments)

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)
- PO #, ISBN/UPC, Carton QTY not indicated on the label
- Incorrect item UPC and/or carton QTY indicated on label
- Incorrect Ship-to included on the label
- Carton weight is missing

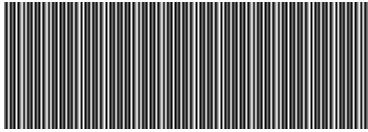
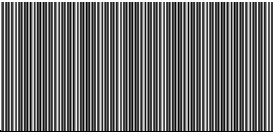
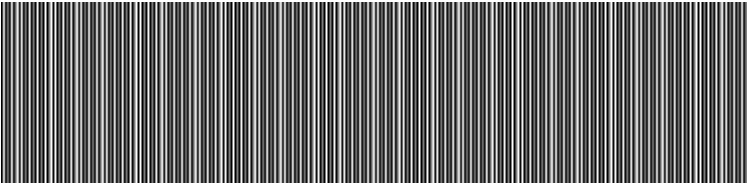
Outer Case (Master Carton) Label Requirements for EDI Vendors Sending Case/Pack Level ASNs

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.

Illustration not to scale
Actual size = 4"x6" conforming to GS1 standards

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: ISBN / UPC: Carton Qty:	(420) Ship To Postal Code  (420) 85263	Zone D
Zone E	Final Destination SAN #: (92) 1186213 	Final Destination: Final Destination Name Address 1 Address 2 City, State Postal Code	Zone F
Zone G	Serialized Shipping Container Number  (00) 0 125385 012345678 9		

Zone Content

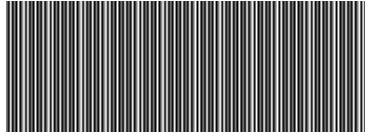
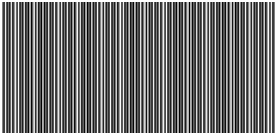
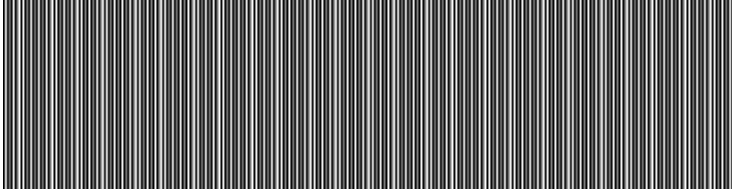
A	Vendors ship from name and address <u>is required</u>	10 to 12 pt font
B	Ship to name and address <u>is required</u>	10 to 12 pt font
C	Shipment Information - Carrier <u>is required</u> - B/L # <u>is required</u> if available ; must be provided in EDI 856 - PO Number <u>is required</u> - ISBN/UPC 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

Cross Dock Label Requirements (where applicable)

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

*Illustration not to scale

Actual size = 4"x6"

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

Zone Content

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

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.

Pallet Label Requirements for EDI Vendors Sending Pallet Level ASNs (for Retail DC only)

These requirements only apply if a vendor is providing Indigo a shipment to its **Retail DC only** 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:

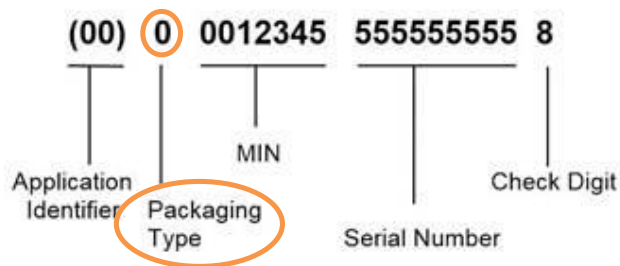
For full or half-pallet shipments of a single book/product (i.e. single ISBN or UPC):

- Vendor provides a single **Pallet Level ASN (SOTI structure)** rather than a case level ASN (SOPI structure). This allows Indigo to receive the entire product on the pallet with one scan of the pallet label rather than with multiple scans of each case on the pallet.
- **Only a pallet HU GS1-128 label is required; individual carton HU GS1-128 labels are not required.** 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 ISBN/UPC and description of the respective product and the total quantity of units must be marked/indicated on each individual master carton on the 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 ISBN/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.)

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



- 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.

5.4.3. MASTER/OUTER 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.

General Label Requirements (Non-EDI shipments)

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

- Label is not affixed to carton
- Defaced and/or partially missing label
- PO #, ISBN/UPC, Carton QTY not indicated on the label
- Incorrect item UPC and/or carton QTY indicated on label
- Incorrect Ship-to included on the label
- Carton Weight is missing


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, using the subsequent Zone content table provided below, 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 D
Zone B	Ship To: Ship To Name Address 1 Address 2 City, State Postal Code		
Zone C	Carrier: B/L Number: PO #: Carton Qty:	Description of Product : ISBN : 9781234567890  Gross Weight of Case:	
Zone E	Final Destination: Final Destination Name Address 1 Address 2 City, State Postal Code		
Zone F	<div>NON EDI</div>		

Zone Content

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

5.4.4. INNER CASE/PACK LABELING REQUIREMENTS (EDI & NON-EDI VENDORS)- WHERE APPLICABLE

The following requirements only apply if there is an Inner Case/Pack inside a Master Case. 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 ISBN/UPC of the product **AND** a scannable barcode of the ISBN/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.

