

# Terms and conditions of Fríhöfnin ehf. (Duty Free Iceland Ltd.)

## *Art. 1*

### *General provisions*

These terms and conditions apply to Fríhöfnin ehf.'s (ID# 611204-2130, Keflavik Airport Terminal, 235 Keflavik Airport, in these terms referred to as Fríhöfnin) purchasing of products for resale in its stores. The terms and conditions define the rights and obligations of Fríhöfnin on the one hand and the seller of the product on the other.

## *Art. 2*

Seller's authorization for distribution to stores in travel retail.

A prerequisite for Fríhöfnin's product purchases from the seller is confirmation from the product manufacturer or brand owner that the seller is authorized to sell and distribute to stores in travel retail.

## *Art. 3*

### *Purchasing agreement*

A purchasing agreement is concluded with the seller for the purchase of goods when Fríhöfnin has approved its sale. Acceptance of these terms and conditions is the basis of a purchasing agreement. Upon acceptance of these terms, the seller is authorized to participate in proposals to place a product in sale in Fríhöfnin's stores. Acceptance of these terms does not guarantee the seller's product entering the buyer's selection of goods.

## *Art. 4*

### *Reception of shipment at warehouse*

The seller must deliver product orders to the Fríhöfnin warehouse at Keflavik Airport at their own expense, unless otherwise agreed in the purchase agreement. The seller must be able to deliver the product up to twice a week.

When receiving a shipment at the warehouse, it is required that:

- a) each shipment is marked with the Fríhöfnin order number on plastic film, boxes or pallets.
- b) each box has a bar code, different from the product bar code.
- c) if the amount of the delivered product is more than the equivalent of one layer on a pallet, the product must be delivered on a EUR pallet.
- d) the maximum height of the product and of the pallet is 1.7 meters.
- e) the product quantity is in accordance with the stated quantity on the invoice and on the customs report if applicable.
- f) barcodes on individual pieces and boxes, as well as the quantity in each box, are in accordance with the original product information.
- g) the best before date meets the conditions of Fríhöfnin.
- h) products are intact and in saleable condition.

If a shipment does not meet the above-mentioned requirements upon delivery, the reception of the shipment is stopped and a request for correction is sent to the seller. If corrections have not been received within two working days of the seller being informed of the suspension of reception, the shipment is returned in its entirety at the seller's expense.

*Art. 5*

*Defective or damaged product*

The seller must recall the product at their own expense and refund or replace the defective or damaged product. The refund shall take place upon receipt by the seller of the product.

If the seller has not responded and recalled the defective product within five working days of notification, Fríhöfnin is authorized to collect a fee for the storage of the product. Fríhöfnin is authorized to have the product destroyed at the seller's expense when two weeks have passed since the seller was informed that they should recall the product. Fríhöfnin is authorized to deduct the storage fee and the price of the product from the payment to the seller.

*Art. 6*

*Shelf life*

A product with a "best before" shelf life (last date of sale or consumption) marking must normally have at least a shelf life of three months when it arrives at the Fríhöfnin warehouse. However, in exceptional cases, Fríhöfnin may accept a shorter shelf life. If a product does not meet the shelf life conditions, it is treated in the same way as a defective or damaged product.

*Art. 7*

*Product changes*

It is not permitted to change the packaging and contents of a product in the selection of goods without the consent of the buyer.

Product changes must be notified to Fríhöfnin, which, taking into account the extent of changes to the content and/or packaging, assesses whether the product change is within the scope of the current purchasing agreement.

Notification of a product change must be accompanied by the necessary data and samples.

*Art. 8*

*Standards for invoices*

- a) Only invoices in electronic form are accepted.
- b) The invoice for the product order must be received at least one working day before the product order's delivery.
- c) Invoices must be clear and of high quality.
- d) Invoices must contain the following information:
  - a. Invoice number.
  - b. Order number or other reference number (provided by Fríhöfnin).
- e) Invoices must be clearly structured, with a specification of products. Quantity, unit price, discounts and total price must also be stated.
- f) Without exception, the agreed transport terms (INCOTERMS®) must be specified.

