DROP SHIP VENDOR GUIDE

v.3.0 (Sept 2024)

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1. DROP SHIP PROGRAM OVERVIEW

At Indigo, our mission is to add joy to our customers' lives. In today's retail space, speed, convenience, innovation, and personalization have become cornerstones of the customer experience. Guided by these new standards, Indigo has introduced a Drop Ship Program to offer customers an expanded assortment of products beyond what is carried in our stores and our current online warehouse.

The Drop Ship program allows vendors to fulfill orders from their inventory directly to Indigo's customers. Having a collaborative relationship with our vendor partners is an important part of delivering a successful program. The following manual is developed to ensure that all participating vendor partners have a clear understanding of the operational and technical requirements of Indigo's Drop Ship Program.

This document is an addendum to Indigo's Vendor Manuals, specific for our Drop Ship vendors.

INDIGO VENDOR CODE OF CONDUCT

Please refer to Indigo's **Vendor Code of Conduct found in the link below:**

https://static.indigoimages.ca/2021/indigo-vendor-code-of-conduct-aug2021.pdf

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 which can be found at the link below, and vendors are encouraged to report any wrongdoing or suspected wrongdoing related to Indigo's operations:

Indigo Open Door Ethics Hotline | chapters.indigo.ca

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

VENDOR ELIGIBILITY FOR DROP SHIP

The requirements for a vendor to participate in the Indigo Drop Ship Program are as follows.

For Vendors who are currently using EDI (electronic data interchange) to communicate with retailers and other customers, they must:

- onboard to EDI with Indigo
- send an inventory feed for current in-stock titles only (EDI 846 sent at min. daily or multiple/day)
- acknowledge order within 1 business day of order receipt (POA within 24 hrs)
- ship out order within 2 business days of order receipt (ASN within 48 hrs)
- print shipping labels to our specifications
- successfully pass the pre-production test

BUSINESS HOURS AND HOLIDAYS

For the purposes of this Vendor Guide, "business days" means Monday, Tuesday, Wednesday, Thursday and Friday. Holidays are considered provincial & federal statutory holidays. Our requirements for POA, Shipping/ASN & Inventory updates are based on these definitions. If there are any planned gaps in a vendor's operations, it is the responsibility of the vendor to inform the Indigo Team with sufficient advanced notice (i.e. warehouse closure, system downtime, etc…)

As it relates to order management, we consider a business day to commence at the time the PO is systematically received by the vendor.

Examples:
- If an order is placed by a customer and received by the vendor at 10am EST, then by 10am EST the next day is considered to be 1 (one) business day.
- If an order is placed by a customer and received by the vendor on a Friday or on a weekend, then the next business day would fall on the following Monday (i.e. order sent on a Friday at 3:30pm EST, then by Monday at 3:30pm EST would be considered as 1(one) business day).
- If an order is placed by a customer on a national/provincial holiday, then the order receipt day by vendor would be considered to be on the next business day.
- However, if the vendor warehouse operates on weekends and holidays, orders may ship when ready based on operational days.

2. VENDOR ONBOARDING

Once a vendor meets the eligibility requirements, and negotiations have been completed, the onboarding for the Drop Ship Program will begin and will include the following steps:

VENDOR REGISTRATION (for new vendors only)

As a part of the onboarding process, each prospective Drop Ship vendor must complete Indigo's drop ship 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.

Registration Checklist

● Complete
○ Incomplete

● Vendor Agreement
● Registration Checklist
○ General Business Information
○ Company Code Information
○ Business Address
○ Country Specific Tax Information
○ Banking Details
○ Diversity, Equity and Inclusion
○ Sustainability
○ Certificate of Insurance
○ Document Upload
○ Review and Submit

Please be prepared to provide the following before you proceed with registration:

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
6. Document Upload

Thank you. For any questions, please contact helpdesk vendorsetup@indigo.ca

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Upon completion of vendor registration, an Indigo Vendor ID will be assigned and communicated to the vendor, which will enable the following steps in the onboarding process:

DROPSHIP INTEGRATION

i. **Dropship EDI set-up:**
- onboard with Indigo's EDI provider to either complete Testing & Certification for an integrated solution or utilize the Web solution;
- exchange required Drop Ship EDI documents;
- produce an Indigo branded packing slip.

ii. **Catalog Load**

Drop Ship titles must be loaded to Indigo's system using the **832 Price/Sale Catalog** transaction for all available titles at the respective Drop Ship warehouse location.

       iii. Pre-production Testing

Drop Ship vendors will be required to complete a pre-production test before completing onboarding. This includes an end-to-end live test shipment.

