

# Indigo Books & Music Inc.

Fighting Against Forced Labour  
and Child Labour in Supply  
Chains Report

**!ndigo**

THIS STATEMENT ADDRESSES THE FISCAL YEAR PERIOD FROM APRIL 1 2024 TO MARCH 31 2025 ("FY25"), IN ACCORDANCE WITH CANADA'S 'FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT, SC 2023, C 9' (herein referred to as the "Act").

# Introduction

At Indigo, we do not tolerate any forms of modern slavery, including forced labour and child labour, in our operations or supply chains. We are committed to participating in the on-going fight against forced labour and child labour in global supply chains and will leverage our resources and network to understand and address any risk that may arise in our business. As a retailer, we feel a responsibility in actualizing our potential to contribute to the elimination of modern slavery.

Throughout this report we will give an overview of Indigo's structure and activities, as well as the policies and processes in place to prevent and reduce the risk of forced and child labour. We are committed to sharing the ongoing progress towards the fight against forced and child labour in our annual modern slavery report and impact report.

## **Summary of Steps Taken to Prevent and Reduce the Risk of Forced Labour or Child Labour:**

- We are members of the Supplier Ethical Data Exchange ("Sedex") platform, an industry leading sustainable supply chain management platform specializing in supplier mapping and risk mitigation.
- We require all Home Office employees from our merchant, product quality, sustainability, global sourcing and design departments to complete modern slavery training as part of annual recertification.
- Our corporate social responsibility program, which includes the ethical sourcing program, is led by the senior director of global sourcing and sustainability. Our executive team has full accountability over the performance and progress of Indigo's corporate social responsibility program.
- All new private label suppliers must submit a valid social compliance audit to be reviewed by the corporate social responsibility team prior to onboarding. If a private label supplier is unable to provide a compliant audit, they will not be permitted to work with Indigo. All social compliance audits must be performed by an accredited third-party audit body.
- During the on-boarding of our book publishers and general merchandise suppliers, we communicate Indigo's supply chain requirements, including the responsibilities and expectations we have for our suppliers as it relates to human rights. We also describe our social compliance audit requirements and corrective action process. All new suppliers must agree to our Vendor Code of Conduct.
- Our social compliance database houses all audit information for our private label suppliers including results, factory address, date the audit was performed, and any corrective action that may be required. This database is reviewed annually at minimum to ensure there is a valid social compliance audit in line with the Vendor Code of Conduct. We are currently in the process of onboarding all private label suppliers onto the Sedex platform.
- Our Open Door Ethics Hotline outlines the steps an individual can take to anonymously report a grievance or concern related to modern slavery.

# Our Structure, Activities & Supply Chain

**Structure:** Indigo is Canada's leading book and lifestyle retailer, offering a curated assortment of books, gifts, home and paper products that support customers by simplifying their journey to living with intention. Indigo operates retail stores in all ten provinces and one territory in Canada and has retail operations in the United States through a wholly-owned subsidiary, operating one retail store in Short Hills, New Jersey. Our retail operations are complimented by our digital channels, including indigo.ca and our mobile applications. As of March 2025, we operate 87 superstores under the Chapters and Indigo banners, and 74 small format stores under the Coles and Indigospirit banners. Indigo is headquartered in Toronto, Ontario and employs approximately 4,075 people across Canada.

**Activities and Supply Chain:** Indigo participates in the import, sale and distribution of goods into and within Canada through retail trade. Our business is made up of two key categories; books and general merchandise. Indigo's mission is to inspire reading and enrich the lives of booklovers. Books are at the core of the business, offering customers access to over 12 million books on our digital platforms and tens of thousands of titles in-store, with localized assortments that reflect the communities in which we operate. Indigo sources books from over 100 different publishers.

Our category managers share expertise and responsibility across categories of books, reviewing over 40,000 new publications each year. While books anchor Indigo's approach to retailing, they are complimented by a general merchandise assortment. The main product categories include Lifestyle, Paper and Kids. Our general merchandise business consists of a mix between national branded products and our proprietary private label products. The majority of the proprietary product assortment is globally sourced. Proprietary products are sold under a number of private labels including, but not limited to, Indigo, OUI, LOVE & LORE®, NÓTA, IndigoKids® and Indigobaby®

**Governance:** Accountability for Indigo's corporate social responsibility strategy is provided at the executive level and continuously maintained by the senior director of sustainability & global sourcing.

# Our Due Diligence Process & Policies

Indigo is committed to doing business in a legal, ethical, socially responsible and sustainable manner. In turn, we expect our suppliers, agents, service providers, and contractors to embrace this commitment to integrity by complying with the standards detailed in our Vendor Code of Conduct and communicating these standards to their workers and suppliers. Upon agreeing to Indigo's standard terms and conditions, suppliers acknowledge acceptance of the Vendor Code of Conduct and commit to adhering to its requirements.

