Purchasing Policy

2020-2022

March 2020
1.1 Foreword

Each year, SDU makes purchases for around DKK 500 million. As a public institution, SDU thus has an obligation to consider where we use our funds so that they are used as best possible. When we are aware of our responsibilities, our consumption and our financial purchasing power, we can make the right demands of our suppliers to ensure the best price and quality, taking sustainable development into account.

SDU’s Board of Directors has decided to make the UN Sustainable Development Goals part of the University’s future compass, and therefore in the coming years, we will work in research, education and administration to create the economic, social and environmental development decided by the Sustainable Development Goals. SDU’s strategic goals are formulated as follows:

1. We will create value for and with society by working with the UN Sustainable Development Goals.
2. We will develop talents that promote unique and innovative solutions to the benefit of a sustainable world.
3. We will contribute to breaking boundaries and forming a sustainable future.

As an educational and research institution, SDU is in an entirely unique position to offer solutions to global challenges, and we must not be afraid to explore new ways and opportunities to form a more sustainable future.

Therefore, we must make a difference and help secure a sustainable transformation of the entire university through our purchasing. We must consume wisely. This means minimal, circular and sustainable.

SDU will thus take active social responsibility through the demands we place on our suppliers. The prevailing requirements for compliance with international fundamental rights regarding human and labour rights, environment and production methods etc.

By placing demands on our suppliers, we as a university can positively contribute to the 17 UN Sustainable Development Goals and the Danish Climate Change Act (klimalov), both in Denmark and in the countries where purchased goods are produced.

With our purchasing policy, set out in SDU’s Purchasing Strategy, we are setting a new
standard for our purchasing. Our purchasing must be characterised by 5 criteria, all of which contribute to SDU’s professional purchasing organisation.

1.2 Background and content

This purchasing policy is derived from SDU’s Budget Strategy 2018-21 and in this context, a Purchasing Programme is established that contains a number of different initiatives and activities to ensure compliance with SDU’s 5 criteria for purchasing specified in figure 1 below.

The purchasing policy thus describes SDU’s overarching visions and goals for procurement and purchasing in relation to the outside world and SDU’s employees.

1.3 Approval and review

The Executive Board approves the purchasing policy. The next review of the purchasing policy is in 2022.

Figure 1: SDU’s five criteria for purchasing

- Sustainable development
- Close cooperation with users
- Professional and responsible partners
- Efficient purchasing and processes
- Overall economy gain realisation
2.1 Introduction

As a public institution, SDU is subject to the EU’s procurement directives and the Danish procurement act, known as the Public Procurement Act (Udbudsloven). This means we are obligated to put up a wide variety of tasks and goods for procurement and observe certain procedural rules.

2.2 Sustainable development

SDU has committed to working with the 17 UN Sustainable Development Goals. With our purchasing, SDU will contribute to meeting the UN Sustainable Development Goals, including Sustainable Development Goals 12, 8 and 3. Sustainable Development Goal 12 (sub-goals 12.2, 12.3, 12.5, 12.7) is about ensuring circular and sustainable management as well as sustainable handling and use of natural resources. Sustainable Development Goal 8 (sub-goal 8.4) is about promoting and ensuring fundamental human and labour rights, while Sustainable Development Goal 3 is about promoting and ensuring human health and well-being.

SDU will work to promote environmentally-conscious and responsible purchasing and change the way we consume goods and resources. We will use our resources smarter, consume less and have the courage to do away with old habits and find innovative solutions to the challenges of the future.

SDU places demands on sustainability for all procurements and cooperates with suppliers who actively work with the UN Sustainable Development Goals.

We demand products and services that are environmentally sound, socially responsible and economically viable. The environmentally sound aspect might involve e.g. choosing products where the production, use and disposal are thought to have lower energy levels, less CO2 emissions, recyclability and less use of harmful chemicals and pesticides.

SDU already has many ongoing projects that directly or indirectly relate to one or more of the Sustainable Development Goals and that support the circular mindset, including recycling of furniture as well as PCs and accessories.

Our ambition is to expand our existing solution for recycling of used equipment so
that it also includes used instruments/appliances and laboratory equipment. Recycling must be the natural choice at SDU where possible, and in our laboratories, we can limit our resource consumption and think sustainably in our daily work with simple solutions and simple rules.

Recycling of equipment

Out of all equipment (PCs and accessories) delivered to SDU IT, SDU IT ensures that:

- 55% is recycled and resold to schools, businesses and organisations.
- 45% is scrapped and sent to partners for recycling. Of the scrapped equipment, 99.7% of the material is recycled and 0.3% is disposed of.
- The service life is extended on four out of five units.

Through cooperation, we are working to promote our interests and goals. To support our work on sustainable purchasing, SDU is the first university to join the Partnership for Green Public Procurement (Partnerskab for Offentlige Grenne Indkøb, POGI). In the partnership, we work together with regions and municipalities to promote green transition by jointly setting ambitious goals. The partnership approach is key to the efforts to spend a larger portion of public purchasing budgets on green and sustainable purchasing. POGI’s purchasing goals apply across several municipalities and regions. It creates a large volume, which helps boost the market. This way, SDU, together with other public purchasers, can greatly contribute to sustainable development.

2.3 Close cooperation with users

In cooperation with SDU’s users who have the supporting knowledge and experience relative to the specific needs, SDU handles the task of purchasing efficiently and innovatively, ensures economic gains and sustainable development in the form of the right quality at the best price. The users thus have a significant influence on ensuring e.g. sustainable development in purchasing. To this end, SDU uses the legislation on procurement and the opportunities it provides us to enter purchasing agreements for the common good.