DROPSHIP EDI REQUIREMENTS

Integrating via EDI:

Below are the EDI requirements to become a Drop Ship trading partner with Indigo. Please ensure that you review and share this information with anyone in your company who may need it.

EDI Transaction Set:

Below are the EDI Documents that are required for Drop Ship:
- **846 Inventory Inquiry/Advice** (Inventory Position)
- **832 Price/Sales Catalog**
- **850 Purchase Order** (PO)
- **855 Purchase Order Acknowledgment** (POA)
- **856 Advance Ship Notice** (ASN)
- **810 Invoice**
- **997 Functional Acknowledgement** (FA)

EDI Provider:

We have partnered with SPS Commerce (formerly Intertrade) to manage the transition of our vendors to EDI with Indigo.

New vendors to Indigo: transitioning to EDI with Indigo

Once onboarding has been completed and an Indigo Vendor ID has been issued, the Drop Ship team will connect you with SPS Commerce to initiate EDI onboarding.
- Vendors requiring VAN integration will complete testing and certification.
- Vendors requiring a Web EDI solution will be onboarded to SPS Fulfilment (Web EDI platform), with the required training.

Once this process is initiated, vendor should complete the EDI onboarding requirements, testing, training as soon as possible to ensure this is completed in a timely manner.

There is a cost to transition to EDI that depends on the nature of the solution that you choose to utilize. SPS Commerce will confirm all the details of your transition, including the costs involved.

Existing Vendors – EDI capable: Testing & Certification

Existing vendors transacting via EDI with Indigo will be expected to implement new drop ship EDI documents. Vendors will be notified of any such developments and will work directly with SPS Commerce to Test & Certify the new documents as required. To add Drop Ship capability,

two new EDI documents that will be required are the **846 Inventory Advice/Inquiry** (i.e. inventory position file) and the **832 Price/Sales Catalog**

Existing Vendors – not EDI capable: Web Solution

Vendors requiring a Web EDI solution will be onboarded to SPS Fulfilment (Web EDI platform), with the required training. SPS Commerce will confirm all the details of your transition, including the costs involved.

Vendor EDI Contacts & Updates

If the EDI contact person for your company changes, please ensure you update the information in your vendor account on the **Indigo Vendor Hub.**

Maintaining these contacts is very important to ensure effective communication of any transmission issues or a change in EDI document, policies etc.

If your company is going to change your EDI service provider, **please advise EDIsupport@indigo.ca well in advance** to making this change.

EDI Transmission

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

EDI Transaction	Data	Direction	Frequency
EDI 846	Inventory Advice/Inquiry (inventory position file)	To Indigo	Minimum **Daily, vendor** can send **multiple times/day**
EDI 850	Purchase Order	From Indigo	**Daily**, as required
EDI 832	Price/Sales Catalog	To Indigo	One **full file** & one **delta file per week**
EDI 855	Purchase Order Acknowledgement	To Indigo	**Within 1 business day of receiving the 850 PO** (excluding weekends & holidays)
EDI 856	ASN	To Indigo	**Within 2 business days of receiving the 850 PO** (excluding weekends & holidays) **and** immediately following shipment of an order
EDI 810	Invoice	To Indigo	Along with ASN
EDI 997	Functional Acknowledgment	Bi-directional	Immediately sent by the respective recipient system following each EDI document transmission

Indigo

Inventory Inquiry/Advice (EDI 846) must be received from vendor at minimum once per day for each of their warehouse locations; however, vendor may send the 846 multiple times per day, as approved by Indigo.

Price/Sales Catalog (EDI 832) must be received from vendor at minimum once per week, each of one full file and one delta file, for each of their warehouse locations.

Purchase Orders (EDI 850) will be transmitted from Indigo to vendor daily and may be sent multiple times a day.

Purchase Order Acknowledgment (EDI 855) for each PO must be transmitted by vendor to Indigo **within one (1) business day** of receiving the EDI 850 PO (excluding weekends & holidays).

The ASN (EDI 856) must be sent **within two (2) business days** of receiving the EDI 850 PO (excluding weekends & holidays) and immediately following the shipment of an order **with tracking details included** to allow Indigo to confirm shipment and **tracking number** with the customer.

The Invoice (EDI 810) is expected to be sent at the same time as the EDI 856 ASN.

