

Code of Ethics

Introduction

Our reputation and our brand are affected by what we all do every single day. Ethical behaviour is more than a statement on a piece of paper, but by putting our commitment in writing, we clearly set out the business practices that we at the Sage Group plc will operate and set clear standards of behaviour for everyone in our organisation.

Management teams have a specific role to play in setting an example, ensuring that this policy is well communicated, understood and applied throughout our organisation.

Our code of ethics demonstrates that the Sage Group plc will operate responsibly and in accordance with all relevant laws and regulations.

Specifically we will:

- promote ethical business practice;
- ensure equal opportunities;
- provide a safe and healthy work environment;
- value diversity in the workplace;
- trade ethically; and
- provide a safe route for people to highlight non-compliance.

These practices sit alongside our principles of trust, integrity, simplicity, agility and innovation and together act at the heart of all our dealings and drive the way we work for the benefit of our people, customers, suppliers, shareholders and other stakeholders. This code of ethics is comprehensive, but it does not cover every possible situation. You are expected to read and understand the guide and use common sense and good judgement to guide you. In addition, in certain areas related to good business ethics, we have published specific policies, and, therefore, you should be aware of all other relevant policies.

If you have a question or concern about proper conduct, you should immediately raise the issue with your manager, another senior manager/ director or use your local whistle-blowing service. Local policies cover more detail on some of the points raised in this document and you should always refer to them and your employment contract, should you be in any doubt.

As a world leader in our field and a role model for many small and growing businesses it is vital that in our own business we operate in a way that sets the very highest standards. Therefore it is vital that you play a part in making this happen by reading and understanding this guide and ensuring the continued implementation of ethical practices in all business activities.

Should you have any questions about the content of this policy, please contact the Group Corporate Communications Manager.

Paul Walker
Chief Executive Officer
The Sage Group plc

Policy Statement

Why introduce a code of ethics?

Ethical practice is managed as part of the existing system of governance within the Sage Group. Each operating company is responsible for managing ethical practice within their businesses on a day to day basis. All Chief Executives carry the responsibility for ensuring annually that our code has been distributed, read, understood and fully complied with throughout their business areas.

Ethical practice is about ensuring that regardless of where and how people interact with Sage, they will be treated in the same way – with integrity, honesty and respect. If Sage is to continue its great record of success and growth, we all need to work to the same code of behaviour which will guide our thinking, decision making and ultimately the way we service our customers. As a large business with an ever-growing global reach that is what is expected of us. Anything less would impact our reputation, and damage our ability to do business and serve our customers.

The very best in service and products delivered ethically will guarantee our future.

Our purpose and principles

Our purpose is to help make it as easy as possible for businesses to manage their processes. Running a business is challenging enough so we don't make things complicated for our customers. We work hard to make sure they find what they need from Sage. Relevant, practical, useful - our products are easy to use and our support services easy to access. It couldn't be more straightforward.

We aim to be the most admired and respected business software and services provider in the world.

Admired by whom? By our customers who enjoy working with us and recommend us time and again. By everyone at Sage, who take pride in the way they work and what they achieve. By our partners, who know that when they work with Sage, they're working with a company that sets the highest standards.

Guiding how we deliver on our purpose and aims are our principles of agility, innovation, simplicity, trust and integrity. These principles are the building blocks of our culture, they give us a strong and shared sense of purpose and they go hand in hand with ethical practice.

Policy expectations

The purpose of this Code of Ethics is to help all Sage operating companies to act responsibly, ethically and in the best interests of all key stakeholders. The code has been written to set out group-wide expectations and requirements in this area.

A lot of information is contained within this code, detailing responsibilities of the global team and/ or local operating company teams. In order to ease the use of this document, a schedule has been provided as Appendix A, setting out the individual responsibilities of the global team and of local operating company teams.

Policy Content

Responsible Employment

The Sage Group plc currently employs over 14,000 people around the world. It is vital that we treat all of our people fairly, respecting human rights and equal opportunities whilst

maximising the talent, capability and performance of our people to benefit our business and ultimately the customer.

Vision and strategy

In all of our businesses, the organisation vision and strategy should be clearly communicated to our people and everyone should understand how their role and objectives relate to it.

Employee views

Sage listens and responds to views and opinions. In some of the larger businesses, this may be through formal and informal means including employee surveys, focus groups, intranets, meetings and one to one discussions. In some of the smaller businesses within the Sage Group, this is likely to be delivered through more informal routes, such as all company meetings, one to one discussions and team meetings. Our people will be involved in decisions that affect them whether as individuals or through consultation with representatives.

Grievance and issues

All of our businesses should operate processes that enable our people to raise grievances/concerns and have these concerns fully investigated and resolved.

