

Rules for purchase of new products

Art. 1

General

To ensure regular renewal and diversity in its product range and to meet customer expectations, Duty Free Iceland regularly advertises seeking proposals to purchase new alcoholic products from sellers. Advertisements seeking proposals are published on Duty Free Iceland's website. Proposals for the purchase of new products are requested at least twice per twelve-month period for each product category.

Duty Free Iceland regularly evaluates domestic and foreign trends in alcoholic beverages with regard to customer demand and information from manufacturers, sellers and, as the case may be, other experts on innovations and trends. Based on this information, a purchasing plan is drawn up and published on Duty Free Iceland's supplier website. The purchasing plan specifies what proposals will be requested and the period during which each proposal is in effect. The purchasing plan is reviewed and updated regularly.

Art. 2

Request for proposal (RFP)

With regard to customer demand and expected trends, the product range of each product category is evaluated and proposals are requested with the aim of meeting customer demand, improving the product range and offering new products for sale. In each RFP, the specifications of the product are specified, along with the start and end date of the proposal and the estimated start date of sale of the product. Some examples of specifications are the production area, grape variety, production method, certification, packaging, packaging size, price range, taste, etc. Furthermore, RFPs are regularly published for each product category without detailed specifications, giving sellers the opportunity to submit a proposal for the purchase of a new product that can be expected to sell well in Duty Free Iceland stores.

Art. 3

Reception of proposals

RFPs are published on Duty Free Iceland's supplier website. Each RFP includes information on how many new products will be introduced into sale on its basis.

Sellers of alcohol in the European Economic Area who have registered as sellers with Duty Free Iceland, accepted the general terms and conditions and code of conduct of sellers can submit proposals for the purchase of a new product.

The seller must send a proposal along with all requested supporting documents before the proposal deadline. A proposal that does not meet the conditions set out in the RFP, or is received after the proposal deadline has passed, is considered void and will not be considered further. The seller is notified if the proposal is considered void.

Art. 4

Application fee

The application fee is ISK 7,500 plus VAT for each proposal submitted.

Exemption from application fee:

1. Proposals for the sale of small bottles of up to 250 ml if there is a larger packaging size in Duty Free Iceland's core product range.
2. Proposals for the sale of a product in temporary sale for a product that has previously been in temporary sale.

The application fee is non-refundable.

New proposals will not be accepted from a seller who has an unpaid bill for an application fee that has passed the final due date.

Art. 5

Evaluation and selection of proposals

Once the proposal deadline has passed, offers are evaluated according to descriptions in the RFP. If a product does not meet the criteria of the RFP, the proposal is rejected.

Products in current proposals are priced and ranked according to the product's relative margin. The pricing process includes considering prices in other duty free stores, prices of similar products that are already in sale, the seller's suggested on-sale price and that the sale takes place in a free zone. The margin is the difference between the retail price and the purchase price of a product, including transport costs and minus VAT. A sample of 30% of the products with the highest relative margin is requested for further evaluation of the product. If there are fewer than 12 proposals, samples of four products are requested, unless there are fewer than four proposals, in which case samples of all products are requested.

Samples must be sent to Duty Free Iceland's office within five working days of a sample being requested. The sample must be the same size, model and year as the final product submitted in the proposal.

Samples received are subjected to blind tasting. The tasting committee at each time consists of no fewer than three Duty Free Iceland employees who have completed the required course and training based on WSET level 3 for wine and WSET level 2 for spirits. The score from the blind tasting is based on Jancis Robinson's 20-point rating system.

After the blind tasting, a further evaluation of the product is performed based on its sales potential and distinctiveness. The evaluation takes into account, among other things, whether the brand is already a part of Duty Free Iceland's product range, whether the product is for sale in certain Duty Free Iceland stores, whether the product is new on the market and whether the product is duty free exclusive.

At each step, the product is graded with a point score. The products that receive the highest number of points from the evaluation are incorporated into Duty Free Iceland's core product range.

The results regarding submitted proposals are usually available within four weeks of the proposal deadline. Participants are notified of the results of the proposals via Duty Free Iceland's supplier website.

If it turns out in any of the above steps that a product does not meet the criteria of the RFP, the proposal is rejected.

Art. 6

Purchasing agreement

Upon acceptance of a proposal, a purchasing agreement is made for the product. The purchasing agreement specifies business terms, the grace period, terms of transport, default remedies, the validity period and the notice period, among other things.

If the seller in question is the holder of a purchasing agreement for another product or products, and the other terms and conditions of the new product are the same as for other products, the product may be included under the current agreement.

Art. 7

Provision for changes

Changes to these rules will be announced at least one month in advance.

These rules are set with reference to regulation no. 1101/2022, on the selection of goods and procurement of alcoholic goods by duty-free shops.

These rules enter into force upon publishing.

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