

# Third-sector procurement:

Could tech modernisation advance responsible buying?

amazon business



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# Executive summary

Amazon Business research reveals a contradiction at the heart of the non-profit sector: UK and European procurement leaders are personally committed to responsible buying yet admit it's their organisation's lowest priority over the next 12 months. Why the disconnect?

Our survey of 141 procurement professionals in the non-profit sector across the UK, France, Germany, Italy and Spain highlights a clear challenge: while teams aim to adopt more sustainable and ethical purchasing practices, they often face immediate pressures, such as tight budgets and the need to cut costs quickly.

However, our findings also reveal an opportunity. Non-profits are prioritising major upgrades to their procurement technology. In the short-term this might look like another distraction from ESG (environmental, social and governance) goals, yet in the long-run it will make it easier to achieve them. With modern procurement technology in place, procurement teams can more easily track and control tail spend, ensuring it aligns with company values including ESG goals.

# Our survey findings show:

1.



## Procurement leaders are passionate about responsible procurement, but there's a gulf between aspirations and reality:

79% of non-profit procurement leaders say they feel personally engaged and passionate about ethical and sustainable purchasing. But they vote “implementing more responsible practices” as their lowest priority, with just 25% of non-profit buyers considering it a top focus for the next 12 months. 72% say their organisation is publicly overstating its commitment to responsible procurement practices.

2.



## Short-term financial priorities loom large:

non-profit procurement leaders report financial scrutiny as the biggest cost pressure impacting off-tender buying (68%). With such pressure on spend, most say cost cutting is a higher priority than responsible procurement and that the organisation's financial health determines the focus given to responsible buying (82%). The majority say ethical and sustainable purchasing is becoming more expensive.

3.



## Despite this, non-profits are investing in modernising technology:

enhancing procurement technology is voted non-profits' top priority in the next 12 months. Currently, only 35% of non-profits use a best-practice unified purchasing platform, meaning those who are not risk limiting understanding of their spend. Procurement leaders seem to recognise that modernisation is required before they can focus on ESG, with the lack of control over tail-spend voted the biggest blocker to adopting more responsible practices.

4.



## Procurement recognises the risks of prioritising price over purpose:

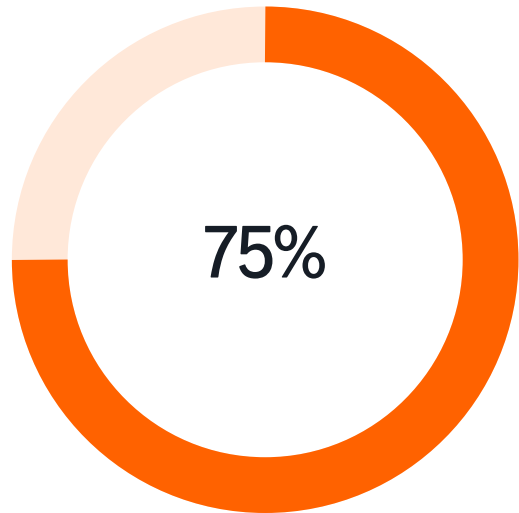
most say they're aware that focusing on lowest-price goods can increase long-term costs and lead to unethical practices, and 82% admit their organisation could be doing more to prioritise responsible procurement.

## Key research findings

With additional insights from Thornton & Lowe – a specialist consultancy focused on government, public sector and third sector supply chains – this report explores the findings in full and outlines some of the steps non-profits can take to mitigate risks, improve spend control and embed more responsible practices.

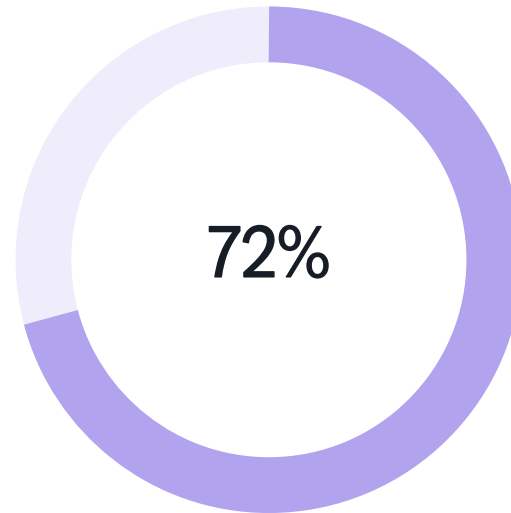
**75%**

do not plan to prioritise more responsible procurement processes in the next 12 months



**72%**

say their non-profit overstates its commitment to responsible procurement



**#1**

Enhancing procurement technology is voted non-profits' top priority in the next 12 months



**Number 1  
priority**

**Our findings show that non-profit procurement teams want to purchase in line with their values, however there are common obstacles facing them:**



### **Financial pressure:**

most respondents report tighter scrutiny of spend, reduced budgets in real terms and higher costs. This forces teams to prioritise short-term affordability instead of lifecycle costing or ESG premiums unless savings are demonstrable.



### **Fragmented, ad hoc purchasing:**

off-tender buys and low-value, high-volume transactions remain hard to control without a single purchasing channel. Where spend is dispersed across cards, emails and receipts, it's difficult to apply responsible purchasing criteria consistently or to report on them.



### **Legacy tools and skills gaps:**

many organisations lack an organisation-wide purchasing platform, automated approvals or guided buying. Policy is written in documents but isn't embedded in day-to-day workflows, so staying compliant relies on individual effort. Ability to measure and report ESG outcomes is limited as a result.

But with non-profits prioritising tech transformation in the next 12 months, they have a unique opportunity to overcome these obstacles, improve efficiencies, reclaim off-tender purchasing and close the gap between their ESG aspirations and day-to-day realities.

Responsible procurement policies emphasise long-term economic, environmental and social value. Delivering on those policies requires continuous monitoring, enforcement and reporting, all of which are difficult to do with paper forms or standalone spreadsheets. By introducing modern e-procurement at all levels including off-tender spending, non-profits can improve visibility, enforce policies effectively and simplify their reporting.

**As non-profits focus on modernising their systems and platforms, they have an ideal opportunity to better control costs and align with ESG goals, advancing responsible procurement without adding administrative burden.**

**Procurement modernisation can be a springboard for responsible buying, helping non-profits close the gap between their ESG goals and reality.”**

Tom Sander-Daniel,  
Operations Director,  
Thornton and Lowe

# Introduction: a sector on the brink of transformation

Despite their best intentions, non-profits are struggling to enact responsible buying. So, are they being priced out of ethical processes?

**In this cost-sensitive environment, just 25% of the non-profit buyers we surveyed report “implementing more responsible procurement processes” as a top priority for the next 12 months.**

Non-profits vary widely, with charities, NGOs, faith and community organisations all falling into this category. Despite this, they share a common operational goal: to deliver mission outcomes while managing constrained, often uncertain funding. Every penny they save can be spent on their charitable purpose.

Instead, non-profits across Europe are focused on containing tail spend, proving value for money on every purchase and coping with higher input costs. Many must also balance rising service demand with a lack of proportional increases in funding.

