Q1: Can I perform lean procurement process for project less than 100K USD

A : For all projects < USD 100 K,  the existing PR/PO process should be followed

Q2: We have an operational purchase of 20K USD, what is the process?

A : All purchases in 15k - 100k USD range

Transactions above $ 15k (and up to $ 100k) may be executed without a sourcing project and written contract, as they are low value and generally low risk. Typically, this type of purchase is for an ad-hoc/one-time requirement. The Operational Purchasing process is conducted by the Procurement. However, on some very specific occasions, P&S might delegate this process to the End User.

The End User should initiate a process with a Purchase Requisition (PR). Once PR is approved, P&S should obtain a minimum of 3 quotes for the required goods/service via email. An electronic copy of the received quote(s) must be stored in the system for audit purposes. Procurement is responsible for converting the Purchase Requisition (PR), submitted by the End User, into a Purchase Order (PO). If it is a purchase from single/sole source, then a justification should be provided within PR/PO and the obtained quote should be uploaded by the P&S buyer.

On some occasions, a written contract might be required (e.g., if specific terms of purchase are required, or complex service level agreements need to be captured). The decision to create a contract is at the discretion of the Category Manager in consultation with Legal Department, as necessary. If a contract is required, then the end user should raise a SR, and upon its approval, the P&S should create a contract workspace (CW). Sourcing project (WS) is not required, as the value is < USD 100k.

Q3: What is P-Card

Eligible Etihad employees may request a P-Card (Purchasing card) to procure specific goods and services without raising a PR. The maximum monthly spend per card is 2,000 AED/month or USD 550/month in outstations. Each month, the P-Card holder must post all purchases using Concur system – purchases are then approved by the cardholder’s Line Manager.

There are strict rules associated with the eligibility and use of P-cards, which are defined in the P-Card policy document.

Q4: Category managed by End Users Directly

BFE/SFE, Interiors - Technical Department

Legal External Support and Advice - Legal Department

Fleet & Line Maintenance - Technical Department

Property, Leasing, Construction, FM - Asset Management

EYE - EYE Procurement Department

Q5: Urgent operational need, procurement process to fast track the process

Lean **Procurement** P**rocess for new ports start-up with short lead times.**

* Etihad recognizes a need to establish a simplified, “fast-track” procurement process, for the ad-hoc start up of a new stations and other urgent operational needs with short lead times (<3 weeks), in alignment with the agile network operations and mid-size carrier strategy.
* The key change vs the current procurement process is that sourcing can be conducted offline (via e-mails) instead of ARIBA sourcing (SR/WS). However, the final/signed contract should be uploaded in ARIBA CW (along with other supporting documents, e-mail correspondence, IC approval, etc), to ensure compliance, while enabling prompt execution.
* For all projects < USD 100 K,  the existing PR/PO process should be followed; For projects > USD 100 K, with short lead times (<3 weeks), sourcing can be conducted offline (via e-mails);
* All the suppliers’ proposals should be received via [supplierproposal@etihad.ae](mailto:supplierproposal@etihad.ae) e-mail address; Bids receipt, evaluation and award should be conducted offline;
* IC approval will be required for the projects that meet IC criteria (single/sole-source > USD 100 K & competitive tenders > USD 250K);
* The agreement should be processed by P&S project owner through Ariba (CW) & IC approval should be added manually in the final contract approval flow;
* Every contract should have a termination for convenience clause included and security clearance obtained;
* If a long-term relationship/contract is considered (> 6 months),  then standard procurement process (ARIBA sourcing/RFP) should be initiated after 3 months;
* All the savings should be recorded in Ad-hoc savings tracker in ARIBA (to be created by the project owner), which needs to be linked with contract workspace (CW);
* Signed agreement(s), along with other sourcing-related documents (received proposals, eval. matrix, etc) should be uploaded in CW for transparency and compliance purposes;

Q6: Can I split total transaction value to a minimum amount and directly issue PR/PO

The transaction value is used to define the process that must be followed, and the appropriate approval authority. Transactions must not be split into smaller value parcels to avoid defined approval thresholds.

