

Environmental Paper Policy

Indigo Books & Music Inc. is aware of the impacts of our business operations on our climate and natural world. We are also conscious of our role as stewards of the world's remaining ecologically sensitive areas and the potential role we can play in galvanizing change for forest conservation and business leadership on environmental issues. As one of North America's foremost book retailers and as a prominent business leader in Canada, Indigo is committed to environmental leadership and supporting Canada to become a world leader on sustainability.

Given that paper is where Indigo has its heaviest carbon and biodiversity footprint, we will implement an **Ancient Forest Friendly Paper Policy** over the next 5 years. Through this policy, Indigo aims to eliminate our use of wood fibre from endangered forests, and to facilitate a broader sustainability shift in the publishing and paper supply chain. Our paper policy is part of a broad commitment by Indigo Books & Music Inc. to environmental sustainability.

Indigo's Ancient Forest Friendly Paper Policy pertains to the following four priority business areas:

- **Indigo's Operations**
- **Environmental Visibility & Education**
- **Sector Leadership**
- **Vendor Practices**

Alleviating Stresses on Forests

Maximizing Recycled Fibre Use

Indigo Books & Music Inc. will seek to maximize the use of recycled and post-consumer recycled fibre in all its purchases of paper products. Specifically, Indigo Books & Music Inc. will pursue the following goals as it relates to:

Indigo Operations

- Achieve an average of 30% post-consumer recycled content in copier and printer paper; corrugated packaging products; catalogues and marketing materials within 12 months, 40% within 24 months, and 60% within 5 years.

Indigo Vendor Practices

- Require vendors to have an average of 20% post-consumer recycled content across *uncoated* book and magazine titles within 12 months, 30% within 24 months, and 50% within 5 years.
- Require vendors to have an average of 10% post-consumer recycled content across *coated* book and magazine titles within 12 months, 20% within 24 months, and 50% within 5 years.

Supporting Agricultural Residue Fibres

Indigo Books & Music Inc. will explore and encourage paper suppliers and vendors in the development and use of agricultural residues as a commercial fibre source for our paper products. We anticipate this will be a dynamic area of development for paper production in the following years and look forward to supporting its commercial adoption. We will set specific targets as this technology becomes closer to commercial realization in North America.

Increasing Paper Efficiency

Indigo Operations

Indigo Books & Music Inc. will benchmark its current consumption of paper and begin measuring its efforts to reduce fibre usage. Toward this end, Indigo Books & Music Inc. will continue its efforts to reduce its use of paper by utilizing alternative information platforms and introducing other paper efficiency initiatives (e.g., catalogue list maintenance, basis weight reductions, etc.). Indigo aims to reduce its paper fibre use by 25% by 2012 over a 2007 baseline.

Indigo Vendor Practices

Indigo Books & Music Inc. will engage individual vendors as well as the publishing industry as a whole in reducing over-production by the industry and improving paper efficiency.

Increasing Recycled Fibre Availability

Indigo Books & Music Inc. recognizes that increasing the availability of recycled fibre is an important part of alleviating future demands on forest ecosystems.

Protecting Endangered Forests

It is Indigo Books & Music Inc.'s intent to eliminate the use of paper and/or wood products that contain endangered forest fibre. This goal relates to the paper products specific to Indigo operations as well as the books and magazines that Indigo purchases from vendors. By doing so, Indigo strives to protect:

- **Landscape integrity** – Indigo will avoid sourcing from intact forest landscapes, forest restoration areas, remnant forest landscapes, and forest landscapes that provide ecological connectivity.
- **Biodiversity** – Indigo will avoid sourcing from rare forest types, forests exhibiting significant levels of species richness, rare ecological and evolutionary areas, the core habitat of conservation species, and areas which are home to high concentrations of rare and endangered species.
- **Ecosystem services** – Indigo will avoid sourcing from forest landscapes that provide key carbon storage and clean drinking water.

Priority Forest Regions

Indigo Books & Music Inc. recognizes the following priority forest regions for its paper conservation efforts:

- Coastal temperate rainforests
- Canadian Boreal Forest
- Tropical rainforests of the Amazon and Indonesia
- Some regions of the U.S. South East

Supporting Eco-Paper Development

Indigo Books & Music Inc. will work with other paper buyers to maximize commercially viable alternatives to paper milled from endangered forests. Indigo is committed to sharing best practices with other companies and will seek to positively influence our customers and suppliers through a leadership role.