The Shipping Label will be printed by the vendor as per the respective carrier format.

The **Functional Acknowledgment (EDI 997)** is sent bi-directionally following each EDI document transmission; it is an electronic receipt from each system to confirm delivery of an EDI document.

Please note that non-compliance with our EDI specifications and transmission requirements/timelines may result in cost recovery chargebacks.

PRE-PRODUCTION TEST ORDER

The last phase of the onboarding process may include an end-to-end test order with the vendor to ensure that all EDI, packing, labelling and documentation requirements, product and shipment quality meet Indigo's required standards.

INVENTORY ADVICE – 846

Indigo **does not accept backorder**, **pre-order or on-order items in the Inventory Advice – 846** (no future dates are accepted in the EDI 846). **In-stock items only.**

For vendors leveraging an EDI Solution: The 846 is required at a minimum on a daily basis but can be sent multiple times per day (excluding weekends and holidays) to ensure accurate inventory quantities.

3. ORDER FULFILMENT

Below are Indigo's expectations for successfully fulfilling a Drop Ship order.

ORDER ACKNOWLEDGMENT - POA

Indigo requires vendors to send an acknowledgment of a Drop Ship order using an EDI 855 Purchase Order Acknowledgment within twenty-four (24) hours (or 1 business day) of receiving the respective EDI 850 Purchase Order (excluding weekends & holidays, unless vendor warehouse is operational during those times); this is the defined "POA Transmission Window".

Indigo will only accept the following updates in an **EDI 855 POA:**

- quantity change;
- cancellation of one or all items (cancellation can be done at the PO line level);
- **Please note: date changes are NOT accepted (no backorders allowed).**
- **Indigo will not accept a follow-up POA for Drop Ship orders.**
- **We can only accept one EDI 855 POA per Drop Ship PO**.

Failure to send an accurate POA within the required Transmission Window may result in a non-compliance chargeback.

ADVANCE SHIP NOTICE - ASN

Vendors are required to send an EDI 856 ASN within forty-eight (48) hours (or 2 business days) of receiving the respective EDI 850 Purchase Order (excluding weekends & holidays), and immediately after the order has shipped; this is the defined "ASN Transmission Window".

The ASN **must contain**:
- a single PO shipped to the end customer
- We can only accept **one ASN per Drop Ship PO**
- **carrier tracking information**.

A shipment notification is subsequently sent to the customer with the tracking number for the respective order. **Please ensure the tracking number is accurate.**

Failure to send an accurate/complete ASN (with detail outlined above) within the required Transmission Window may result in a non-compliance chargeback.

ON-TIME SHIPMENT

Vendor is required to have all in-stock Drop Ship orders shipped from their warehouse within forty-eight (48) hours of receiving the Purchase Order (EDI 850 PO) (excluding weekends & holidays), unless agreed upon in prior negotiations; this is the defined as the "Ship Window"

Failure to send a shipment to customer within the required Ship Window may result in a non-compliance chargeback.

CARRIERS

To fulfill our Dropship orders, Indigo has relationships with the following carriers. During onboarding you and the Dropship Team will arrange for a specific carrier(s) to be used to fulfill orders to our customers.

- **UPS –** this is our preferred carrier
- **Canada Post** – used for PO Box addresses and Ship-to-store dropship orders only (if applicable)

ORDER FULFILMENT RATE

The expectation is for a vendor to maintain a fulfilment rate of minimum 98% in order to continue to participate in the Drop Ship program.

Indigo will not accept backordered items. If the item is not available to ship at the time the Drop Ship order is sent, the vendor must reject the item through the 855 EDI POA within twenty-four (24) hours (or 1 business day) of vendor's receipt of 850 EDI PO.

ORDER CANCELLATIONS

Order cancellations due to a "No Inventory Position" must be communicated by vendor to Indigo through the 855 EDI POA within twenty-four (24) hours (or 1 business day) of vendor's receipt of 850 EDI PO.

For any order cancellations post-POA, vendor must immediately notify Indigo's Customer Service team (via email to billing@indigo.ca) with item/PO details.

Cancellation can be done at the PO line level.

Indigo expects a minimum ninety percent (90%) Order Acceptance Rate from the 850 Purchase Order to the 855 POA.

DELAYED SHIPMENTS

Should there be any delays in shipping an item/order within the allowable forty-eight (48) hour (or 2 business day) Ship Window, vendor must notify Indigo's Customer Service team (via email to billing@indigo.ca) with item/PO details.