But one thing is clear from our findings: responsible procurement is not a lower priority due to inaction or a lack of top-level commitment. Instead, attention is focused elsewhere. According to the findings, modernising procurement technology is procurement’s first imperative, with leaders choosing to fix their foundations and replace manual email- and spreadsheet-based workflows with systems that give greater visibility, control and auditability. Platform adoption, in particular, is an area where non-profits lag behind public-sector peers in education and local government, according to our survey. As a result, they may find it harder to rein in off-tender purchasing, enforce policies and prove they are compliant.

**“Procurement modernisation is a pragmatic response; if teams can’t see or steer everyday buying, they can’t reliably deliver on ESG aims either.”**

Tom Sander-Daniel, Operations Director, Thornton and Lowe

Drawing on our survey of 141 non-profit procurement professionals across the UK and Europe, plus wider public sector insights, this report explores:



The motivations and blockers to advancing responsible procurement in the non-profit sector



Why transforming processes and platforms is procurement’s primary focus



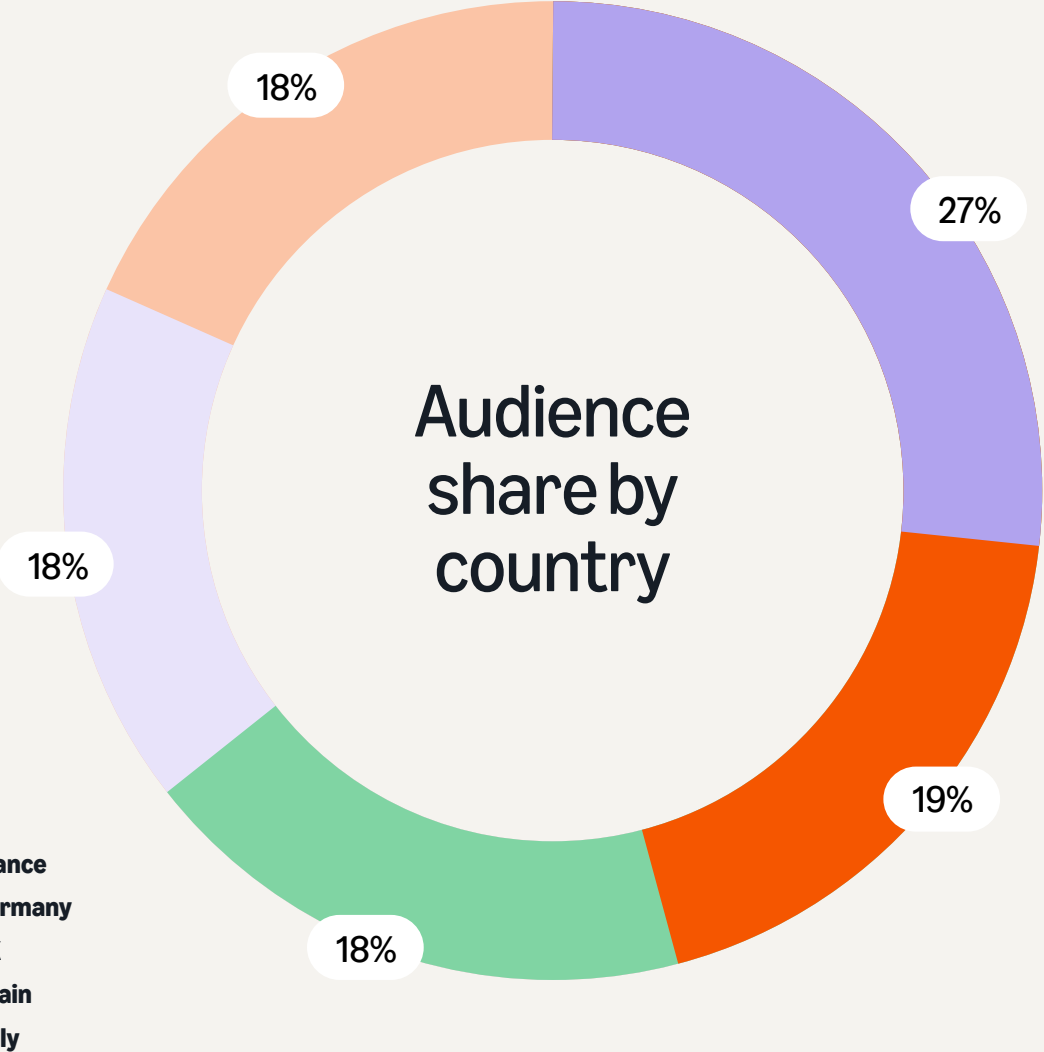
How leaders can use modern procurement technology to save on costs and achieve ESG goals, including practical steps, tools and case examples.

# Our research methodology

This report is based on original research carried out in July 2025. We surveyed 141 procurement professionals working in non-profit organisations across the UK, France, Germany, Italy and Spain. To provide broader context, we included qualitative insights from interviews and case studies with procurement leaders. These helped us build a clearer picture of the practical challenges and opportunities organisations face in modernising procurement and adopting more responsible practices. Unless otherwise stated, all statistics refer to the non-profit sample.



This report also benefits from the expertise of Thornton and Lowe, a consultancy with over 15 years of experience in public and non-profit sector procurement. Their Operations Director, Tom Sander-Daniel, has contributed valuable insights, drawing on his decade of experience in bid writing and consulting for non-profits.



# The financial context impacting ESG priorities

Non-profit buyers want to buy more ethically and sustainably but say it's their lowest procurement priority in the next year. Understanding their financial context is key to understanding this contradiction...

Non-profits aren't struggling to prioritise responsible practices due to a lack of will. On the contrary, our respondents seem to be personally invested in responsible buying. Most say they feel passionate about ethical and sustainable purchasing (79%) and would find their work more rewarding if they could contribute more to achieving ESG goals (84%). And while most (92%) say their organisation is tracking well against these goals, the majority (82%) admit their organisations could be doing more to prioritise responsible procurement. So, what's preventing progress?

## Non-profits want to buy more responsibly





Our findings show that, like the public sector at large, the not-for-profit industry is grappling with ongoing cost pressures, with non-profits needing to make tough decisions to stay operational, make ends meet and deliver against their core mission:

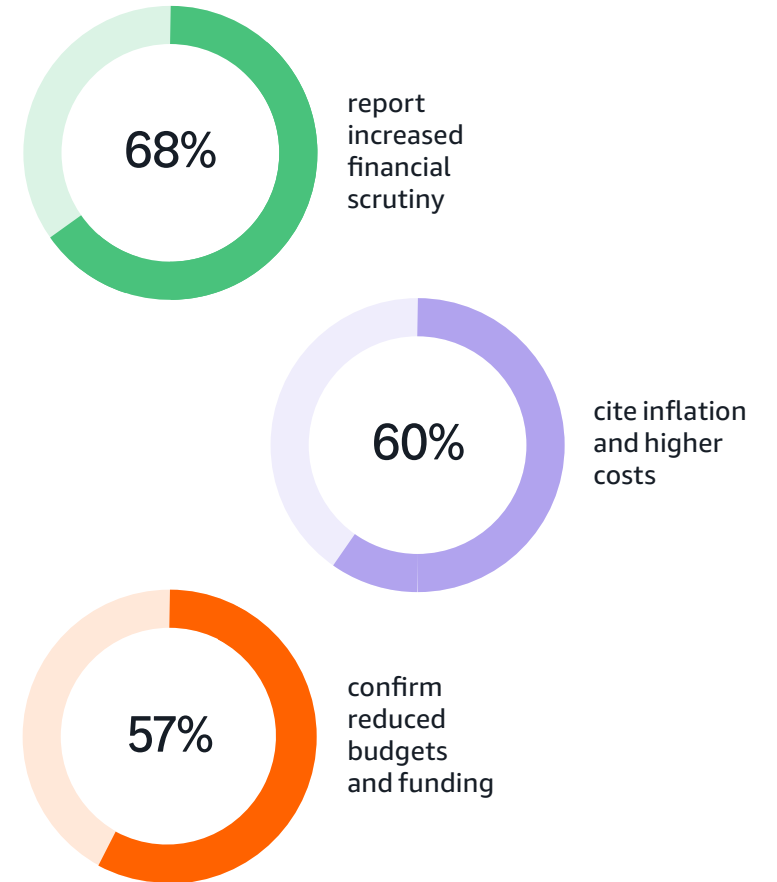
Across Europe, raising sufficient funds is a challenge for non-profits,<sup>1</sup> and inflation is eroding purchasing power further. In the UK, for example, donations by FTSE 100 companies have declined significantly in real terms; over the past decade, total giving flatlined in nominal terms but, adjusted for inflation, declined ~34% during this period.<sup>2</sup> Non-profits face funding cuts across both public and private sources; government grants have not kept pace with needs, and households facing higher living costs are reducing charitable donations (59% of UK charity leaders worry people can't afford to give).<sup>3</sup>

Meanwhile, the inflation surge of 2022–2023 (Eurozone inflation peaked at 10.9% in Sept 2022) drove up utilities, fuel and the cost of supplies across Europe. Headline inflation has cooled, but many costs remain well above pre-crisis levels. What's more, heightened financial scrutiny means expenditures are closely examined by boards and donors, and buyers feel pressure to demonstrate immediate cost savings.<sup>4</sup>

**“Many charities are even dipping into reserve funds to keep the lights on. These financial strains, compounded by rising demand for services in a cost-of-living crisis, have created a perfect storm.”**

Tom Sander-Daniel, Operations Director, Thornton and Lowe

## The cost pressures impacting participants' off-tender purchasing



## Key cost pressures by sub-sector

Of course, short-term financial pressures can look quite different across (and within) non-profit sub-sectors. A gallery and a charity aren't comparable, for example – each financed through a unique mix of funding, ticket sales, donations and corporate sponsorship. As such, cost pressures and procurement constraints vary across the sector.



### Charities:

Many charities depend on grants and voluntary donations and face scrutiny over every pound/euro spent, with tighter compliance on public funding. Meanwhile, the cost-of-living crisis is reducing public donations in real terms. UK corporate philanthropy, for example, has fallen 34% in real terms over 10 years.<sup>5</sup>



### NGOs:

NGOs, particularly those funded by European or international grants, face rising expectations when it comes to compliance and reporting. The European Court of Auditors has flagged “opaque” funding flows and pressed for stricter disclosure of how EU grants are used, driving heavier audit and transparency requirements.<sup>6</sup>



### Faith organisations:

Churches, religious charities and faith-based NGOs are grappling with steep cost increases, especially energy, often in older, hard-to-heat buildings. In the UK, some parishes saw gas and electricity bills jump tenfold in a year (from under £100 to nearly £1,000 per month), leaving clergy “feeling sick with stress” about meeting payments.<sup>7</sup>



### Cultural organisations:

Museums, galleries, theatres and educational non-profits face acute cost pressures. Many are still recovering from pandemic revenue losses while utilities and materials costs rise.<sup>8</sup> Reports already show curtailed programmes, shorter opening hours and even temporary closures.



### Community education:

Adult learning centres and community education charities are similarly squeezed: across Europe, public funding has been cut even as demand for upskilling rises. Finland, for example, plans to reduce funding for non-formal education by 20%.<sup>9</sup> The Association for the Education of Adults says governments expect the sector to do more with “stagnant or reduced funding,” calling this “extremely short-sighted.”<sup>10</sup>

## A snapshot of cost pressures by country

A non-profit's financial context is also impacted by national and even regional economic factors:

### France

Despite substantial state support, French non-profits face rising demand and tight finances. Many health and social care organisations struggle to cover indirect costs (rent, IT, management) because grants are earmarked for programmes, placing pressure on budgets.<sup>16</sup>

### Spain

Spanish non-profits have endured volatile conditions (post-sovereign debt recovery, the pandemic and inflation). Many depend on public grants or contracts, but delayed payments from public bodies are common, creating cash-flow gaps that force organisations to use credit or short-term loans to pay suppliers.<sup>17</sup>

### UK

UK non-profits face a dual squeeze of austerity and high inflation. Many deliver services on grants and contracts not updated for inflation, forcing them to absorb rising wage, fuel and materials costs. Smaller charities are hit hardest by fixed overheads.<sup>11</sup>

Organisations are tapping into reserves and private donations to plug shortfalls, while the cost-of-living crisis has raised demand and strained fundraising (2023 giving reached £13.9bn, but with 1.6m fewer donors than in 2020).<sup>12</sup>

### Germany

German non-profits benefit from strong public support and trust but face high labour and operating costs. In particular, tight labour markets and inflation generally inflated wage rates. On top of this, many non-profit staff are on even higher public-sector rates. This means that wages disproportionately dominate budgets.<sup>13</sup>

The 2022 energy shock, and continuing volatility despite 2023 price caps, raised bills for heat, power, transport fuel, food and essentials while real-terms donations stagnated.<sup>14,15</sup>

### Italy

Many Italian non-profits, especially social cooperatives, rely on public contracts whose fees haven't kept pace with inflation, meaning that flat regional/municipal budgets actually equate to losses.<sup>18</sup>

