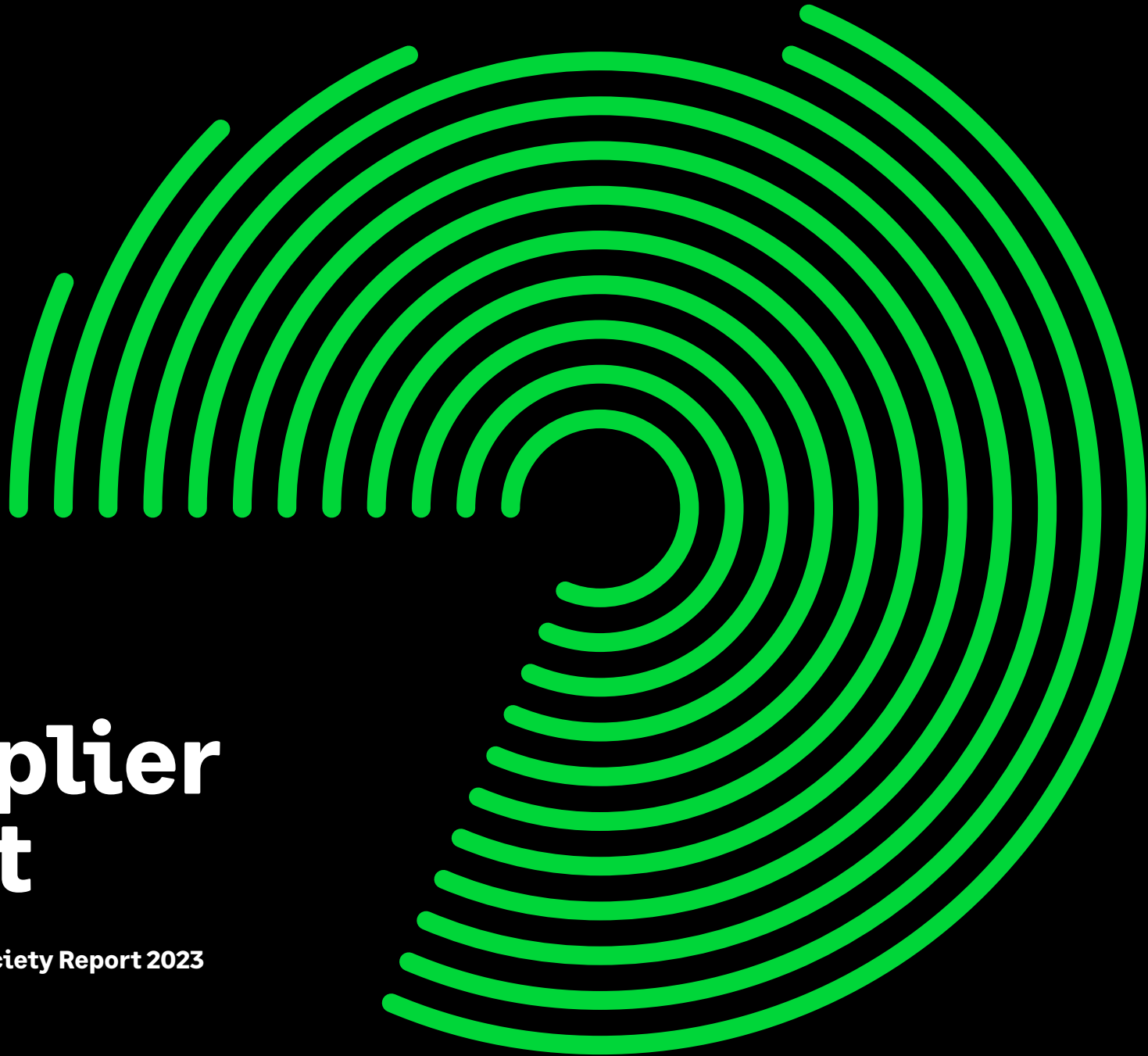# Sage

The Multiplier Effect

Sustainability and Society Report 2023

Welcome

As part of our wider financial and non-financial reporting suite, we're proud to share this overview of progress against our 2023 Sustainability and Society commitments.

What's inside?

Transparent disclosure

GRI 2-2; 2-3; 2-5

Covering all Sage Group plc. entities and businesses for the 2023 financial year (FY) 1 October 2022 to 30 September 2023, this report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Software and IT Services Industry. For the first time, we have also sought limited assurance over select metrics.

The report is structured around our material topics, identified through a robust double materiality process. As part of a holistic reporting ecosystem, we reference environmental, social, and governance (ESG) risks and opportunities throughout.

Limited Assurance
Summary Statement from Bureau Veritas UK Limited

Bureau Veritas UK Limited (Bureau Veritas) has provided limited assurance of selected sustainability disclosures included in the Sage Group plc (Sage) Sustainability and Society Report, Climate Report, and ESG Databook for the financial year 2023 (collectively the 'Report'). The information and data reviewed in this assurance engagement covered the period 1 October 2022 – September 30 2023.