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

Books Requiring Special Labeling/Handling

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

Strict On Sale (SOS) Titles:

- Shipment cases with SOS titles must be marked accordingly with a “Strict On Sale” label.
- This only applies where an affidavit has been signed by the respective Indigo Buyer. (Please note that SOS Titles must not be mixed in a case with other titles; the ordered quantity must be shipped in a separate case without rounding to a full case pack).

Assortments/Box Sets

If “assortments” or Box Sets 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” among vendors; this will assist in avoiding misunderstanding and poor supply chain execution. Please ensure that the ISBN/UPC label on the assortment pack/box set is the same ISBN/UPC as ordered on the Purchase Order; **the assortment/Box Set ISBN/UPC should also be included in the respective ASN and invoice to avoid document failures and processing delays.**

5.4.6. 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** for further detail.

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 the applicable compliance chargeback.

5.5. PACKING GUIDELINE

Indigo's **Packing 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.

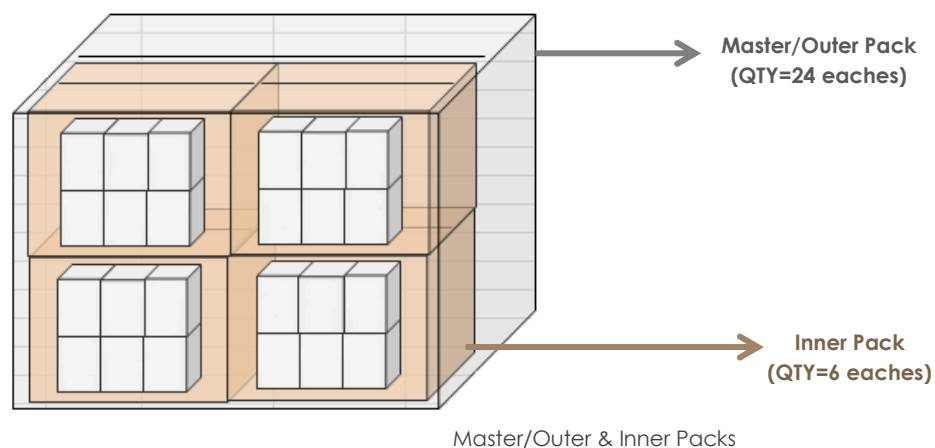
IMPORTANT: Please refer to the PACKING VENDOR GUIDELINES - ONLINE, RETAIL & DROP SHIP for full detail on ONLINE & DROP SHIP Packing requirements as there are further specific details for packing for these 2 channels.

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:
- 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).

5.5.1. 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 compliance chargeback.

- **Retail DC requirement:** each outer case/master carton must contain only one ISBN/SKU/UPC/EAN (exception: Online DC orders).
- **Requirement for all DCs:** Each inner case must contain only one ISBN/SKU/UPC/EAN.
- **Requirement for all DCs:** Each outer case/carton must contain merchandise for only one Purchase Order.
- If a single ISBN/SKU/UPC does not completely fill a carton, the remaining space must be filled with inner packaging material (dunnage).

5.5.2. CARTON SPECIFIC PACKAGING REQUIREMENTS

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:

Master/Outer Case - type/dimensions/weight:

- 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).
- 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).
- Filled case weight must not exceed 40 lbs (exceptions must be pre-approved by the respective Indigo Category Manager ahead of delivery)
- 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.

Master/Outer Case - Carton Markings:

- Carton Markings for master/outer case should include the following:
 - ISBN/UPC number
 - Product Description
 - Carton Quantity
 - Carton Weight

- 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...).

Inner Pack Packaging Requirements:

Inner Case – type:

- 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 ISBN/UPC/EAN properly affixed.

Inner Case - Markings:

- Carton Markings for Inner Case should show:
 - Product Description
 - ISBN/UPC number
 - Carton Quantity

For Drop Ship orders:

- Merchandise must be packed and shipped in a new, plain, securely sealed corrugated Box/Carton.
- The Box/Carton may contain minimal vendor markings (i.e. product description, carton QTY), without vendor name, logo, or branding. Any exceptions to this requirement must be pre-approved by vendorcompliance@indigo.ca
- There must be sufficient (but not excessive) packing and Inserts inside the Box/Carton to ensure damage-free shipment to the customer.
- (Please refer to the **[PACKING VENDOR GUIDELINES - ONLINE, RETAIL & DROP SHIP](#)** for full detail)

Drop Test Requirement:

Please refer to the Appendix for the required Drop Test Procedure.

5.5.3. INNER PACKAGING MATERIAL REQUIREMENTS

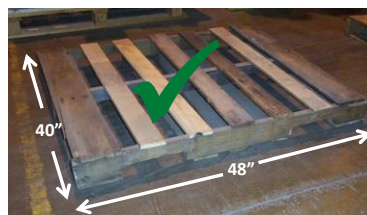
- Although bulk shipments are warehoused at Indigo DCs, product must be packed properly to handle further distribution to Indigo Stores or online customers.
- At a minimum, all products should be packed inside a carton/case according to the following standards to ensure that they are adequately secured, 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.
 - For Online DC orders, product must be packed as an individual Selling Unit – an Each or a Set – in an individual polybag, box or carton, ready for immediate shipment to our customer with no further repacking required at the Indigo Online DC; an ISBN/UPC barcode sticker must be affixed to the Unit/Single Pack (please refer to the **PACKING VENDOR GUIDELINES - ONLINE, RETAIL & DROP SHIP** for full detail)
 - 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 ISBN/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 Buyer and VendorCompliance@indigo.ca