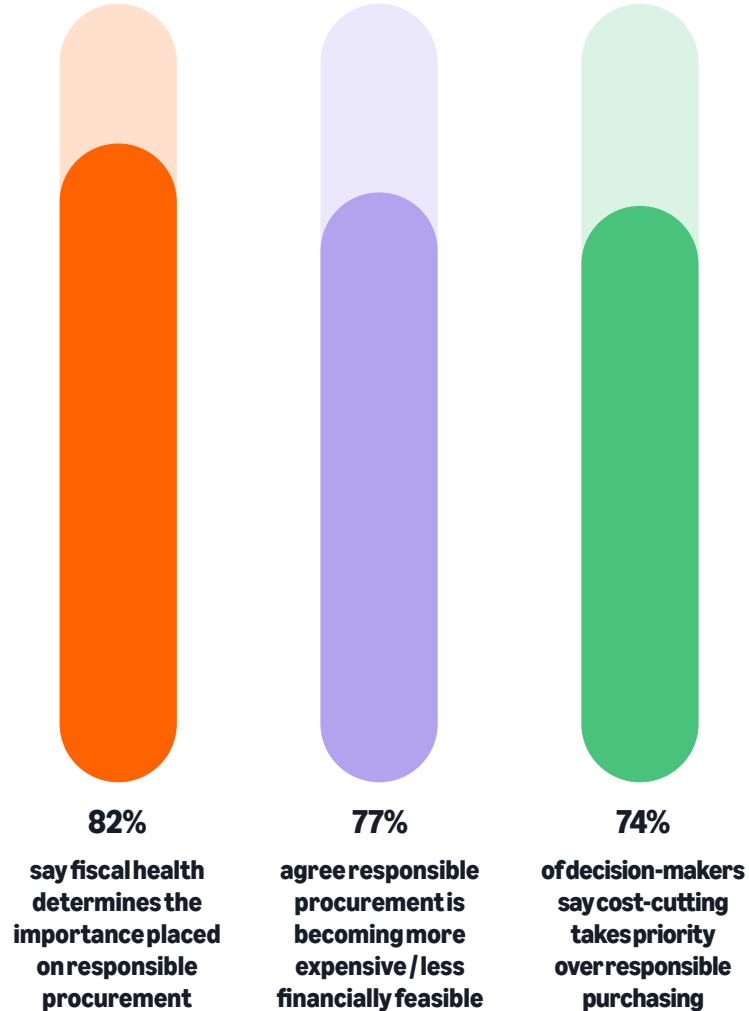
In short, tighter scrutiny on spending, rising prices – especially for energy and essentials – and cuts to income streams combined are squeezing procurement teams. These conditions favour short-term cost-cutting over longer-term strategic purchasing, so naturally this has a direct impact on ESG goals and responsible procurement in the third sector...

## How cost pressures constrain responsible procurement

When placed in direct competition, cost-cutting is a greater priority than ESG, according to our findings. The majority of participants (74%) say cost-cutting is a higher priority than responsible procurement, with more than one third (38%) agreeing strongly. Most (82%) agree their organisation's financial health dictates how much importance is placed on responsible procurement.

For many non-profit buyers, responsible purchasing does not feel financially feasible in this climate. Most (77%) agree it's becoming more expensive, with a third in strong agreement. Currently then, financial pressure is seen as a disincentive to evolving more ethical procurement processes. However, this decision is ultimately discretionary – non-profit organisations are largely free to make their own decisions on how to allocate their budgets. But how do larger forces such as legal obligation impact their approach to ESG?

### Price vs. purpose: cost optimisation priorities trump ESG



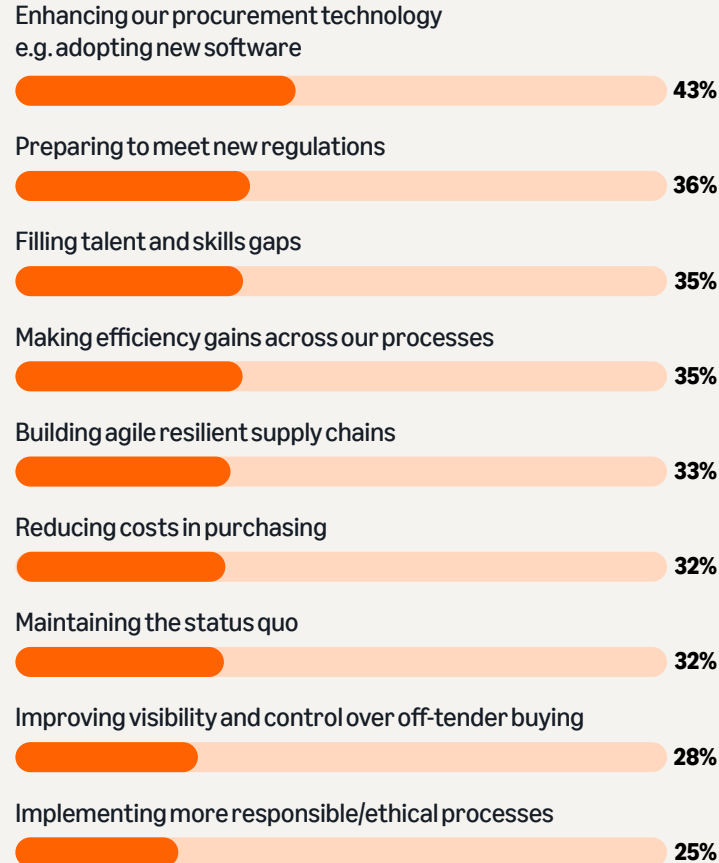
# Can compliance accelerate ESG adoption?

Off-tender and public tender spending is subject to growing regulatory requirements. But to what extent does this affect non-profits – and will this push responsible procurement up the agenda?

Non-profit buyers say preparing for meeting new regulations is their second biggest priority in the next 12 months. But responsible procurement is reportedly bottom priority for procurement teams, so it's possible to infer that the incoming regulation they're concerned with does not relate to ESG.

What's more, when asked about their motivations for adopting more responsible practices, non-profits rate "compliance with external regulation or public pledges" their second least important influence. Taken together, this suggests non-profits feel pressure to comply with third-sector regulation, but compliance with ESG regulation is perhaps considered a separate, less pressing issue.

## Top priorities for non-profit buyers in the next 12 months



## Non-profits' motivations for adopting responsible procurement



The section below unpacks this further, outlining some of the primary regulatory requirements impacting off-tender and public tender procurement in the third sector. The trend across these changes is a growing requirement for data capture, transparency and auditability – demanding effective supply chain management and procurement control. At the same time, ESG consistently underpins regulatory and compliance requirements across the EU.



UK

While non-profit buyers cite new regulations as a higher procurement priority, ESG is rooted in regulatory change. This includes the Procurement Act 2023 and the National Procurement Policy Statement (NPPS), which provides guidance on how organisations can meet requirements of the Act. ESG is a central theme in the NPPS, in which priorities include sustainability, jobs and skills, supplier diversity and strong governance. These regulatory requirements are applied less consistently to off-tender spending but nonetheless influence procurement policy, prompting non-profits to:

- Tackle climate change and reduce waste, embedding sustainability and net zero considerations into everyday purchases
- Create new jobs and skills, using procurement to support apprenticeships and workforce development
- Improve supplier diversity, resilience and innovation, widening access to SMEs and voluntary, community and social enterprises (VCSEs)
- Enhance transparency and governance

Looking ahead, the charity tax and compliance reforms in the Finance Bill 2025/26 (from April 2026) will tighten HMRC’s rules on tainted donations and “approved charitable investments.” This will further increase the need for strong documentation and controls over off-tender spend. These financial compliance demands may displace ESG in the short term, especially where procurement teams see auditability and risk management as more urgent.

A sample review of 60 non-profit buyers across each sub-sector found that 85% have publicly stated ESG commitments which are in line with NPPS priorities.<sup>19</sup> This includes a commitment to responsible procurement in the form of supplier codes of conduct, environmental and sustainability policies and procurement strategies referencing modern slavery, fair trade and circular economy principles.