Diversity

All of our businesses should operate an equal opportunities policy that prevents discrimination during any aspect of recruitment or employment on grounds of gender, religion or belief, race, creed, age, disability, sexual orientation, ethnic origin or marital status. We aim to create an environment in which all our employees can develop their full potential. Valuing and promoting diversity across all of our businesses is an essential part of achieving that goal.

Health and safety

The Sage Group will do its utmost to provide a safe and healthy work environment, ensuring that local legislation regarding health and safety is adhered to.

Performance and reward

The Sage Group will ensure that in all operating companies there is a clear process for setting performance standards and expectations and for measuring and rewarding performance.

Work life balance

The Sage Group supports a positive work life balance for all our people. Cultural and legislative differences mean that this will be managed in different ways in different countries, but policies should be clear and well communicated to employees.

Talent

In every Sage operating company, there should be a route to recognise and reward talent as part of our talent strategy.

All of these topics should be delivered through policies and activities managed locally by Human Resources departments in every operating company. If assistance is required in any aspect of these topics, you should contact your local Human Resources representative.

Employee Conduct

Appropriate use of company resources

We expect all of our people to use company resources in a responsible and ethical manner. While incidental or occasional private use may be allowed with prior approval from a manager, you should not abuse resources provided to you in the course of your working role. Each location should have formal standards and policies to protect the company from potential abuse and associated risk. If in doubt check local policies or ask your manager.

Intellectual property

It is the Sage Group plc's policy to establish, protect and maintain all commercial intellectual property rights and all employees must take steps to safeguard these. Commercially sensitive

information must not be disclosed under any circumstances. Theft and misuse of trade secrets or proprietary information may result in criminal proceedings.

You should be aware and understand that all inventions, ideas and solutions devised whilst in employment are the intellectual property of the company. Whilst Sage actively encourages ideas and creative thinking in order to improve the customer experience, it is vital that our people understand that all work is the intellectual property of the Sage Group plc and the company has the sole ownership and use of it.

The Sage Group plc will also respect the intellectual property rights of others. When using logos, trademarks or other intellectual property, steps must be taken to ensure it is with the prior agreement of the owner and is correctly represented at all times. These obligations apply to all employees of Sage, including those who leave the company.

Conflicts of interest

You should not undertake any activities, financial interests or relationships outside your job that could represent a possible conflict of interest. It is recognised that our people may undertake legitimate financial and business activities in their own time, but these should not conflict with or damage the reputation of the Sage Group plc. Examples of conflicts of interest include, but are not limited to:

- selling business software or services;
- using the Sage brand for personal interests;
- directing company business to a friend or family member without going through a proper purchasing process;
- preferential recruitment or promotion of a partner, relative or close personal friend; and
- situations where a member of the family, the spouse or partner of an individual also reports directly or indirectly to an individual.

Operating companies should ensure that local procedures are in place for any potential conflicts of interest to be escalated to and, if appropriate, approved by, local management.

Insider trading

Insider trading or insider dealing means personally buying or selling stock of any company while in possession of 'inside information' about the company. Inside information is non-publicly disclosed information that could affect the share price of that company. Examples include, but are not limited to:

- a pending merger or acquisition;
- a major lawsuit or claim;
- an earnings announcement; and
- significant product development.

Insider trading is illegal, as is 'stock tipping' - disclosing inside information to a friend, relative or colleague to enable that person to buy or sell stock on the basis of the information.

Our people should not recommend or suggest the purchase or sale of Sage Group plc shares or the stock of any other company that they have inside information about. As a guiding principle, but not as a cover all, do not disclose any information marked 'confidential' or 'internal use only'. If in doubt, always ask your manager or with the person who has issued the information.

Those identified by the Sage Group plc as potential 'insiders' have been issued with a separate policy in relation to their dealing in Sage Group plc shares. All employees however, should have regard to their own knowledge of the Sage Group plc's affairs in considering whether they may be subject to these restrictions.

Doing Business

In the course of doing business with customers, suppliers and other third parties, we must behave with integrity and professionalism.

Customers

Customers are our main priority and all dealings with customers must be undertaken with honesty, integrity and openness. We will communicate in an accurate and truthful way to customers whether in advertising, marketing, PR or via direct communication. A promise made by any employee is a promise made by the Sage Group plc and must be treated as such. Customers must not be miss-sold products that are unsuitable for their businesses and contracts made with customers must be honoured. Customer data will always be treated with sensitivity and respect and must not be used for personal gain. All data is handled in a way that meets the requirements of data protection laws in the countries in which we operate.

Suppliers

We will seek mutually beneficial relationships with suppliers and recognise our position as a role model to SME businesses. As such, we will settle accounts promptly and efficiently. Contracts agreed with suppliers must be honoured.

Gifts and improper payments

Gifts of money, goods, services or other favours must not be asked for or accepted. Small tokens and reasonable hospitality may be accepted provided they do not place you under any obligation and will not be misconstrued. Any gift or hospitality of more than a token value must be reported to your line manager to determine if it may be accepted. You and your family should not accept anything that could damage our reputation.