Any items/orders delayed after they have been accepted in the POA may be subject to a non-compliance chargeback.

LOST ORDERS

Indigo will incur the costs involved with a replacement order for lost items only if the vendor can provide Proof of Delivery (POD) for the original order. If POD is not provided, vendor will be responsible for all costs related to the replacement order.

REPLACEMENT ORDERS

Replacement Orders will be required when vendor:

- ships the wrong item/merchandise to the customer;
- short-ships the order (missing items), without a prior notification of item cancellation;
- cannot provide a Proof of Delivery for a Lost Order.

Vendor may receive a new Replacement Order (EDI 850 PO) and will be required to send an EDI 856 ASN with new carrier tracking information for the replacement order.

Vendor will cover any and all costs that occur during fulfillment of a replacement order, including the shipping cost.

UNDELIVERABLE SHIPMENTS

If the carrier deems an order undeliverable, the vendor must immediately contact Indigo's Customer Service team (via email to billing@indigo.ca) with PO details for ship-to address verification.

4. DROP SHIP PACKING GUIDELINES

Merchandise must be packed and shipped in a new, plain (where possible), securely sealed corrugated box/carton or protective shipping sleeve/envelope (depending on the size of the shipment).

- The box/carton or sleeve/envelope may contain minimal vendor markings, with no vendor name, logo, or branding. Any exceptions to this requirement must be pre-approved by Indigo by email request to VendorCompliance@indigo.ca

- There must be sufficient (but not excessive) packing and inserts inside the box/carton/sleeve/envelope to ensure damage-free shipment to the customer.

Unless explicitly approved in writing by Indigo, the box/carton/sleeve/envelope must not contain any promotional or marketing material inserts from the vendor.

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.

5. DROPSHIP FULFILLMENT INTERUPTION

Vendors must provide a minimum of sixty (60) days written (email) notice for significant interruptions to their Drop Ship fulfilment, such as operational or technical changes that may affect the direct-to-consumer process (i.e. warehouse changes/moves, closures, technological changes, etc.)

Changes are to be communicated in writing to Indigo via email at VendorCompliance@indigo.ca; failure to notify Indigo in a timely manner may result in a non- compliance chargeback.

6. COMPLIANCE CHARGEBACKS – DROP SHIP

As part of Indigo's Vendor Compliance Program, below is the list of Compliance Chargebacks that may apply to drop ship orders identified as non-compliant with Indigo's Drop Ship Guidelines. Please note that this list may be updated at any time as required.

Drop Ship Order Fulfilment Compliance Chargeback	Violation	Cost Recovery Charge
Late POA	POA not sent within 1 business day of PO receipt	$25 per PO
Late Shipment/Late ASN	ASN not sent within 2 business days of PO receipt	$25 per PO
Missing POA	POA not sent at all for order	$25 per PO
Missing ASN	ASN not sent at all for order	$25 per PO
Incorrect/Missing Tracking Number	Incorrect/Missing Tracking # in ASN	$25 per PO

Chargeback detail will be available and managed on Indigo's Vendor Compliance Portal (https://idg.traversesystems.com/#/login).

On the portal, vendors may:

- View Chargeback detail;

- Dispute chargebacks with supporting documentation/information (required) for a 60-day period following charge creation; only disputes with sufficient supporting detail may result in a charge reversal (reviewed on a case by case basis)

7. CONTACT INFORMATION

Inquiry	Contact	Business Hours
EDI (Indigo)	**Indigo EDI Support** **edisupport@indigo.ca**	**Monday to Friday 9:00AM-5:00PM EST**
EDI - InterTrade Customer Support	**InterTrade Customer Support** **support@intertrade.com** For immediate assistance, please contact: **Intertrade Customer Support** 1-800-873-7803 (8:30am – 5pm EST, Monday through Friday, excluding holidays) For non-urgent assistance, please send an email to one of the following addresses based on the service you use, with your name, your company name, and a detailed description of the issue: • **InterTrade File Integration/Fulfillment (EDI) support:** **support@intertrade.com** • **InterTrade Web EDI: support@intertrade.com**	**Monday to Friday (excluding Holidays) 8:30am-8:00pm EST**
EDI - SPS Commerce Support Channels	**SPS Commerce Support Channels :** **https://www.spscommerce.com/customer-support/support/** 24/7/365 **SPS Fulfillment :** • Phone (Fastest Response): **888-739-3232** • Email : **support@spscommerce.com** • Chat Room	
Master Data (PIM)	**pim@indigo.ca**	**Monday to Friday 9:00AM-5:00PM EST**
Vendor Onboarding	**vendorsetup@indigo.ca**	**Monday to Friday 9:00AM-5:00PM EST**
Vendor Compliance **Compliance Chargebacks & Disputes**	**vendorcompliance@indigo.ca** **logon to portal (24/7)** **https://indigo.traversesystems.com/**	**Monday to Friday 9:00AM-5:00PM EST**
Order Delays & Cancellations (post-POA)	**billing@indigo.ca**	**Monday to Friday 9:00AM-5:00PM EST**