We insist that our suppliers uphold the highest ethical standards in their workplace, business practices, conduct and policies. In addition to adhering to the Vendor Code of Conduct, suppliers must always comply and stay updated with local laws and regulations applicable in the countries in which they do business. Where there is a differing standard between the Vendor Code of Conduct and the local legal requirements, suppliers must comply with the higher standard. The Vendor Code of Conduct is based on the United Nations Universal Declaration of Human Rights, International Labor Organization Conventions and Recommendations, and other international standards. We operationalize our commitment to responsible sourcing in several ways:

## **Due Diligence Processes:**

We at Indigo recognize that an effective due diligence process is not static, but ongoing, responsive and changing. We regularly review and evolve our due diligence processes to align with the most up-to-date industry knowledge and best practices, and we remain committed to maintaining this approach throughout FY 2026 and beyond.

### Ethical Sourcing:

Onboarding: All book publishers and general merchandise suppliers must review and agree to our Vendor Code of Conduct prior to commencing business with Indigo.

Social audit requirements: All new private label suppliers must submit a valid social compliance audit to be reviewed by the corporate social responsibility team prior to onboarding, and annually thereafter. If a private label supplier is unable to provide a compliant audit, they will not be permitted to work with Indigo.

Corrective Action Plans (CAPs): If the result of a social compliance audit fails to meet Indigo's standards, we will request a corrective action plan (CAP) from the supplier. We value partnership and continuous improvement. However, because improvement is not always possible, we reserve the right to terminate a relationship at any time for failure to comply with our Vendor Code of Conduct.

# Our Due Diligence Process & Policies

Sedex:The Sedex platform allows us to access the social audit data of our private label suppliers, track corrective action, and identify key risk factors related to modern slavery. We are now requesting all private label suppliers to register with Sedex and establish a connection with Indigo through the Sedex platform. As part of the registration process, private label suppliers must complete a Self-Assessment Questionnaire (SAQ), which provides Indigo with critical insights into their working conditions. The Sedex platform enables more effective supply chain mapping and facilitates ongoing monitoring of supplier performance. In addition, it offers training resources and tools designed to support private label suppliers in building internal capabilities and driving performance improvement.

## Additional Enhancements to Indigo's Due Diligence Processes:

Building on our existing program, in FY 2025 we introduced several enhancements to our ethical sourcing and due diligence processes, including:

- **Bi-annual Cross-functional Reviews:** We have implemented cross-functional internal review of policies and risk factors to be conducted on a bi-annual basis.
- **Expanded Modern Slavery Training:** Our mandatory modern slavery training is being expanded to all Home Office employees, with full participation scheduled for the beginning of FY 2026. We will continue to strengthen our internal expertise through training courses and by engaging with other industry leaders and organizations.
- **Audit Consistency:** We have initiated the process of streamlining our list of accepted audit types to promote greater consistency across vendors and alignment of performance metrics.

## **Policies:**

### Employee Code of Conduct:

Indigo expects its employees to treat all suppliers, or those seeking to do business with us, with honesty, integrity and respect. In conducting business on behalf of Indigo, employees are bound by the Employee Code of Conduct. Our employees must certify acknowledgement and compliance to the Employee Code of Conduct on an annual basis.

### Open Door Ethics Policy:

Indigo Open Door is available to external parties to confidentially communicate any Code of Conduct concerns or violations with respect to Indigo employees and the suppliers that Indigo conducts business with. Any person who believes that a violation of the Indigo Vendor Code of Conduct or Employee Code of Conduct has occurred is asked to report the relevant information in confidence to:

[www.IndigoOpenDoor.ca](http://www.IndigoOpenDoor.ca)

# Vendor Code of Conduct

**Wages and Benefits:** Indigo is committed to pursuing fair compensation for workers within its supply chain. The Code requires that suppliers 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 details of pay provided on a pay slip or similar documentation. Suppliers must also provide all legally mandated benefits. ILO Conventions 26, 95 and 131 apply.

**Working Hours:** Indigo endorses internationally accepted working standards within its supply chain. The Code states that suppliers shall comply with the applicable local laws of working hours of the countries in which they conduct business, or with industry standards and relevant International Labour Organization (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 suppliers must compensate workers for overtime at the legal premium rate. ILO Conventions 1 and 14 apply.

**Child Labour:** Indigo prohibits the use of child labour. The Code mandates that suppliers, 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 the Code. ILO Conventions 79, 182 apply.

**Forced Labour:** Indigo does not tolerate the use of forced labour. The Code mandates that suppliers 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 supplier nor any entity supplying labour to the supplier 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.