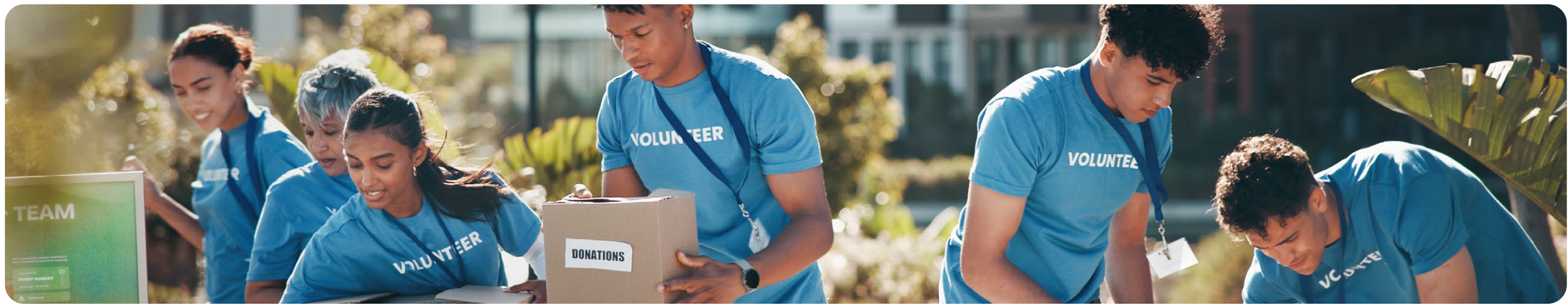
## France

Non-profit buyers are required to improve ESG performance in regulated procurement under the Code de la commande publique, the Loi Climat et Résilience and sectoral reforms such as the AGEC circular economy law, which aim to:

- Integrate environmental criteria into tenders and contracts
- Promote circular economy and prioritise goods with recycled or reused content
- Improve supplier diversity and resilience, opening procurement to SMEs, social enterprises and local suppliers
- Strengthen transparency, complying with reinforced anti-corruption reporting obligations

Upcoming regulation includes the B2B e-invoicing and e-reporting mandate (phased from 1 September 2026). This requires all organisations to both send and receive structured invoices through approved platforms. This will require non-profits to gain greater control and transparency over spending, including off-tender purchases. In the long term this will increase their ability to manage responsible procurement through greater visibility and control.

For larger non-profit buyers with 1,000+ employees and €450 million+ turnover, the EU Corporate Sustainability Due Diligence Directive (CSDDD) will be transposed into national law by July 2027. This will require them to identify, prevent and mitigate human rights and environmental risks across their supply chains. The CSDDD anticipates a ripple effect within supply chains, putting pressure on smaller suppliers, including non-profits, to comply with the regulations and inform responsible procurement policy.



## Italy

ESG is already mandated in public procurement through the Criteri Ambientali Minimi (CAM). This acts as procurement best practice and filters down through supply chains to inform responsible procurement behaviour.

A sample review of 60 non-profit buyers shows that, while only 10% explicitly align their public-facing procurement policies with CAM, 60% publicly commit to responsible procurement initiatives which have overlapping objectives with CAM.

## Spain

Spain's Public Sector Contracts Law (LCSP) already requires environmental, social and innovative criteria in award decisions, while the circular economy and waste law (Ley 7/2022) sets binding obligations around waste reduction, recycling and sustainable purchasing.

However, the highest practical priorities right now are preparing for digital invoicing compliance through the Crea y Crece Law's mandatory B2B e-invoicing and Veri\*Factu certified billing/anti-fraud software. These reforms require invoicing systems compliant with the Spanish Tax Agency (AEAT), changes to accounts payable workflows, and supplier onboarding processes. At the same time, Spain must transpose the CSDDD by July 2027 (i.e. incorporate the EU directive requirements into national law).

## Germany

Germany's Supply Chain Due Diligence Act (LkSG) already embeds human rights and environmental checks into supply chains, and non-profits linked to large contracting partners are pulled into compliance through contract clauses. The draft Public Procurement Acceleration Act aims to simplify procedures and raise thresholds for direct awards while a phased B2B e-invoicing mandate requires all organisations to be able to receive e-invoices from January 2025 and to send them from 2027-2028 using structured formats.

Looking ahead, Germany must also transpose CSDDD by July 2027, which will extend human-rights and environmental due-diligence obligations to a wider set of organisations and cascade further down into non-profit contracts and grants.

## Procurement compliance and ESG can't be separated

Across Europe, non-profits cite “new regulations” as a higher procurement priority than ESG. However, our country-by-country analysis shows this distinction is often misleading. ESG compliance is encouraged by many of the regulations non-profits are preparing for. Meanwhile, current procurement laws, from the UK’s Procurement Act and National Procurement Policy Statement to France’s Loi Climat & Résilience and Italy’s mandatory CAM criteria, provide an opportunity for wider application of ESG efforts, as they consider factors other than price. With the EU CSDDD set to be transposed by 2027, ESG considerations will be even more deeply embedded across all non-profit buyer procurement.

Our review of a cross-sector sample found that the majority of non-profits have public commitments to responsible procurement – expressed through supplier codes of conduct, sustainability policies or modern slavery statements – expressing good intentions.

At the same time, employees frequently report a gap between policy and practice. Commitments at the organisational level are not consistently applied to everyday off-tender purchases – here, convenience, decentralised decision-making and budget constraints dominate.



**While procurement legislation often has ESG values baked in, non-profits ultimately don't view this as an explicit driver for change.”**

Tom Sander-Daniel,  
Operations Director,  
Thornton and Lowe



**ESG is something I'm trying to focus on as I feel it's very much a missed opportunity. In particular, I would like to focus more on carbon reduction.”**

Matthew Rains,  
Head of Procurement at Amplus,  
a UK housing provider

# The cost of deprioritising ESG in procurement

Non-profit procurement leaders want to advance their progress to meeting ESG goals, but short-term pressures prevent a more strategic focus on responsible buying. Our respondents recognise the longer-term risks of overlooking responsible procurement in favour of short-term cost optimisation:

## Reputational risk

ESG is becoming embedded within legal requirements, but the ability to demonstrate ethical buying is also becoming a condition for funding and donations in many European countries. Stakeholders – including donors, beneficiaries and the public – are increasingly holding non-profits accountable for their procurement decisions. There's a growing expectation for transparency and alignment with ethical sourcing practices. Non-profits are being scrutinised for the services they provide, but also for the integrity of their supply chains.

## A false economy

While responsible procurement is viewed in opposition to cost control, procurement leaders are aware that this trade-off can create a false economy. Most agree that focusing on lowest-price goods can increase costs in the long term (79%); cheaper typically means lower quality, and lower quality goods are often more costly to maintain and may need replacing sooner.

The majority (70%) also say prioritising the lowest price can lead to unethical practices, which can cause reputational damage and can even lead to a loss of funding.

## Long-term drivers for responsible buying

Their awareness of the risks explains why non-profit procurement leaders say their primary drivers for adoption are pragmatic: minimising risks and/or longer-term costs (48%) and buy-in from business leadership (52%).