5.5.4. PALLET SPECIFIC PACKAGING REQUIREMENTS

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**

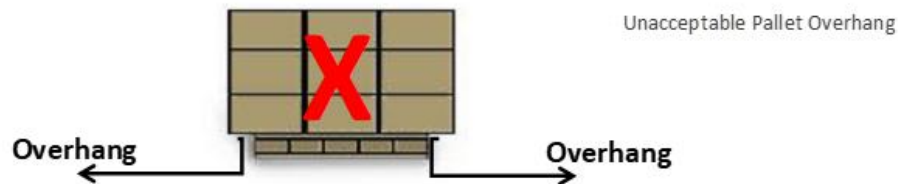


CHEP Pallet

Acceptable vs. Unacceptable Pallet Types

Pallet Packing & Stacking:

- Shipments for which the total number of cartons make up more than 1 layer of a pallet should be palletized (exemption: floor loaded containers for sea shipments)
- 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 below).
- 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.



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 Buyer and VendorCompliance@indigo.ca
- For example, in the event that a filled case weight exceeds maximum allowable weight of 40 lbs (per case), as this will require special shipping arrangements.

Pallet Shipment – ASN Structure

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

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

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

5.5.5. PACKAGING FOR SPECIALTY PRODUCTS

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 **Labeling for Specialty Products** in the Case & Pallet Labeling Guideline for further instruction on labeling Fragile product.

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.

5.5.6. ADDITIONAL PACKAGING REQUIREMENTS

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.

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.

Wood Packaging Requirements:

Please refer to the Appendix section for Indigo's wood packaging requirements.

5.5.7. PRICE STICKER SPECIFICATION & PLACEMENT GUIDELINE FOR **NON-BOOK MERCHANDISE**

Retail Price Tickets (mandatory) – non-book merchandise

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

All merchandise must be shipped to our Retail Distribution Centres and Stores with a scannable UPC/ISBN 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 or Drop Ship POs (shipping directly to customers); Online & Drop Ship product should not have price stickers attached.

Please refer to the **PACKING VENDOR GUIDELINES - ONLINE, RETAIL & DROP SHIP** for full detail

5.5.8. DAMAGE-FREE SHIPMENT/PRODUCT

- Indigo expects vendor shipments to be delivered damage-free, with all products packed according to Indigo's Packaging Guidelines.
- 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 subject to a compliance chargeback as per the Compliance Chargeback Schedule.
- 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 the respective invoice will be short paid as a result (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, the respective hours of rework will be charged at a rate of \$75/hr as a Rework chargeback

PRODUCT COMPLIANCE AND QUALITY

5.6. PRODUCT QUALITY POLICIES (APPLICABLE TO NON-BOOK MERCHANDISE)

5.6.1. PRODUCT COMPLIANCE POLICY

At Indigo we provide our customers with safe and high integrity products that comply with applicable laws, regulations, and industry standards of the countries we operate in. This includes all applicable and required government registrations, licenses, testing and certifications. Upon request, all vendors are expected to have supporting documentation that confirms that products being supplied to Indigo and its customers have met all applicable regulations and standards of the countries where we conduct business. Non-Compliance with applicable regulations may result in the cancellation of purchase orders and/or products withdrawals and recalls.

5.6.2. PRODUCT INCIDENT MANAGEMENT

Consumer Product Safety is governed in Canada by the Canada Consumer Product Safety Act (CCPSA) and in the U.S by the Consumer Product Safety Commission (CPSC), with some exclusion: Cosmetics, Foods, Drugs, Medical Devices and Natural Health Products. Vendors are required to comply with the requirements of these acts, including participating with Indigo in investigating Consumer Product Incidents relating to personal injury or property damaged.

If a recall or withdrawal is initiated by the vendor or is requested or required by any governmental authority, vendors shall promptly advise Indigo of such recall or withdrawal.

Vendor shall notify Indigo's Category Manager and Quality Assurance, within two (2) calendar days of becoming aware of any possible 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.

5.6.3. PRODUCT WITHDRAWAL OR RECALL

In the event of a regulatory 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.

5.6.4. BILINGUAL PACKAGING AND LABELLING REQUIREMENTS

All Consumer Packaging and Labelling, whether is Indigo private label or national brand, must be bilingual (English and French) and in compliance with Canada's Consumer Packaging and Labeling Act and Quebec's Charter of French Language. All information on the product, on its container or on its packaging, on a document (e.g. instruction manual) or object supplied with it must be in French and English. No inscription in another language may be given greater prominence than that in French.

5.6.5. TRANSIT TESTING (PACKAGE TESTING)

Vendors may have transit testing (cartons packed for shipping) conducted by an accredited service provider using ISTA-1A standards or perform in-house testing to the same standards (please refer to **Drop Test Standard** in the Appendix section).

SECTION 6 - VENDOR COMPLIANCE PROGRAM

SUMMARY

Indigo expects vendors to comply with the guidelines and requirements detailed in this manual. 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 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 rejected shipment;
- Arranging 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 all our warehouses and stores within Canada.