Improving Forest Practices

Certification of Forest Management

Although Indigo Books & Music Inc. gives a preference to high-recycled content papers, Indigo recognizes the role of forest certification in improving forest management practices. To that end, for paper products where virgin fibre is a component, Indigo will preference products that are eligible for labeling according to FSC's standards. Paper and books that qualify for FSC labels are recognized under the Indigo paper policy.

Indigo Operations

We will encourage our suppliers to aggressively pursue FSC certification for all "on-the-ground" operations and will encourage paper suppliers to include increasing amounts of FSC pulp in our paper products, where virgin fibre is required.

Indigo Vendor Practices

Similar FSC requirements will be applied to the books and magazines Indigo Books & Music Inc. purchases from vendors.

Indigo Books & Music Inc. will use reasonable efforts to first influence changes within and, if not successful, seek alternatives and/or phase out doing business with suppliers that violate FSC principles (e.g., conversion of natural systems to tree plantations, or the use of genetically modified organisms).

Endangered Species

Indigo Books & Music Inc. will work to ensure that paper products do not originate from forests with globally, nationally, or regionally significant concentrations of biodiversity (endemism, endangered species, refugia) or from forest regions that are in or contain rare, threatened, or endangered ecosystems. If we find that any of our papers do contain fibre from such areas, we will engage our suppliers to cease operations in that area. If operations continue, we will eliminate sourcing that product and review our working relationship with that specific supplier.

Environmental Visibility & Education Initiatives

External

As Canada's leading book and magazine retailer, Indigo Books & Music Inc. has a unique role to play in helping build a compassionate society, and promoting paper and environmental stewardship. Recognizing that our retail outlets can be a powerful medium for reaching consumers, Indigo Books & Music Inc. will launch a comprehensive communications initiative to raise the profile of pressing environmental issues, practical environmental solutions and Indigo's actions to improve our own environmental performance. Indigo's education initiatives will include but not be limited to the following activities.

- Indigo will engage customers with in-store messaging around our environmental commitment and practices.

- Indigo will create in-store displays showcasing products from vendors who share our environmental commitment and practices.
- Indigo will take a leadership role on paper issues and support that role through advertising, speaking forums and promotional materials.
- Indigo will strive to create a social space for environmental engagement by the Canadian public.

Internal

Recognizing that internal awareness and ownership is important to the success of any company-wide initiative, Indigo will endeavour to create forest champions within our own organization. Indigo will engage our employees at every level on environmental issues, and will strive to create an atmosphere where paper consumption and procurement decisions are made with impact as the primary concern. This initiative will include:

- Empowering Indigo's Green Team to develop and implement environmental and paper initiatives.
- Designing and implementing a broad and multi-dimensional internal communications campaign.
- Institutionalizing Indigo's environmental commitment into the very fabric of our organization.

Sector Leadership

Indigo Books & Music Inc. recognizes that we can play a key leadership role for the environment within our industry, with our vendors and within the business community and Canadian society. On all occasions, Indigo will strive to inspire the actions of others through its own example. To that end, Indigo will:

- Engage other global book retail leaders to join us on this path towards environmental sustainability and facilitate broad change within the publishing sector.
- Engage in and facilitate initiatives and forums that focus publishing and printing leaders on our collective environmental impacts with the goal of brokering a pathway towards greater sustainability.
- Implement incentive programs for vendors who share Indigo's environmental goals and meet our product environmental targets.
- Engage in broader sustainability forums as appropriate.

Accountability & Transparency

Indigo Books & Music Inc. is a mission-focused company that is driven by results. We are determined to make a difference for the environment and to ensure we continue to make progress towards our paper stewardship goals, Indigo will:

- Establish base-line metrics and set time-bound goals and benchmarks for achieving measurable outcomes in all key areas, especially virgin fibre reduction, increased use of recycled fibres, as well as increased use of wood fibre that is FSC certified.
- Report annually on our environmental progress and release this information publicly to increase transparency and the participation of all stakeholders. In doing so, we hope to provide a motivating example for the Indigo team as well as our vendors, other institutional purchasers, government leaders and our clients.
- Encourage innovation in our paper supply chain to improve Indigo Books & Music Inc.'s environmental performance and that of our vendors and suppliers.