Multiple Transactions for the same goods and services must be considered as a single transaction with the purpose of determining the appropriate procurement channel. In this case, the estimated total annual value shall be used.

Q7: Supplier facing difficulty to submit proposal through Ariba system

All employees must use the appropriate systems for P&S processes.

In exceptional circumstances, sourcing may be completed outside of the appropriate system only with written approval from the VP P&S.

If during the RFP vendor is facing any technical issue with ARIBA, then they can submit their proposal via [supplierproposal@etihad.ae](mailto:supplierproposal@etihad.ae), and the received proposals should be uploaded by the P&S project owner within the RFP task for compliance purposes.

Q8: Transactions exempted from Procurement Policy:

* Goods and services required during an emergency, provided the emergency is declared by a Government Authority or the Etihad Emergency Response Team
* Goods and services (including aircraft spare parts) required in Aircraft on Ground (AOG) or anticipated AOG situations, or other unplanned mass-passenger disruption events
* Commercial cooperation agreements, such as alliances, inter-airline, block space arrangements or joint operations
* Transactions with airport authorities, companies that are sole providers authorized to operate under airports only, and fully government owned entities that are sole suppliers, are exempted from ARIBA sourcing (WS); However, SR should be still initiated by the End User, while the agreement (CW) shall be executed by P&S, and approved as per DOA/P&S authority matrix; (Ref to slide 23)
* Loyalty agreements (GLC) & Co-branding agreements
* Due diligence projects which cover potential investments, mergers and acquisitions or joint ventures
* Group Treasury related activities in banking, banking instruments, insurance, financial markets, corporate and asset finance and taxation
* Aircraft and aircraft engine purchases, leases, financings & charters;
* Holidays block arrangements
* Any form of revenue-related contracts should not be executed by P&S (including cargo or passenger trade incentive agreements, corporate rate agreements, travel agency incentives, etc)
* Inter-Company Transactions between entities of EAG

Q9: Final Approver for Single source transactions above AED 1m

GCEO approval required for single source transactions above AED 1m

Q10: SR Required for extensions less than 6 months

Extension < 6 months is acceptable (SR & CW are required)

1. When the original contract term is < 6 months, a new extension must not exceed the duration of the original contract. Repeat extensions are not accepted.

SR & CW approval required as per P&S matrix. IC approval not required

1. Extensions > 6 months should be treated as a new sourcing project, SR/WS/CW approval required as per P&S Authority matrix.

IC approval required if > IC threshold

1. Exemptions – SR & CW are required, as well as IC approval if value > IC threshold

Condition for the exemption from the above:

Repeat extensions and extensions >6 months are only allowed with P&S VP’s approval; The project owner should justify to P&S VP the commercial benefit of doing so and upload that e-mail with VP’s approval in CW for compliance purposes; If the value of such extension is above IC threshold (in this case single-source IC threshold), then it should be submitted for IC approval. Accordingly, project owner should add manually IC approval in final contract approval flow in CW for compliance purposes.

Q11: Contract Renewal Process

The existing contract already expired, but the parties agree to enter into a new agreement(usually for the same or very similar scope);

Any contract renewal should be treated as **a new sourcing project** (auto-renewals are not accepted, neither roll-over clause should be used for the extensions (unless it benefits the company in terms of keeping better historical rates/terms);

All contracts with roll-over clause should be assessed prior to their expiry and only if there is a benefit to continue with the current contract terms/rates (based on a roll-over clause), they can be exempt from re-tendering. In that case, P&S VP approval should be obtained and uploaded within the respective CW in ARIBA, along with the proof of the conducted market analysis/assessment.

Q12: How to Apply for a P-card

Please refer to the P-Card policy by accessing Procurement Intranet site : <https://etihad.sharepoint.com/:b:/r/sites/ProcurementSupplyManagement2/SiteAssets/SitePages/Procurement-Templates/P---Card-Policy_V7_5-OCT-21.pdf?csf=1&web=1&e=9dDm5m>