**79%**

say chasing lowest price can increase costs in the long-term



**70%**

say focusing on lowest price can lead to unethical practices



**48%**

say minimising risks and/or longer-term costs is the top motivation for more responsible practices

## Words appear to be louder than actions

The tension between short-term cost priorities and longer-term ESG initiatives seems to create internal confusion about what's important, with most procurement teams (79%) feeling their business leaders give mixed messages on procurement priorities.

Respondents also point to a gulf between organisations' external positioning or commitments and the reality on the ground; 72% agree that responsible practices are not as important to the organisation as its external messaging/positioning suggests.

## Non-profit leaders are sending mixed messages

79%

say business leaders  
give mixed messages on  
procurement priorities

72%

say responsible practices are  
not as important as external  
messaging suggests





External evidence reinforces this gap between rhetoric and reality. Large datasets such as the EcoVadis Global Index show that organisations often perform well on policy statements but significantly worse on actions and results.<sup>20</sup> Similarly, surveys supported by Chartered Institute of Procurement and Supply highlight that many organisations struggle to measure impact reliably, making it difficult to ensure ESG priorities are embedded into procurement practices.<sup>21</sup>

**Taken together, these insights suggest:**

- Public commitments do not necessarily equate to tangible delivery
- Contractual commitments do not necessarily equate to delivery without robust post-award management

With this inconsistency across the sector, responsible procurement remains dependent on the ability to manage this by individual authorities.

<sup>20</sup> <https://ecovadis.com/blog/ecovadis-index-the-trends-behind-the-2020-2024-sustainability-ratings/>  
<sup>21</sup> <https://www.instituteforcontract.com/about-us/press/detail/the-state-of-sustainable-procurement-2025-esg-moves-from-policy-to-performance>

**Until contracting authorities strengthen the post-award validation of ESG and social value commitments through robust contract management, the risk is that these requirements simply inflate bid prices without generating any meaningful impact. Social value should not be treated as a bid-writing exercise but as a contractual obligation that's measured, evidenced and enforced by public sector contract managers. Only then will the balance between cost and social value shift to a genuine value-for-money proposition."**

David Turner, Public Sector Procurement Leader (MCIPS, MBA)<sup>22</sup>

<sup>22</sup> David has 40+ years' experience and built the first group procurement function at Places for People and introduced eProcurement/Auctions.

# Capitalising on modernisation to achieve responsible procurement

Despite near-term cost pressures, the third sector is betting big on procurement modernisation: upgrading procurement tech is the top procurement priority for non-profits in the next 12 months.

Procurement leads acknowledge they need to invest in procurement transformation to improve efficiencies, gain better visibility of spend and control and meet regulation requirements. But this modernisation drive also presents an opportunity to advance responsible procurement, laying the foundations for more transparent and sustainable business buying.

Unlike education and local government, where cutting costs, improving efficiencies and adopting responsible procurement are top priorities according to our survey, non-profit buyers are prioritising tech transformation. So, what's driving this investment and what are non-profits hoping to achieve?

**While non-profits are feeling notable cost pressures like everybody else, the research suggests they aren't slashing all investment. In fact, modernising new procurement technology is at the top of their priorities for the next year.**

Non-profits feel under pressure to prepare for new regulations, as we explored, and reporting requirements can be complex and time-consuming without the right technology in place. Could this be a key factor in the push to modernise procurement tech?

## Non-profits' top procurement priorities in the next 12 months



## Non-profits struggle with spend control and visibility

Our research suggests non-profits are looking to solve legacy problems caused by outdated processes and technology. A third (33%) report a lack of visibility into where employees source off-tender purchases, while 36% say they lack the controls to prevent employees from making off-tender purchases that don't meet guidelines or practices. Weak spend control and visibility pose two challenges:

- **Regulatory compliance:** if organisations don't know where employees are making off-tender purchases and can't prevent non-compliant purchasing, it's difficult for them to demonstrate compliance with regulations, which is top of mind for our respondents
- **Procurement efficiency:** if organisations lack control over employee spending, purchasing is not streamlined. Processing ad-hoc purchases retrospectively is time-consuming for procurement teams.

These control and visibility issues directly impact an organisation's ability to enforce ESG criteria and meet responsible procurement goals. For example, a charity department manager making an ad hoc purchase to replace broken IT equipment might not consider the organisation's procurement values, particularly if those rules are informal. Without technology that ensures transparency and sets parameters, the charity can't prevent such a purchase and might not even know about it for some time until reimbursement is requested.



## The challenges posed by ad hoc purchasing

Off-tender "tail spend" is low-value but high-volume and often represents the largest share of transactions and administrative load. It includes direct awards but also "maverick" buys that fall outside the organisation's policies. This form of spending is hardest to manage with older, legacy tools.

Without a central platform, staff shop across multiple sites and data sits in emails and receipts. Issues only become known after the fact, particularly with most participants (65%) admitting they don't regularly review off-tender spend. The result is missed volume pricing, inconsistent standards and heavier processing. In addition, quick buys which prioritise convenience over meeting criteria, increase the risk of purchases being made that do not comply with ESG guidelines.<sup>23,24</sup>

Modern e-procurement fixes the basics, with guided buying, approved catalogues and built-in approvals making compliant choices the default. Executive agencies, models and platforms – such as UK Gov's Supplier Registration Service in the UK, MePA (Italy), UGAP (France), KdB (Germany) and PLACSP (Spain) – show how unified portals pre-vet suppliers. For non-profits, the payoff is tighter cost control and the ability to embed ESG guardrails (e.g., certified products, local-supplier preference) with routine, auditable reporting.

## A springboard for responsible procurement

Legacy technology and processes don't just obstruct compliance. According to our research, they also prevent organisations acting in line with ESG values too: our non-profit respondents acknowledge that the poor visibility and control over off-tender purchasing is their biggest obstacle to adopting responsible procurement practices.

Our research findings confirm that non-profits lack the technology to enforce ethical purchasing values. Participants admit they still rely on manual, document-based mandates to promote ethical and sustainable purchasing. Some non-profits have introduced controls to bring greater transparency to off-tender purchasing, however, uptake of these methods is still low. Just 35% have a unified, organisation-wide platform for tail spend, which is lower than local government (41%) and education (37%). With many non-profits still relying on these manual methods to enforce ESG, until procurement teams have more automated methods to support them, responsible buying will come with the burden of extra work.

### The top three challenges to advancing responsible procurement

01

Lack of control preventing employees from making off-tender purchases that don't meet our guidelines or policies

02

Adds too much time to our processes

03

Lack of visibility over where employees source off-tender purchases

## Responsible purchasing enforcement: a maturity index



**Informal,  
unenforceable methods**

**39%**

have informal/non-enforced limitations on source location/ shipping distance (e.g. shared via internal docs, word of mouth)

**31%**

have preferred supplier lists but keep them in Excel or a similar application



**Intermediate  
methods adopted**

**35%**

do self-auditing and regular reviews of off-tender purchases

**27%**

have run staff training and awareness campaigns for responsible procurement



**Best  
practice**

**35%**

say their organisation has a unified purchasing platform for greater spend control and visibility

For organisations who are already prioritising procurement transformation for other reasons, it's important to consider that it presents an opportunity to better control tail-spend for broader benefits – including restricting purchase options to those that support ethical values.