Reduction of plastic through cooperation

SDU has an ambition of reducing plastic in SDU’s purchasing, including the reduction of plastic in laboratories etc. In cases where plastic cannot be substituted out, it shall be investigated whether recyclable plastic can be purchased. This transition must not impact research experiments etc.

Whether the use of plastic can be reduced or possibly reused requires professional knowledge. This is professional knowledge that only the users at SDU possess. A close cooperation with the users is thus crucial for the success of SDU’s ambition for using less plastic in purchasing and sustainable development in this area.

By using our common purchasing agreements, SDU’s users can ensure that we are acting in accordance with applicable rules and policies, while simultaneously freeing up funds for SDU’s core tasks.

SDU sets a focus on individual purchasers to better enable us to purchase professionally. This must be done through compulsory competence courses and knowledge sharing across the university.
2.4 Professional and responsible partners

SDU is a professional and responsible partner for our suppliers. We want to be at the forefront in the use of e-commerce and digitalisation and we cooperate with suppliers to use and develop new solutions for the common good. Therefore, at SDU we constantly work to create the frameworks for improved e-commerce and to support the development of digital purchasing at SDU. It must also be a simple, smooth and digital process to be and become a supplier to SDU. The cooperation must be characterised by dialogue and we believe that sustainable solutions are developed together. Therefore, we constantly use dialogue and exchange of experience and knowledge at SDU and between SDU and our suppliers.

Innovative solutions require that we at SDU work across disciplines, sectors and boundaries and that we have a dialogue with the market prior to our procurement. The dialogue with the market must ensure that in the procurement, SDU observes the parameters that can influence quality, price and sustainability. The dialogue thus makes us wiser about SDU’s needs and existing solutions so that we ensure that we make the best and most sustainable purchases that create value for us and society.

2.5 Efficient purchasing & purchasing process

We constantly optimise and streamline the purchasing process, thereby freeing up resources for SDU’s core tasks, minimising costs associated with purchasing and promote sustainable development through purchasing. We work towards a comprehensive digital and sustainable purchasing process. We want to be at the forefront when it comes to digitisation of the purchasing process and promote innovation and creativity in our processes and agreements in cooperation with our users, suppliers and partners.

Digital solutions must support dialogue with the market and the procurement processes as well as the internal processes at SDU. We as a university and our suppliers both spend a lot of resources on order and invoice processing. Therefore, in cooperation with our suppliers and partners, we work towards more electronic commerce (e-commerce) in order to reduce transaction costs related to procurement and purchasing.

With the digitisation of the purchasing process, we also have an opportunity to promote green and sustainable purchasing. Sustainable purchasing is about behaviour and we can make it easy for SDU’s users to make the sustainable choice in our purchasing system. For example, the system gives us the opportunity to combine orders and thereby reduce CO2 emissions on transport and to emphasise sustainable products in the system so that sustainable product choices can be made.

We also use data-driven purchasing management and administration. By actively using SDU’s purchasing data, we gain insight into purchasing patterns and behaviour.
Greater knowledge of purchasing and behaviour creates a better decision-making basis in terms of optimising our purchasing and implementing the right initiatives regarding e.g. logistics, sustainability, use of agreements and systems and economies of scale. By reporting data and visual management information, we want to ensure that the initiatives we implement contribute to the development and professionalisation of purchasing and that the desired gains are realised.

Purchasing analyses and sustainable development

SDU uses a purchasing analysis system to analyse all electronic invoices received by SDU to identify purchasing consumption, agreement coverage, use of agreements and to analyse gains. SDU receives about 85,000 invoices a year.

The purchasing analyses must help monitor the sustainable development at SDU e.g. the use of plastic products.

The intent is also for management reports with purchasing figures to support management in the use of agreements and the e-commerce system.

2.6 Overall economy gain realisation

We will work towards sustainable purchasing based on social considerations, holistic thinking and overall economy considerations. We will achieve gains based on the idea that the more people who demand sustainable products, the lower the prices of sustainable choices will be.

We will work on long-term solutions and therefore look at a product’s service life and the ongoing costs that can be expected for e.g. service, operation, maintenance and disposal in order to find the best solution from an overall economy perspective. We will also work on reusable solutions so that purchasing is done with a circular economy mindset. This may mean that a slightly more expensive product is purchased if the product will be the cheapest solution in the long term.

Thinking of the overall economy also means that we will challenge habitual thinking and in some cases, difficult decisions must be made as to whether SDU will continue to handle tasks in the same way in the future or whether SDU must adapt if it is more appropriate or efficient. We will ensure that the quality level is determined based on the actual needs relative to the price aspects of the purchasing, including in terms of the total costs and the organisation’s business conditions. Besides the total costs for the university, we also want to reduce transaction costs for suppliers in bidding on procurement projects.

The total cost of purchasing

SDU uses Total Cost of Ownership (TCO) tools in Procurement. TCO is the total costs i.e. for the product’s price including all costs associated with the product during the time it is in use. This means that the costs of the purchased product, the operation of the product and any indirect costs such as operation, maintenance and disposal are included. TCO involves an overall economy perspective in purchasing that can benefit the budget and the environment. The calculation shows whether an otherwise inexpensive product is actually more expensive than the one with the highest purchase price.

For example, SDU’s contract award to the supplier of multifunction machines was based on the most advantageous choice for SDU based on overall economy.