6.1. COMPLIANCE CHARGEBACKS

Below is a list of our **Delivery Guidelines** and respective **Compliance Chargebacks** in the event of non-compliance (please note that new guidelines and/or chargebacks may be added at any time as required):

COMPLIANCE CHARGEBACK LIST			
Metric	Delivery Guideline	Violation	Chargeback Amount
ON-TIME	On-Time Shipment (OTS) Handed over to Carrier within Ship Window : 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 > 3 business days after PO CHO Date	 2% x QTY* early 5% x QTY* late *(PO value) 2% x QTY* early 5% x QTY* late *(PO value)

	On-Time Delivery (OTD) Delivered to DC or Store within Delivery Window: 3 bus. days earlier/3 bus. days later than agreed to PO Delivery Date	Delivered to DC/Store: > 3 business days earlier than PO Delivery Date > 3 business days after PO Delivery Date	2% x QTY* early 5% x QTY* late *(PO value)
	ASN Delivery <ul style="list-style-type: none"> Sent immediately after shipment departs from vendor's facility Received and processed successfully before delivery of physical shipment at DC/Store(s) 	Missing/Late ASN: <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 (RDC) Online DC (ODC) Store 	\$250 per PO
	DC/Store Delivery Requirements: <ul style="list-style-type: none"> Appointment Booking Correct Address/Ship Location Paperwork 	DC/Store Delivery: <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,...) 	\$250 per PO
COMPLETE	Fill Rate PO Line 98%-102% filled on: <ul style="list-style-type: none"> Initial shipment Overall PO 	Fill rate variance from PO Line QTY	5% of non-compliant QTY* *(PO value not filled)
ACCURATE	Accurate Documentation <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 	\$100 per violation/PO (applies to all cases of inaccuracy/invalidity)
	Accurate EDI Documentation <ul style="list-style-type: none"> ASN Accuracy POA Accuracy Invoice Accuracy 	Various EDI document errors	\$100 per violation/PO
	Accurate UPC <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 	\$250 per PO

	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 	\$50 per UPC
	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 PO
	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 Sensitive, 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"> Correct Carton Weight Correct Carton Dimensions Correct Carton Volume (based on Case Dims) Correct Carton Type Carton Markings: UPC/QTY 	<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
	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/product 	\$250 per PO
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 	<p>Actual cost incurred per container (in CAD)</p> <p>\$100 USD per shipment</p>

	Customs Documents <ul style="list-style-type: none"> ▪ For international ocean shipments: 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. 	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)
PRODUCT DATA	Accurate & Complete Product Data	<ul style="list-style-type: none"> ▪ Refer to Product Data Compliance section for full detail 	\$50 per UPC (exception: \$100 per UPC for missing image)
ALL	Required Rework/Sorting to correct non-compliant shipment	<ul style="list-style-type: none"> ▪ For any sorting/rework required (at DC & Store locations) ▪ or, charged per unit (if required) – pricing TBD 	+ \$75/hr (in addition to fees above)

6.2. MEASURING NON-COMPLIANCE & NOTIFICATIONS

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. Non-compliance detections and respective chargeback amounts are communicated weekly via email notification, details of which can also be found on our Compliance portal (<https://indigo.traversesystems.com/>).

6.3. 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 disposed of to avoid inefficient use of labour and resources.

6.4. COMPLIANCE CHARGE DISPUTE PROCESS

Indigo allows vendors to dispute a compliance charge as follows:

- a dispute must be initiated on the Compliance portal with detail and respective supporting documentation;
- a dispute with no detail or supporting documents will be automatically denied.
- the dispute must be initiated within 60 (sixty) days of the chargeback notification (sent to vendor).

Examples of supporting documentation to include in a dispute:

- Reason for the dispute
- 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
- Emails with supporting information/details/pre-approvals
- Copy of approved PO Change Request Form

SECTION 7 – 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.) – (where applicable)

7.1. 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		
FAS	Free Alongside Ship	CFR	Cost and Freight
FOB	Free On Board	CIF	Cost, Insurance, Freight

Incoterms for Non-Containerized Ocean Freight:

Buyer = B

Seller = S

Cost Headings	EX W	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	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	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											

- (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.

7.2. INBOUND SHIPMENT REQUIREMENTS

7.2.1. 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
 - List of correct lot numbers (if applicable)
- b. 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).
- c. Packing List should be easily identified on the outside of the shipment.
- d. Packing List information should be accurate, reflecting the contents of the shipment.

7.2.2. BILL OF LADING

- a. For EDI vendors, the Bill of Lading # must be included in the transmission of the ASN (Advanced Shipment Notification).
- b. All shipments must be accompanied by a Bill of Lading.
- c. *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
6399 Cantay Road
Mississauga, Ontario
Canada
L5R 0G4
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 #55.
For Store deliveries, indicate Store # and address.

7.2.3 SURRENDER OF ORIGINAL BILL OF LADING FOR INTERNATIONAL SHIPMENTS

- In order for the cargo to be released to Indigo, copies of the Original Bill of Lading must be received by Delmar prior to delivery.
- Indigo prefers that vendors hand in the original bill of lading (surrender) to the local Delmar origin office and request that origin to issue a telex release to Delmar Toronto.
- Failing the above, original bills of lading are to be sent via courier to the attention of:

Chan Jagoda
Delmar International Inc
6399 Cantay Road
Mississauga, Ontario
Canada
L5R 0G4

- The Original Bill of Lading is required to be surrendered to Delmar International prior to vessel departure.

7.2.4 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
- Packaging Guideline

7.2.5 MINIMUM UTILIZATION STANDARDS FOR CONTAINERS

Indigo requires that all inbound, shipper loaded containers meet the following minimum utilization standards:

- 40' Standard Container: minimum utilization is 55 CBM
- 40' High Cube Container: minimum utilization is 65 CBM

Please note any shipments smaller than 55 CBM will be moved as LCL in a 40' container; Indigo does not accept shipments in 20' containers. Any exceptions to these requirements must be pre-approved by the Inbound Supply Chain Team at Indigo (inboundsc@indigo.ca) ahead of handover/delivery.