- g) The seller's identification number on the invoice must be the same as that stated in the purchasing agreement.
- h) Invoices must contain accurate bank details.
- i) The seller is under no circumstances allowed to accept cash payment.
- j) The payment deadline must be in accordance with the general payment deadline or what is agreed in the purchasing agreement.
- k) If an invoice is not sent to the correct location or does not include enough information to confirm its validity, it will be rejected.

Lack of the requested information on the invoice may cause delays in payment or rejection of the invoice.

*Art. 9*

*Electronic communication*

Electronic communication of information is used in communication between the parties. Data in electronic form is considered written if it is technically accessible to the recipient so that they can study its content, keep it on file and present it later. Data in electronic form is equivalent to an original if it is guaranteed that the data is unchanged from the original.

*Art. 10*

*Code of Conduct for Fríhöfnin's suppliers*

Corporate social responsibility is one of the strategical foundations of Isavia, Fríhöfnin's parent company, which promotes equilibrium between the economy, the environment and the community with sustainability as a guiding light. Isavia is a member of the United Nations Global Compact and commits itself to its policies and practices.

Isavia and its subsidiaries have adopted the Code of Conduct for Suppliers in accordance with the Ten Principles of the UN Global Compact. Suppliers which the company does business with are required to comply with the Code of Conduct as a minimum criterion and to ensure that their suppliers do the same. They are required to notify Isavia if suspicion of a violation arises. Upon request, suppliers must be able to confirm their compliance with this Code of Conduct.

a) LABOUR

*I) FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING*

Recognise and respect the right of employees to freedom of association and to enter into bargain collectively. If the right to freedom of association and/or to enter into collective bargaining is restricted by law in the country in question, the supplier must permit their employees to elect a representative to defend their rights in the workplace.

*II) FORCED AND COMPULSORY LABOUR*

Guarantee that their employees perform their work without force or compulsion and are free to leave employment with reasonable or statutory notice.

*III) DISCRIMINATION*

Ensure that their employees have equal opportunities and equal rights without discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, opinions, economic position, social background or position in any other respect. Suppliers shall create a work environment characterised by equality, tolerance and mutual respect.

*IV) WAGES, WORKING HOURS AND OTHER CONDITIONS OF WORK*

Pay their employees regular wages (at least every month) and ensure that the payments, or any parts thereof, are not retained by intermediaries. Suppliers must pay at least the minimum wage stipulated by law, rules and/or collective agreements in the country in

question. Suppliers must keep a record of wage payments and be able to demonstrate that such payments have truly been made. They shall respect laws and rules concerning the rights of employees, including rest, duration of work, sickness rights and other wage terms.

V) *CHILD LABOUR*

Do not employ minors to perform work that is hazardous or detrimental to their health and safety. Children's right to development, welfare and education shall be respected. Suppliers shall at least comply with the Convention of the International Labour Organisation (ILO) on the minimum age for admission to employment and work.

VI) *HEALTH AND SAFETY*

Ensure that employees' work environment is safe and without risk to health. Suppliers must comply with the laws and rules of the country in question with regard to conditions in the workplace and provide their staff with appropriate protective equipment and training in occupational health and safety. Suppliers must do everything in their power to minimise risk of accident and any negative effects on employee health.

b) HUMAN RIGHTS

Respect internationally proclaimed human rights. Suppliers must create and maintain an environment where employees are treated with respect and no mental and/or physical abuse or threats of such abuse are tolerated.

c) ENVIRONMENT

Isavia requires suppliers to fulfil legal requirements regarding the environment pertaining to their operations and conduct their business in an environmentally friendly way. They should develop an environmental policy, be aware of the environmental impact of their activities and seek to minimise these in an effective manner. Suppliers are encouraged to implement an environmental management system for this purpose.

d) ANTI-CORRUPTION

I) *ETHICAL BUSINESS PRACTICES*

Always work against corruption, including bribery, extortion and fraud. Suppliers must not offer, solicit, require, give or receive bribes, whether directly or indirectly, for themselves or others. Suppliers must operate in accordance with proper and sound business practices and customs and apply accepted ethical practices in their business dealings.

II) *CONFLICT OF INTEREST*

Avoid any conflict of interest in their business dealings with Isavia. Conflicts of interest include, e.g., situations where a supplier's representative places personal interests, the interests of relatives or friends above those of Isavia. Suppliers must report any potential conflict of interest to Isavia.