# Overcoming structural barriers to responsible procurement

Tech modernisation grants better visibility over tail spend and the ability to enforce specific values including responsible buying. But long-term ESG strategies must also anticipate common systemic barriers to responsible procurement.

New procurement management technology provides a good basis for future responsible purchasing, but it's one piece of the puzzle. An effective, long-term ESG strategy should prepare for obstacles to adopting more responsible procurement practices:

## The talent and capabilities gap

Our respondents report "filling talent and skills gaps" as a top-three procurement priority in the next 12 months. And non-profit respondents say the need for additional training or skills (33%) is the chief obstacle they face when implementing responsible procurement practices. It's a pattern we see playing out across the public sector, with local government also reporting this as a primary barrier to implementing more ethical and sustainable purchasing.

ESG initiatives can play a role in attracting and retaining talent by instilling a sense of purpose but increasing headcount is simply not an option for many non-profits. While inflation may be subsiding, demand for non-profit services continues to rise alongside intensifying competition for funding. As a result, many non-profits are reducing their workforce – for example, nearly a third of UK charities are reducing or planning to reduce their headcount.<sup>26</sup>

Training and re-skilling a strained workforce requires time and financial resources that many non-profits simply don't have. The onus then is on policy makers to ensure the introduction of frameworks goes hand-in-hand with helping non-profit procurement teams understand ESG criteria and navigate cost pressures while ensuring compliance. In this environment, it's important that sustainable procurement doesn't present an additional manual administration task for stretched teams.

### By contrast, when staff are trained to understand ESG criteria, they can:



See beyond short-term price, evaluate total cost of ownership, including maintenance, replacement and disposal costs



Make use of a diverse pool of suppliers, sourcing from SMEs, social enterprises and local suppliers that strengthen resilience and community impact



Navigate regulations confidently, ensuring compliance with frameworks like CAM, LCSP or CSDDD, avoiding penalties or lost funding



Communicate value to stakeholders, proving that procurement delivers not just savings, but measurable, positive social and environmental outcomes

# 33%


of non-profit respondents say the need for additional training or skills is the chief obstacle they face when implementing responsible procurement practices

## The lack of certified suppliers

According to our research, another notable obstacle to adopting more responsible practices is supplier limitations, with 29% saying it's difficult to find certified suppliers that meet their requirements, limiting their options from the start. This problem persists into the implementation stage where 30% cite suppliers struggling to meet ESG criteria as a challenge. What's more, 1 in 5 say implementing more responsible practices makes it harder to negotiate competitive pricing or terms.

In this environment, it's key for suppliers to show the long-term value they bring. This is important for helping buyers to make informed decisions, as Thornton and Lowe's Operations Director, Tom Sander-Daniels, explains:

**Ultimately, supplier limitations pose a dilemma: how are non-profit buyers supposed to make the most responsible choice if it results in limiting their sourcing options – or adding time and complexity to procurement processes? There's no easy answer, but non-profit buyers and suppliers can work together to share information and co-design procurement pathways, that balance upholding ethical standards with meeting operational goals.**



**On the regulated procurement side, we hear feedback from clients that the social value requirements in tenders increase the cost of delivery. Social value models require competitive commitments that become contractual obligations and must be considered in pricing models.**

**Investment in wider organisational certifications, including ongoing compliance requirements can increase overheads outside of tendering that contribute to the perception of 'premiums' for responsible procurement. What's more, the capacity and capability required to meet sustainability expectations, such as tangible carbon reduction plans or credible social value commitments, increases tender costs.**

**That's why it's important for suppliers to demonstrate the added value and long-term benefits to prospective buyers, assisting them with responsible procurement decisions."**

Tom Sander-Daniel,  
Operations Director,  
Thornton and Lowe

# Making the case for tech transformation

Upgrading procurement technology is an immediate priority for non-profits and can provide the transparency and control required for modern operations. So how can teams set up their tech transformation for success?

With the right strategy and technology in place, non-profit organisations don't have to choose between efficient spending, transparency and responsible buying. Here we share recommendations for building a robust procurement ecosystem that allows you to implement ESG values without compromising on short-term business requirements.

## How to build a case for procurement modernisation

If your non-profit still uses spreadsheets, email chains or paper for procurement, you could be missing out on savings and mission impact. Of course, budget constraints make it challenging to secure investment for new systems. That's why it's important to build a compelling business case that speaks to both the financial and non-financial benefits of procurement tech modernisation.

Below, we focus on practical strategies for non-profit procurement leaders to justify a move away from manual processes – even in budget-constrained environments. We cover how to:

01

Quantify current inefficiencies

02

Forecast return on investment (ROI) over 12–36 months

03

Highlight intangible returns (like donor trust and staff morale)



## Quantify inefficiencies using internal data

Use data from your own organisation to highlight the inefficiencies and hidden costs of your manual or email-based process. Paint a clear, quantified “before” picture for decision-makers. For example, how many staff hours are lost each week tracking down purchase approvals or correcting mistakes in Excel? How often do invoices have errors or mismatches that require rework?

These inefficiencies carry real costs. Research indicates the average company spends around £25-£30 to process a single purchase order when you factor in staff time and paperwork.<sup>27</sup> Processing a supplier invoice manually can cost £12-£33 per invoice, compared to just £2-£4 with automation.<sup>28</sup> The time and money wasted spirals when you multiply those differences by the hundreds or thousands of orders and invoices that your non-profit handles.

Use your internal records to calculate your own figures (e.g. average cost per PO or invoice, number of POs per month, error rates, etc.) and include them in your case. Consider also the opportunity cost of slow, clunky processes. For instance, manual

approval workflows often lead to delays that cause missed early-payment discounts from suppliers and even rushed emergency purchases at higher prices.<sup>29</sup> If it takes two weeks and many email reminders to get purchase sign-offs, what is the cost to programmes waiting on needed supplies?<sup>30</sup>

Highlight examples like this from within your organisation, for example: “Our team spends 10 hours a week reconciling invoices – time that could be spent supporting programme delivery.” By showing what you’re losing now in hard numbers, you create a sense of urgency. Researching the cost savings of bulk purchasing versus lots of smaller transactions can also be useful here.

## Forecast ROI over 12-36 months

Now paint the “after” picture showcasing the returns the organisation can expect if it invests in a modern e-procurement programme. This is where you forecast ROI, ideally with a few scenario options. Include a comparison such as: “If we invest £X in solutions such as procurement tech now, we project saving £X+Y over the next 12–24 months through reduced admin costs, fewer errors and better pricing.” Be specific about where savings will come from. For example:

- **Labour savings:** estimate hours saved from automating requests, approvals and three-way matching. Convert to salary costs. Redeploy staff to strategic work instead of admin, avoiding an extra hire.
- **Error reduction:** fewer duplicates and over-payments through automation. Processing invoices manually typically creates errors in approximately 5 to 10% of invoices. Reducing manual processing lowers the risk of this happening, as well as the costs associated with it.
- **Better supplier deals:** centralised visibility reduces maverick spend and enables volume discounts. Model savings from

shifting off-contract spend to negotiated rates and by consistently capturing early-payment discounts.