7.3 ROUTING INSTRUCTIONS

7.3.1 FOR INDIGO CONTROLLED-FREIGHT (WHERE APPLICABLE):

- Once your freight is ready, please complete the Freight Notification Form (see Appendix) 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 Contacts Section: 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 Indigoglobal@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.

7.3.2 BOOKING A DELIVERY APPOINTMENT (AT EACH INDIGO DISTRIBUTION CENTRE)

- 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 subject to a compliance chargeback (please refer to the Compliance Chargeback Schedule).
- 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.

Booking an Appointment at INDIGO RETAIL & ONLINE (BRAMPTON) Distribution Centres:

- 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.

7.3.3 DOMESTIC SHIPMENTS PROCEDURE (ORIGINATING WITHIN CANADA ONLY)

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 Indigo's 3PL Provider (i.e., Delmar International

V 9.1 May 2025

or G. Charles Taylor & Associates) 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.

If the size of the shipment is 5 skids or less, e-mail the Freight Notification Form to Delmar International at IndigoNA@delmar.ca.

If the size of the shipment is 6 skids or more, e-mail the Freight Notification Form to G. Charles Taylor & Associates at team@gctaylor.ca.

Upon receipt of the Freight Notification Form (FNF), the 3PL Provider will contact the vendor directly and provide routing instructions. Please note, in the absence of a prompt FNF, the 3PL Provider may contact the vendor to request the completed form for an upcoming order.

Vendor **must complete ALL fields of the freight notification form** at the time of making a booking with Indigo's 3PL Provider, 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

All domestic shipments must be accompanied by:

- Bill of Lading (BOL)
- Packing Slip/List

For vendor-controlled freight:

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).

Health and Safety Requirements for Deliveries to the DCs:

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.

Drivers must also wear the approved hi viz clothing once outside of their vehicle on Indigo property. This will include but not be limited to the following tasks:














- Opening / Closing trailer doors
- Applying / Removing wheel chocks
- Walking to and from the building
- While in the driver cage, reporting into the Security / Main Desk and walking in the Distribution Center

The compliant hi viz clothing requirements are as follows:

- **Class 2 or Class 3** as per CSA Z96-22 Standard (see Table 1 below)
- **Class 2 or Class 3 (Type R or P)** as per ANSI / ISEA 107 Standard (see Table 1 below)
- Non ANSI / CSA labeled or defective hi viz clothing shall be deemed non-compliant

Table 1

Class 2 / Class 3 Hi Viz Clothing

Class	Description	Images (Samples)
Class 2 	<ul style="list-style-type: none"> • Made of fluorescent background materials which are either yellow-green, orange-red or red. • provide moderate body coverage and superior visibility • Must provide full coverage of the upper torso (front, back, shoulders) and side coverage of at least 50 per cent 	  
Class 3 	<ul style="list-style-type: none"> • Provides the greatest coverage as well as the highest visibility • Includes everything in Class 2 plus it must also include stripes around the arms and the legs. 	  
Class 1 	   	

Class 2 hi viz safety vests will be available at all Transport Truck Driver entry points for **borrowing**. Additional safety requirements may also apply as per protocol at the given time (ie use of PPE, etc...)

7.3.4 INTERNATIONAL SHIPMENTS PROCEDURE & ADDITIONAL REQUIREMENTS (ORIGINATING OUTSIDE OF CANADA, INCLUDING FROM U.S.A)

PROCEDURE

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 (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.

For CIF and DAP vendors, a **Pre-Alert Form** must be completed and e-mailed or faxed to Delmar International at Indigoglobal@delmar.ca

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.

Please note: If the size of the ground shipment is 6 skids or more, please email the completed Freight Notification Form to G. Charles Taylor & Associates at team@gctaylor.ca instead.

Vendor **must complete ALL fields of the Freight Notification Form** at the time of making a booking with Delmar International, including:

- 2. Indigo Purchase Order No.(s)
- 3. Indigo Purchase Order Delivery Date(s)
- 4. Ship-To Location Address (Destination)
- 5. Mode of Transport
- 6. Shipment QTY
- 7. Weight & cubic measure

7.3.5 SOLAS REQUIREMENTS & VGM 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 the respective compliance chargeback. Please refer to the **Appendix** section 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

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.

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.

7.3.6 ORIGINAL CUSTOMS DOCUMENTS

Original Customs Documents must be sent to Delmar International as follows (soft copies are acceptable via e-mail and can be sent to customsdocscan@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 compliance chargeback as per the Compliance Chargeback Schedule.

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.

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).

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. Additional safety requirements may also apply as per protocol at the given time (ie use of PPE, etc...)

7.3.7 CANADIAN CUSTOMS CLEARANCE DOCUMENT REQUIREMENTS

INTERNATIONAL (AIR & SEA) SHIPMENTS:

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.

Requirements:

- Customs Documents must be sent to Delmar International via e-mail and can be sent to indigoglobaldocs@delmar.ca
- **Email subject line must include Indigo PO# and ocean house bill of lading number.**
- Failure to have the Indigo PO# in the subject line and ocean bill of lading number will result in the documents being rejected.

Timing:

- **International OCEAN/SEA shipments:** Documents must be provided to Delmar not later than 3 days after vessel departure.
- **International AIR shipments:** Documents must be provided to Delmar prior to cargo departure
- Failure to deliver Customs documents on-time may result in late document and storage/yard movement compliance chargebacks.