In the course of doing business we will develop many relationships with third parties such as business partners who, at times, may be seen as representing the Sage Group plc. Through our relationship with these third parties, we should encourage them to reflect our ethical practices.

Bribery and fraud

In all jurisdictions in which we operate, our people must not solicit, give or accept bribes as part of their business relationship with or on behalf of the company, nor shall they accept, make or encourage the use of facilitation payments. A facilitation payment is a payment made as a bribe to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has a legal or other entitlement. These prohibitions apply to any person who may be seen to be representing the Sage Group plc and any improper behaviour with regard to the use of bribery or facilitation payments will be considered to be a breach of the employment contract.

Whilst having regard to the relevant aspects of the culture of those markets in which the Sage Group plc invests, it is of fundamental importance that the Sage Group plc does not enter into, or condone, any action that is contrary to local legal rules or its stated policies or practices. Where fraud is identified in any market, the fraud response policy, which has been circulated separately, will apply. A strong internal controls environment is identified as the key factor in identifying and preventing fraud. Therefore in each market in which the Sage Group plc is established, a formal anti-fraud policy should be introduced which is consistent with the policies in this area adopted by the Sage Group plc, subject to any particular issues arising from local culture and practice. Local formal training on the fraud policy should be introduced for all employees and should include the steps to be taken by and required of Sage operating companies to combat fraud generally.

Compliance with laws

All our dealings must be in compliance with relevant legislation and local legal rules at all times. Sage cannot accept circumstances where any employee allows a situation to arise where our company may not be in full compliance with all applicable laws.

Expenses

Policies and forms for the claiming of expenses will be managed locally within operating companies. Any attempt to claim expenses for which individuals are not entitled will be thoroughly investigated and deliberate actions will be treated as fraud.

Preventing money laundering

People who are involved in criminal activity, such as bribery, fraud or trafficking narcotics may attempt to launder money through apparently legitimate businesses in order to use the funds from their criminal activity and reduce suspicion. Under law, acceptance or processing of money gained through criminal activity is illegal.

The Sage Group plc will deal only with reputable customers who are involved in legitimate business activities and whose funds are derived from legitimate sources. Our people are asked to raise concerns with the legal department if a customer's business appears to be suspicious.

Examples of unusual payment practices that might indicate money laundering include, but are not limited to:

- multiple money orders or travellers cheques;
- large amounts of cash;
- a cheque on behalf of a customer from an unknown third party; and
- reluctance to provide complete information or provision of suspicious information.

If you become suspicious, you should raise your concern immediately within our business and document all steps that are taken in relation to the payment/ customer.

Competition

Anti-competition laws prohibit agreement between competitors to fix prices, limit supplies or act dishonestly in any other way. Sage is committed to free and open competition and we will compete vigorously, but honestly, while complying with all relevant competition and anti-trust laws, wherever we do business.

We are often asked about whether we can do anything about the effect heavy reseller discounting is having on our own sales and on those of other resellers, who complain about a heavy discounting reseller. The answer is no. If a reseller is undercutting another reseller's prices, or even our own prices, we cannot object. It is perfectly acceptable and is simple competition. If anything we do or try to do results in the prevention, restriction or distortion of competition which may affect trade, then it is anti-competitive behaviour whether intended or not. This means that:

- we cannot specify the price that resellers, distributors and other such third parties can charge for our products. We can only recommend a price and we should not get involved in debate with resellers about prices being charged by other resellers. However, predatory pricing is not permitted, that is, where a party deliberately lowers its prices to a level at which competitors cannot compete, in an attempt to squeeze those competitors out of the market.
- we cannot prevent resellers from selling to one another; and
- we cannot limit production or refuse to supply existing or potential resellers without objective justification for doing so, such as the fact that a reseller is in serious breach of its reseller agreement with us.
- Any attempt to do any of the above by direct or indirect means, would be anti-competitive and any discussion of doing anything like this (including all emails/ memorandums or letters on the subject) would have to be disclosed.

Political contributions

The Sage Group plc will not make political contributions unless approved by the Group Board of Directors. Political contributions can include cash, gifts, sponsorships, donations or benefits in kind and no Sage Group plc employee should knowingly make a political contribution on behalf of the organisation.

Corporate Governance and Shareholder Communication

The Sage Group plc is a public quoted company, listed on the London Stock Exchange. As such, we have certain legislative requirements to fulfil in our approach to business. Responsibility for business practice and legal compliance rests with the Group Board of Directors.

We also have an obligation to maximise the value we create for shareholders. This can be achieved through:

- proper financial controls, audits and reporting;
- creation and maintenance of proper and accurate business transactions;
- the safeguarding of all physical, financial and other company assets;
- timely, honest reporting of actual performance and of forecasts and assessments;
- and
- sound processes and controls.