# Vendor Code of Conduct

**Freedom of Association/ Worker Representation:** Indigo supports rights to collective action. The Code makes clear that all suppliers 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. Suppliers 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. Suppliers must provide an open and anonymous communication channel for workers to report grievances. ILO Conventions 87, 98, 135, 154 apply.

**Ethical Conduct:** Indigo enshrines ethical practices with its organization and with suppliers. The Code makes clear that suppliers 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. Suppliers 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:** Indigo holds its suppliers responsible for their own supply chains. Suppliers must ensure that all permitted subcontractors comply with the requirements of the Code.

**Management systems:** Indigo requires ongoing compliance with its Code, not just a point in time assessment. To combat forced and child labour, Indigo mandates that suppliers 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, suppliers must document and take prompt remedial action. Documentation and records must be maintained by suppliers at all times.

# Forced Labour & Child Labour Risks:

As a Canadian retail brand with a global supplier base, we understand that our business decisions have the potential to impact workers both domestically and internationally. We undergo the following procedures to assess and mitigate risks in compliance with the Act.

**Supplier Selection:** Monitoring the social compliance of business partners is an integral part of our corporate social responsibility program. We monitor each active business partner on an annual basis to verify compliance with applicable laws and regulations as well as the minimum standards included in the Vendor Code of Conduct. Indigo's procurement procedures are designed to enforce our Vendor Code of Conduct and Vendor Manual standards' minimum level of compliance prior to awarding a purchase order. The global sourcing team screens potential business partners for social compliance indicators during the qualification process. Each business partner is individually evaluated prior to onboarding and continued compliance with required standards is necessary to remain an active business partner.

**Sedex Risk Assessment:** In FY 2025 we became members of the Sedex platform, which strengthens our ability to assess and manage our supply chain risks. A key feature of the platform is its risk assessment tool which identifies potential risk factors based on geographic region, commodity type and factory audit information, and incorporates metrics related to labour standards, health and safety, business ethics, and environmental performance. Upon being onboarded, each supplier is assigned an Overall Risk Score that is based on two key components:

- **Inherent risk score:** This score measures the general level of risk associated with doing business in a specific country and sector.
- **Site characteristic score:** This score measures risk based on responses to the Self-Assessment Questionnaire (SAQ). For the Environment SAQ, site characteristics consider the type of work, business and location (e.g. proximity to sensitive areas). For the Core SAQs, risks are assessed based on the nature of the work, such as exposure to heavy machinery or hazardous materials.

The Sedex risk assessment methodology was developed by third party consulting firm Ergon and is informed by industry recognized sources such as The International Trade Union Confederation, Global Child Forum, UNICEF, United Nations Development Programme, World Economic Forum, International Labour Organization, and Transparency International.

As we continue to onboard suppliers to this platform, we will gain a more comprehensive understanding of the risks that are most relevant to our operations. This will enable us to identify, prioritize, and address the most significant risks to Indigo's business. We will continue to mitigate these risks by working with our suppliers to ensure that products are sourced, manufactured, and transported according to the standards outlined in the Vendor Code of Conduct. This Code is based on the United Nations Universal Declaration of Human Rights, International Labor Organization Conventions and Recommendations, and other internationally accepted standards.

# Our Training, Remediation & Effectiveness Measures:

**Training:** In FY 2025, Indigo implemented formal mandatory modern slavery training for our merchant, product quality, sustainability, global sourcing and design staff. Training is required for all new employees from the relevant departments, followed by annual recertification training. Training includes an overview of the different forms of modern slavery, indicators of modern slavery, and information regarding the Act.

Beginning March 2025, we have expanded our mandatory annual forced labour training to include all Home Office employees, with full completion scheduled for the beginning of FY 2026. We will continue to strengthen our internal expertise through training courses and by engaging with other industry leaders and organizations.

**Remediation Measures:** To date there have been no identified or reported instances of forced or child labour or loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour and child labour in our activities and supply chains. Our Open Door Ethics Hotline serves as a mechanism for reporting cases of suspected modern slavery.

**Effectiveness Measures:** To prevent and reduce the risk of modern slavery within our operations and supply chains, we assess the effectiveness of our ethical sourcing program on a minimum annual basis. This includes:

- Reviewing our social compliance database and Sedex platform to ensure a valid social compliance audit is on file for all active private label suppliers, and that the standards in our Vendor Code of Conduct are being met.
- Tracking and monitoring corrective action if a corrective action plan (CAP) is required from a supplier.
- Continuously engaging with industry experts and associations to ensure we're implementing the latest recommendations and best practices.
- Monitoring the Indigo Open Door Ethics platform and hotline for possible grievances and concerns.
- Reviewing our policies, processes, and risk factors as they relate to modern slavery.

# Approval & Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, “I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Full name: Heather Reisman

Title: Chief Executive Officer

Date: May 28th, 2025

Signature:



---

“I have the authority to bind Indigo Books & Music Inc.”