Customs document package to include:

- commercial invoice
- packing slip
- certificate of origin if applicable
- copy of house bill of lading for ocean shipments
- copy house airway bill for air shipments

Commercial invoices must include the following information:

- country of origin
- currency
- complete address of vendor
- Indigo must be shown as importer of record
- date of direct shipment
- PO number(s)
- total Shipment quantity & total unit quantity
- detailed description including UPC #
- unit price & total line value
- Incoterm
- shipments moving under pre-paid terms must show freight value

NORTH AMERICAN (GROUND) SHIPMENTS:**Requirements:**

- Customs Documents must be sent to Delmar International via e-mail to pars@delmar.ca

- Must be sent a minimum of 3 business days in advance of the CHO date.
- **Email subject line must include Indigo PO#**
- Failure to have the Indigo PO# in the subject line and ocean bill of lading number will result in the documents being rejected.

Customs document package to include:

- commercial invoice
- packing slip
- certificate of origin if applicable

Commercial invoices must include the following information:

- country of origin
- currency
- complete address of vendor
- Indigo must be shown as importer of record
- date of direct shipment
- PO numbers(s)
- total Shipment quantity & total unit quantity
- detailed description including UPC #
- unit price & total line value
- Incoterm

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		

Figure 10 – Customs Documents Requirements

7.3.8 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 and instructions for completion can be found in the Appendix section.

7.3.9 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 Dec. 31, 2024. 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)

The following can be found in the Appendix section:

- A copy of a Form "A" Certificate of Origin
- Instructions for completion
- A list of qualifying countries

7.3.10 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.

7.3.11 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) and instructions for completion can be found in the Appendix section.
- 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.

7.3.12 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 8 - CONTACTS

1. DISTRIBUTION CENTRES & SHIPPING

MAILING / DELIVERY ADDRESSES	
Location	Address
Retail & Online Distribution Centre	100 Alfred Kuehne Boulevard Building # 55 Brampton, ON, Canada L6T 4K4

HOURS OF OPERATION		
Location	Phone	Business Hours
Retail & Online Distribution Centre	Bus: 905-789-1234 800-974-7381	Sunday 11:00pm– Friday 11:10pm (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	IndigoNA@delmar.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	
<ul style="list-style-type: none"> • International • Domestic & North America (5 skids or less) • Domestic & North America (6 skids or more) 	G. Charles Taylor & Associates team@gctaylor.ca		
Customs & Brokerage	IndigoCustoms@delmar.ca	Fax: 905-206-9925	

Pre-Alert Forms	customsdocscan@delmar.ca	Fax: 905-206-9925	
------------------------	--	-------------------	--

2. VENDOR COMPLIANCE, EDI, MASTER DATA

KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
EDI (Electronic Data Interchange)	Indigo EDI Support edisupport@indigo.ca InterTrade Customer Support support@intertrade.com InterTrade ecCatalogue solutions@intertrade.com	1-800-873-7803	Monday to Friday 9:00 AM – 5:00 PM (EST) Monday through Friday, excluding holidays) 8:30am – 8:00pm EST
Master Data	pim@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
Vendor Onboarding/ Set-up	VendorSetup@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
Vendor Compliance	VendorCompliance@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
Compliance Chargebacks & Disputes	logon to the compliance portal (24/7) https://indigo.traversesystems.com/		

3. QUALITY ASSURANCE, SUSTAINABILITY, DEI & ETHICAL SOURCING

KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
Senior Manager, Product Quality	Tony Tsang ttsang@indigo.ca		Monday to Friday 9:00 AM – 5:00 PM (EST)
Sustainability & Ethical Sourcing	Geoff Suares gsuares@indigo.ca		
Diversity, Equity & Inclusion (DEI)	diversity@indigo.ca		

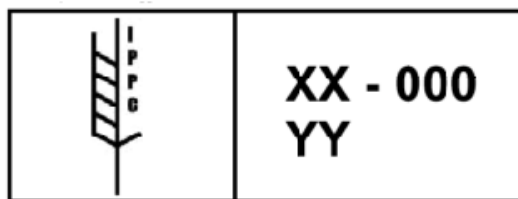
4. ACCOUNTS PAYABLE

KEY CONTACTS			
Inquiry	Contact	Phone	Business Hours
Accounts Payable	A/P Dept. 100 Alfred Kuehne Boulevard Building # 55 Brampton, ON, Canada L6T 4K4		Monday to Friday 9:00 AM – 5:00 PM (EST)
A/P - Invoice Payment Attention to: (Based on Vendor Name Alpha)	Christine Morgan A-D Lorna Bautista E-K Genieve Carridice L-Q Luisa Sequeria R-Z Jadranka Markotic Thomas Allen & UTP		

WOOD PACKAGING REQUIREMENTS

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).

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.

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.

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.

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>

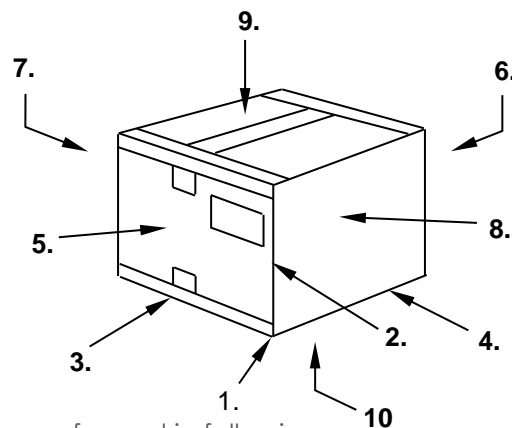
Drop Test Procedures

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

FREIGHT NOTIFICATION FORM

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

Final consignee box must be checked off, along with final Destination Toronto.