Company records

All books and records must be kept in accordance with applicable laws and according to proper accounting standards, fully reflecting receipts and expenditures. This is to ensure the financial information we use within the business or for external publication is accurate and reliable.

Communications

Sage will communicate openly, directly and honestly with interested stakeholders and groups. Material information about our performance and prospects will always be published to the financial community at the same time so as not to advantage or disadvantage any particular organisation.

Matters relating to the "Group" must not be discussed with any member of the media (regardless of the publication) unless authorised or specifically part of your responsibility in your role. Your local PR department will co-ordinate all announcements, statements, press releases and responses to questions from the media and any enquiries should be directed to your PR department.

Published reports and information that we use to supply to regulatory agencies or any other bodies must be complete and not misleading in any way.

Corporate Responsibility

Every business impacts on society and the environment in some way. Sage is committed to minimising any potential negative environmental impacts and maximising the positive. Our Corporate Responsibility statement within the Annual Report sets out minimum expectations and standards around managing our environmental impact, supporting community and charitable work, managing our responsibilities as an employer and maximising the positive impacts we have on the world of business.

Privacy

The Sage Group plc commits to protecting any personal information it obtains through the course of doing business and our people should understand the basis of legal rules surrounding the protection of data and how it may apply to them in their role. 365

Specifically our people must:

- protect customer data and should not share it with any third parties;
- protect personal information relating to co-workers, suppliers or business partners; and 370
- keep any such information secure.

When dealing with personal information, you should ensure business decisions are based on sound judgement and not personal information that could result in suggested discrimination. Please read and familiarise yourself with local data protection policies and, if unclear, speak to your manager to ascertain how it applies to you in your role.

Privacy while using company resources

Many locations, when allowed by local legislation, undertake monitoring of telephone calls to ensure high standards of customer service and so you should be aware that any call made on our telephone network may be recorded.

Sage offices also monitor the use of email and the internet. Local policies should exist to guide our people when using internet services and monitoring is in place to ensure that neither the Sage Group plc nor individuals are put at risk through inappropriate use. Such monitoring should always comply with legislation and must always be disclosed to employees through our policies and at induction. Services should always be used in a way that will not compromise employees or the organisation. Common sense and good judgement should be applied at all times.

Applying the Policy

Smaller operating company requirement

In writing and issuing Group policies, the requirements and relative size constraints of smaller operating companies have been considered. The relative size of the Code of Ethics could make it difficult for operating companies to understand the messages contained. A summary of responsibilities has been attached as Appendix A to this Code to outline the key requirements. All Sage operating companies are however expected to adopt and incorporate the Code of Ethics into their business.

References

It is expected that local operating companies will have relevant policies in place as set out in this Code and as summarised in the schedule of responsibilities in Appendix A. Reference should also be made to other relevant Group policies as appropriate. The relevant Group policies in this instance are:

- the Fraud Response Policy;
- the Data Protection Policy;
- the Code of Remuneration Practice;
- the Health and Safety Policy; and
- the Corporate Responsibility Policy.

Publication

The Sage Group plc Code of Ethics will, upon approval, be published by the global team on the corporate group website www.sage.com. It is a policy requirement, to assist communication with all employees, that operating companies also publish the Code of Ethics locally. The method of this publication is to be determined by the operating company. Guidance can be obtained from the global team on local publication.

Reporting a problem

The Sage Group plc has committed to ensure all of our people have a route to highlight any instance of unethical behaviour. In each operating company this may be handled differently but the options include:

- grievance policies to ensure grievances are properly heard and where appropriate acted upon;

- access to senior directors to enable any employees to discuss concerns with members of the leadership team; and
- a confidential telephone line or internet service which enables any individual to anonymously raise concerns about an issue. Whistle-blowing services, provided on behalf of the Sage Group plc, are available.

If you do not know how to raise an issue in your organisation, you should contact your local HR department in the first instance to clarify. Should, for any reason, the process still not be clear you should contact the Group Company Secretary, highlighting your concerns or the lack of process. Any issues raised with the Group Company Secretary will be treated in the strictest confidence.

Annual Declaration

In order to ensure that the Code of Ethics has been fully embedded within operating companies and to facilitate good business practice and corporate governance, an annual Code of Ethics Declaration is required to be completed by certain senior employees within the Sage Group. Employees identified as required to complete the declaration will be contacted individually.

The declaration asks employees to disclose any relevant business interests, benefits, responsibilities outside of the Sage Group, relationships with professional advisors and relatives or business associates employed by the Sage Group.

Completed declarations are required to be submitted to the Group Company Secretary who will review the information provided to ensure that employees and/ or the Sage Group are not exposed to any potential ethical issues. Information provided in the declarations will not be published and will be held securely by the Group Company Secretary.