APPENDIX

INDIGO VENDOR MANUAL

The links to these documents are as follows:

The Vendor Manual for [Book Vendors](#)

The Vendor Manual for [General Merchandise Vendors](#)

INDIGO CUSTOMER DATA SECURITY GUIDELINES

Indigo considers Indigo Customer Data (as defined below) to be confidential information pursuant to the Vendor Agreement, which requires appropriate safeguards and protection. The following guidelines are meant to provide an overview of the standards that Indigo expects of any Indigo Customer Data shared with Drop Ship vendors:

1.   Definitions.
   a. "Indigo Customer Data" means any information related to Indigo's customers, including but not limited to: (i) Personal Information; (ii) loyalty program membership details; and (iii) transactional information.

   b. "Personal Information" means information about an identifiable individual, including, but not limited to, name, social insurance number, driver's license, or government identification number, mailing address, email address, phone number, and any other personally identifiable information.

   1. Security Policies and Safeguards. Vendors should establish and maintain an information security program which includes administrative, technical, and physical safeguards designed to protect against the destruction, loss, unauthorized access, use, alteration or disclosure of Indigo

   Customer Data in the possession or under the control of Vendor. The security program elements should be: (i) no less rigorous than those maintained by Vendor for its own information of a similar nature (but in no event using less than a reasonable standard of care); and (ii) no less rigorous than generally accepted industry standards; and (iii) as required by applicable laws.

The security procedures and safeguards implemented and maintained by Vendor should include the following measures and controls and/or their functional equivalents:

   i.   User identification and access controls designed to limit access to Indigo Customer Data to authorized users and to detect unauthorized access by users and third parties;
   ii.   the use of appropriate procedures and technical controls regulating data entering Vendor's network from any external source;
   iii.   the use of encryption techniques when Indigo Customer Data is transmitted or transferred into or out of the hosted environment;
   iv.   physical security measures, including without limitation, securing Indigo Customer Data within a secure facility where only authorized personnel and agents will have physical access to the Indigo Customer Data;

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operational measures, such as IT Service Management (ITSM) processes designed to ensure the correct and secure operations of information processing activities;
periodic employee training regarding these security programs; and
periodic testing of these systems and procedures.

3. Certifications and Third-Party Audits. To support Indigo's confidence and visibility to Vendor data security practices related to the Indigo Customer Data, Indigo strongly encourages Vendors to share information relating to internal and external information security audits and certifications, such as a Service Organization Control ("SOC") 1 requirements, SOC 2 requirements and/or International Organization for Standardization ISO/IEC 27018:2014.

4. Security Incident Response. If a Vendor becomes aware of facts or circumstances of a suspected or probable loss of or unauthorized access to (including by Vendor's employees or contractors), use of, or disclosure of any Indigo Customer Data (an "Information Security Incident"), Indigo expects that Vendors will:
   i. promptly (and in any event within 24 hours of becoming aware of such Information Security Incident), notify Indigo, in writing, of the occurrence of the Information Security Incident;
   ii. take reasonable steps to mitigate the effects and to minimize any damage to Indigo or affected individuals resulting from the Information Security Incident;
   iii. investigate the Information Security Incident and conduct a reasonable analysis of the cause(s) of the Information Security Incident;
   iv. provide periodic updates of any ongoing investigation to Indigo;
   v. develop and implement an appropriate plan to remediate the cause of the Information Security Incident to the extent the cause is within Vendor's control; and
   vi. cooperate with Indigo's reasonable investigation or Indigo's efforts to comply with any customer or regulator notification or other regulatory requirements applicable to the Information Security Incident.

5. Timely Destruction of Indigo Customer Data. Indigo expects that Vendors will have appropriate data retention and destruction practices, and that Indigo Customer Data in Vendor's possession and systems will be deleted and/or destroyed in a reasonable time period following the intended use of the Indigo Customer Data.