Please submit completed form as follows:

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

Date of Notification: _____

Vendor:	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 # 55 Brampton, ON L6T4K4	
Shipper (if different from Vendor): Contact: Telephone: Fax: Email:	Indigo P.O. Number(s):	
	Final Destination:	
	P.O. Completion Date: (Cargo ready date) PO Due Date into the Indigo DC: (date of delivery at Indigo)	
Total Number of Pallets/Cases/Units: <input type="checkbox"/> Palletized <input type="checkbox"/> Floor Loaded	Total Weight: _____ kg Shipment Volume: _____ m ³	
Freight Terms: <input type="checkbox"/> EXW <input type="checkbox"/> FOB <input type="checkbox"/> FCA	Name of Origin Port/ Terminal: (if FOB/FCA)	
Mode of Transport:	Equipment Required:	
<input type="checkbox"/> Ocean LCL <input type="checkbox"/> Ocean FCL <input type="checkbox"/> Air	<input type="checkbox"/> 20' <input type="checkbox"/> 40' <input type="checkbox"/> 40' High Cube <input type="checkbox"/> 45' <input type="checkbox"/> Special Equipment	
Commodity Description/Special Handling:		
<u>IMPORTANT</u>		

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**.

Indigo Inbound Truck Bill of Lading

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

Indigo

Ship From (include full address, contact name, phone no. and email): 				Date:																																																													
				Bill of Lading No:																																																													
				Bar Code Space																																																													
				Carrier Name:																																																													
Ship to (include specific Indigo DC location): Indigo Books & Music Distribution Centre 100 Alfred Kuehne Blvd Building # 55 Brampton, ON L6T4K4				Trailer No./Seal No:																																																													
				SCAC:																																																													
Third Party Freight Charges - Bill To: Delmar International Inc 10636 Cote de Liesse Lachine, QC H8T1A5 TEL: 514 636 8800				Pro No:																																																													
				Bar Code Space																																																													
Special Instructions: 				Freight Charge Terms (3rd party unless marked otherwise) <input type="checkbox"/> Prepaid <input type="checkbox"/> Collect <input checked="" type="checkbox"/> 3rd Party																																																													
				Appointment required (Y/N)																																																													
				Lift Gate Required (Y/N)																																																													
				On-site Loading Dock (Y/N)																																																													
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #d9e1f2;"> <th style="width: 10%;">PO#</th> <th style="width: 10%;">Qty of Units</th> <th style="width: 10%;">Qty of Cartons</th> <th style="width: 10%;">Qty of Pallets</th> <th style="width: 40%;">Product Description</th> <th style="width: 20%;">Total Weight</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr style="background-color: #d9e1f2;"> <td>Grand Total</td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>						PO#	Qty of Units	Qty of Cartons	Qty of Pallets	Product Description	Total Weight																																																	Grand Total					
PO#	Qty of Units	Qty of Cartons	Qty of Pallets	Product Description	Total Weight																																																												
Grand Total																																																																	
Date Cargo Available for pickup: Cargo Handover Date: Indigo In DC Date:				Pallet Dimensions:																																																													
Trailer Loaded by: <input checked="" type="checkbox"/> Shipper <input type="checkbox"/> Driver				Are Pallets Stackable? (Y/N):																																																													
Pallets Counted by: <input checked="" type="checkbox"/> Shipper <input checked="" type="checkbox"/> Driver				If Y, how many Pallet Positions used?:																																																													
This is to certify that the above named materials are properly classified, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.				Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle. Property described above is received in good order, except as noted.																																																													
Shipper Signature:				Carrier Signature:																																																													
Date:				Date:																																																													
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. Should you not receive a response within 24 hrs of submitting please inquire by phone or email																																																																	

FNF – INBOUND TRUCK BILL OF LADING FOR 6 SKIDS OR MORE

Indigo Inbound Truck Bill of Lading

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

Indigo

Ship From (include full address, contact name, phone no. and email): 				Date:	
				Bill of Lading No:	
Ship to (include specific Indigo DC location): Indigo Books & Music Distribution Centre 100 Alfred Kuehne Blvd Building # 55 Brampton, ON L6T4K4				Carrier Name:	
				Trailer No./Seal No:	
Third Party Freight Charges - Bill To: G. Charles Taylor & Associates Inc. 45 Baldwin St Dundas, ON. Canada L9H 1A7 Tel 905-777-1515				SCAC:	
				Pro No:	
Freight Charge Terms (3rd party unless marked otherwise) <input type="checkbox"/> Prepaid <input type="checkbox"/> Collect <input checked="" type="checkbox"/> 3rd Party				Appointment required (Y/N)	
				Lift Gate Required (Y/N)	
Special Instructions:				On-site Loading Dock (Y/N)	
PO#	Qty of Units	Qty of Cartons	Qty of Pallets	Product Description	Total Weight
Grand Total					
Date Cargo Available for pickup:				Pallet Dimensions:	
Cargo Handover Date:					
Indigo In DC Date:					
Trailer Loaded by: <input checked="" type="checkbox"/> Shipper <input type="checkbox"/> Driver				Are Pallets Stackable? (Y/N):	
Pallets Counted by: <input checked="" type="checkbox"/> Shipper <input checked="" type="checkbox"/> Driver				If Y, how many Pallet Positions used?:	
This is to certify that the above named materials are properly classified, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.				Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle. Property described above is received in good order, except as noted.	
Shipper Signature:				Carrier Signature:	
Date:				Date:	
<p align="center">IMPORTANT</p> <p align="center">This document is to be filled out by ALL Vendors shipping goods destined for Indigo Books & Music Inc. ("Indigo").</p> <p align="center">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. Should you not receive a response within 24 hrs of submitting please inquire by phone or email</p>					