- **Spend control and policy compliance:** prevent unauthorised purchases and fraud before they occur. Show avoided costs with scenarios, and follow Gartner’s advice<sup>31</sup> to balance cost, value and risk, including the cost of doing nothing.

Use a timeframe that fits stakeholders. Show a 12-month payback, plus 24–36 months to capture benefits that grow as analytics mature. For example: 8 to 12% initial savings and a further 2 to 3% annually. Even 5% on £1m is £50,000 back to the mission. Translate these savings into outcomes such as “two outreach staff” or “1,000 extra meals.” Present modest and best-case ranges and highlight non-cash capacity gains such as 50% faster cycle times, quicker project starts and scaling without proportional headcount.

Ground assumptions in recognised benchmarks and frameworks (for example, Gartner and CIPS<sup>32</sup>) using business measures like cost per transaction, cycle time, compliance rate and a clear timeframe for benefits.



03

## Highlight non-financial returns

Not all benefits will be purely financial, especially in a non-profit context, and those non-financial returns can be powerful in swaying decision-makers who care about mission, values and long-term sustainability. Often, cost is front of mind for day-to-day non-profit procurement. So, even if aligning to ESG responsibilities is not a high priority, show how modern procurement tech can still provide additional, broader benefits beyond cost-saving.

Make sure your business case addresses those factors that are less tangible and harder to measure, as they often resonate strongly with boards and donors. For example:

- **Improved transparency and donor confidence:** modern platforms provide audit trails and real-time spend reports, so you can generate grant-specific expenditure and compliance reports in minutes, demonstrate alignment with budgets/policies and increase donor trust, retention and future funding.
- **Strengthened compliance and reduced risk:** enforced approval workflows and auto-captured documentation help meet audit and regulatory requirements (e.g. EU/government thresholds, bids, supplier checks), reducing the risk of not being compliant, penalties and last-minute audit scrambles.
- **Better supplier relationships and ESG alignment:** supplier portals and automated updates cut late payments and clarify communication. These systems can flag/prioritise local, diverse and eco-friendly suppliers, support EU GPP/ISO 20400 and lower reputational risk.
- **Staff morale and retention:** automating manual tasks frees time for higher-value work, reduces burnout and helps retain talent where pay is constrained. Happier, stable teams make fewer errors and preserve institutional knowledge.

## A case study: transforming off-tender purchasing

### Rays of Sunshine scales impact through local and sustainable procurement

Rays of Sunshine is a UK-based charity that brightens the lives of seriously ill children by granting wishes and providing ongoing support. After 21 years of steady growth, the charity wanted its everyday purchasing to reflect its values by spending transparently, supporting local communities and minimising environmental impact. The charity used Amazon Business as their preferred procurement tool to bring about these changes.

#### Using Guided Buying and catalogue controls

The charity set local businesses as its preferred sellers for frequently purchased categories. Staff now see local options at the top of search results, with clear signposting and pre-approved choices. This simple design change has had significant effects as more spend now flows to nearby SMEs, delivery distances are reduced and teams can evidence social and environmental benefits alongside price and quality. Procurement is also easier to govern. With local preferences embedded, ad hoc buying is channelled into responsible choices, invoice collection is simpler and reporting can demonstrate how much of the charity's budget supports regional economies.

#### Climate Pledge Friendly purchasing

Equally important, the charity made Climate Pledge Friendly (CPF) a visible default in day-to-day purchasing. CPF badges highlight items that meet recognised third-party sustainability certifications such as recycled content, reduced packaging, energy efficiency or credible eco-labels. By turning on CPF filters and nudging buyers to "prefer CPF-labelled products where suitable," Rays of Sunshine operationalised its environmental commitments without burdening staff with extra research. In practice, this means:

- Buyers can compare like-for-like items and quickly choose options with verified sustainability attributes
- Category owners can report CPF adoption rates and track the proportion of orders meeting specific environmental criteria
- The organisation can evidence ESG alignment in audits and grant reports, showing not just what was bought, but whether purchases met defined sustainability thresholds.

Local prioritisation and CPF together form the core of the transformation. They turn values into everyday behaviours without adding friction, and they create a traceable audit trail for funders who expect both value for money and measurable social and environmental outcomes.



**By teaming up with Amazon Business, we've been able to simplify the way we find and buy gifts for our wish children. Whether it's sourcing sensory toys to make a hospital stay less scary or finding memorabilia to get a child excited to meet their favourite pop star, Amazon Business helps us add that extra touch of magic."**

Dan Assor,  
CEO, Rays of Sunshine



# Amazon Business for non-profits

Amazon Business is uniquely positioned to help non-profits optimise costs while advancing responsible purchasing.

We're working to simplify complex procurement processes by helping organisations track off-tender spending, manage invoices more easily, and find sellers who align with their business goals and values. Together with our customers, we're laying the groundwork for a more inclusive and equitable business ecosystem.

Here are a few of the ways Amazon Business makes responsible purchasing easier by connecting buyers to diverse, sustainable and local sellers and making it easier to align procurement with institutional values and ESG goals:

- **Guided Buying** lets non-profits align purchases with their environmental goals, allowing procurement leaders to set company-wide responsible purchasing criteria and preferences for eco-friendly products, sustainable suppliers and certified green businesses. Smart controls, multiple filters and visual signposting make responsible decision-making a natural part of procurement processes, taking the guesswork out of compliance.
- **Climate Pledge Friendly** makes it easy for organisations to identify and purchase more sustainable products. This functionality highlights items that meet third-party sustainability certifications, helping businesses reduce their environmental impact without compromising on quality.

- **Buy Local** makes it easy to find and purchase from local sellers, helping to reduce shipping distances and associated carbon emissions while also strengthening community ties and supporting regional economic growth.

At the same time, the programme ensures visibility and control over off-tender spending, helping teams manage spend effectively while meeting clearly-defined ESG criteria:

- **Competitive pricing & spend control** brings transparency and control to spending, with business-specific pricing, approval workflows and enhanced reporting. This empowers teams to maximise budgets and ensure compliance, regardless of organisational size.
- **Data analytics and AI recommendations** enhance decision-making, provide actionable insights into purchasing behaviours and supplier performance and help teams anticipate evolving needs in a dynamic environment.
- **Detailed reporting and VAT-friendly invoicing** enhances auditability and accountability across the entire organisation. Compliance can also be ensured on off-contract spend through the Amazon Business YPO framework, giving non-profit institutions peace of mind in their purchasing practices.
- **Bulk Ordering** allows non-profit organisations to secure essential supplies at reduced cost-per-item, optimising spending through access to business pricing and quantity discounts on a wide range of products scheduled for maximum efficiency.



# Make responsible buying second nature

With Amazon Business, you can save time searching, guide buyers and measure progress against internal ESG goals and regulatory measures.



## Save time searching

Purchase products that meet your responsible purchasing requirements, comparing preferred products across criteria.



## Guide your buyers

Make it easy for buyers to find and purchase preferred products, while balancing price and delivery speed.



## Measure progress

Show progress toward your goals with simplified reporting that can be filtered by location and certifications.

To learn more, visit <https://business.amazon.co.uk/en/work-with-us/nonprofit>

Learn more

amazon business