PRE-ALERT FORM

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

Please email the completed document to **Delmar International at indigoglobaldocs@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 # 55 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 <hr/> Shipment Volume: _____ m ³	
Freight Terms: (if CIF/DAP, name port/terminal) <input type="checkbox"/> CIF <input type="checkbox"/> DAP			
Mode of Transport:		Carrier Name & Contact:	
<input type="checkbox"/> Ocean LCL <input type="checkbox"/> Ocean FCL <input type="checkbox"/> Air <input type="checkbox"/> Truck LTL <input type="checkbox"/> Truck FTL			
Commodity Description/Special Handling:			
<p style="text-align: center;"><u>IMPORTANT</u></p> <p>This document is to be filled out by ALL Vendors shipping goods destined for Indigo Books & Music Inc. ("Indigo") and the shipper is responsible for freight charges.</p>			



INTERNATIONAL
MARITIME
ORGANIZATION

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



Mandatory fields

SHIPPER VGM DECLARATION (LCL)

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

*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:	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: Marks & numbers *No. & Kind of Pkg: 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.

© 2016 Delmar International Inc All rights reserved.

SHIPPER VGM DECLARAITON (LCL) | Page 94 of 115 | 05.20.2016 -v.01

* Mandatory fields

SHIPPER VGM DECLARATION (FCL)

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

*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:

© 2016 Delmar International Inc All rights reserved.

SHIPPER VGM DECLARAITON _ANNEX-A (FCL) | Page 97 of 115 | 05.20.2016 -v.01

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.

B. CANADA CUSTOMS INVOICE

(SAMPLE ONLY)

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

 Canada Border Services Agency Agence des services frontaliers du Canada		CANADA CUSTOMS INVOICE FACTURE DES DOUANES CANADIENNES		PROTECTED PROTÉGÉ	B when completed une fois rempli
1. Vendor (name and address) - Vendeur (nom et adresse)		2. Date of direct shipment to Canada - Date d'expédition directe vers le Canada YYYY/mm/dd			
4. Consignee (name and address) - Destinataire (nom et adresse)		3. Other references (Include purchaser's order No.) Autres références (Inclure le n° de commande de l'acheteur)			
8. Transportation: Give mode and place of direct shipment to Canada Transport : Précisez mode et point d'expédition directe vers le Canada		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 ORIGIN AGAINST ITEM IN 12. SI L'EXPÉDITION COMPREND DES MARCHANDISES D'ORIGINES DIFFÉRENTES, PRÉCISEZ LEUR PROVENANCE EN 12.			
		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)	Selling price - Prix de vente		
			14. Unit price Prix unitaire	15. Total	
18. If any of fields 1 to 17 are included on an attached commercial invoice, check this box Si tout renseignement relativement aux zones 1 à 17 figure sur une ou des factures commerciales ci-attachées, cochez cette case		16. Total weight - Poids total Net		17. Invoice total Total de la facture	
19. Exporter's name and address (if other than vendor) Nom et adresse de l'exportateur (s'il diffère du vendeur)		20. Originator (name and address) - Expéditeur d'origine (nom et adresse)			
21. Agency ruling (if applicable) - Décision de l'Agence (s'il y a lieu)		22. If fields 23 to 25 are not applicable, check this box Si les zones 23 à 25 sont sans objet, cochez cette case			
23. If included in field 17 indicate amount: Si compris dans le total à la zone 17, précisez : (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 (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 (iii) Export packing Le coût de l'emballage d'exportation		24. If not included in field 17 indicate amount: Si non compris dans le total à la zone 17, précisez : (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 (ii) Amounts for commissions other than buying commissions Les commissions autres que celles versées pour l'achat (iii) Export packing Le coût de l'emballage d'exportation		25. Check (if applicable): Cochez (s'il y a lieu) : (i) Royalty payments or subsequent proceeds are paid or payable by the purchaser Des redevances ou produits ont été ou seront versés par l'acheteur (ii) 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	

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

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.

FORM A – CERTIFICATE OF ORIGIN

(SAMPLE ONLY)

1. Goods consigned from (Exporter's business name, address, country)			Reference No. GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A		
2. Goods consigned to (Consignee's name, address, country)					
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.
11. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. Place and date, signature and stamp of certifying authority.			12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in (country) and that they comply with the original requirements specified for those goods in the Generalized System of Preferences for goods exported to (importing country) Place and date, signature of authorized signatory		

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.

CUSTOMS TARIFF – SCHEDULE

LIST OF COUNTRIES AND APPLICABLE TARIFF TREATMENTS

Please use the following link to access a list of the countries and territories that are designated as beneficiary countries for the purposes of the tariff treatments indicated. Tariff Treatment abbreviations are defined in Section 27 of the *Customs Tariff*.

<https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/current-actuel-eng.html>

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.

C. 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 DD - MM - YY To DD - MM - YY
3 Producer's Name and Address: Tax Identification Number: ►	4 Importer's Name and Address: Tax Identification Number: ►

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

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

B232 E (08)

(Ce formulaire existe aussi en français)

BSF314 E

Canada