The full Independent Assurance Report including Bureau Veritas' assurance conclusion, assessment standard, scope of work, summary of work, and exclusions and limitations can be found in the FY23 Sustainability and Society Report **pages 44-46**.
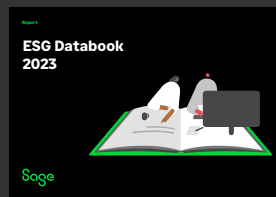
Our reporting ecosystem

Annual Report and Accounts (ARA)

Climate Report[1]

ESG Databook[2]

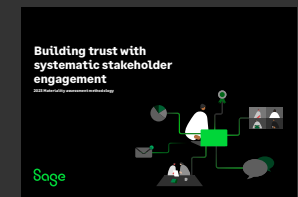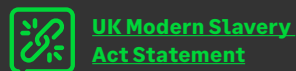**UK Gender Pay Gap Report**

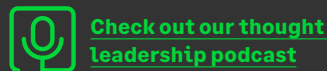**UK Ethnicity Pay Gap Report**

Materiality assessment methodology

UK Modern Slavery Act Statement

Check out our thought leadership podcast

1. Includes Task Force on Climate-related Financial Disclosures (TCFD), and Transition Plan Taskforce (TPT) disclosures.
2. Includes GRI and SASB data and indices, and UN Sustainable Development Goal (SDG) progress.

Sage

Welcome | Leadership reflections | Our strategy | Protect the Planet | Tech for Good | Human by Design | Sustainability by Design | About the report

Multiplying impact in 2023

Protect the Planet

B
CDP rating

Climate Leaders
listed in the FT Europe Climate Leaders 2023 list

SBTi
validated our near-term climate target

Sage Earth
powers NatWest Carbon Planner, UK

Tech for Good

Trust and Security Hub
explaining security through bespoke customer journeys and presenting our overarching Data and AI Ethics Principles

Data and AI Ethics policy
launched

Sage Small Business Tracker
launched

Human by Design

Times Top 50
in Gender Equality List, UK

3
additional Colleague Success Networks established

12th
out of 100 in RateMyApprenticeship, UK

Globalised
Colleague Assistance Programme

Sustainability by Design

Enhanced
Sustainability and Society strategy and ESG governance

Top 5
Sage ranks among the top 5 of 23 software vendors assessed using IDC's sustainability framework.[1]

ecovadis
partnership on supply chain ESG

Bronze
We've received a bronze sustainability rating from EcoVadis

Sage Foundation collective action

10,581
underserved entrepreneurs supported

12,178
people equipped to access further opportunity

154,620
hours volunteered in our communities

$777,096
raised for non-profits around the world

1. IDC Europe Sustainable Strategies and Technologies Index for Software Providers: Sage Group Profile, doc #EUR251109523, August 2023. See the full report on **our website**.

Leadership reflections

GRI 2-22

The last year was marked by ongoing geopolitical and economic volatility across the globe.

Our Non-executive Director and Board Sponsor for ESG, Maggie Chan Jones, and our CEO, Steve Hare, reflect on why it's never been more important for businesses such as Sage to have a long-term outlook.

Letter from our Non-executive Director and Board Sponsor for ESG, Maggie Chan Jones

When I joined Sage's Board as a non-executive director last year, one of the things that most excited me was the clear ambition and commitment that the Company has to building a more sustainable future for all our stakeholders—and the opportunity to help them fulfil that ambition.

Sage's Sustainability and Society strategy focuses on key environmental, social, and governance priorities for the business, and I am impressed by how far the team has come in a short amount of time. However, the journey ahead requires continuous long-term focus.

The race to net zero is one we cannot lose; unequal access to resources, knowledge, and technology continues to divide the haves from the have nots; and every organisation is asking how they can build a more resilient, sustainable business with a more diverse, equitable, and inclusive culture.

Looking at these challenges in isolation will only get us so far. Real, lasting progress requires a co-ordinated, collaborative, and holistic approach. Solutions must combine clear, actionable policies with fresh, innovative thinking that approaches these challenges as opportunities to create value rather than just problems to solve.

Data, technology, and insight are fundamental. And that's where businesses such as Sage can be a powerful force for good. We create impact, and gain insight, through every interaction we have with small and medium businesses (SMBs). Millions of SMBs trust us with their data, and we use that data to better understand the barriers and problems SMBs are facing with their own sustainability journeys and help identify solutions.

Sage's Sustainability and Society strategy is at the very heart of Sage's purpose to knock down barriers so that everyone can thrive. Our goal is to both role model sustainable behaviours, whilst also sharing the knowledge, technology, and skills with the SMBs we work with, from helping them get started with carbon accounting to making their voices heard by policymakers and regulators.

Sage's third Sustainability and Society Report is prepared in line with leading voluntary standards and regulatory requirements, and I hope it provides all of our stakeholders—from shareholders to colleagues—with a transparent view of our progress and future ambitions.

Maggie Chan Jones
Non-executive Director and Board Sponsor for ESG

Leadership reflections—continued

Letter from our CEO, Steve Hare

GRI 2-22

At Sage, we're committed to growing and scaling our business in a sustainable way, by knocking down barriers and delivering extraordinary outcomes for all our stakeholders.

One of the most important ways we're doing that is by hardwiring sustainability into everything we do: how we operate, our supply chain, the products we build, and the culture we work in. Because we can only achieve the best outcomes for our stakeholders if we first make Sage a resilient, sustainable business.

Leading by example is not enough. We know that we can help our customers in their own sustainability journey, both through the technology and guidance we provide, and by advocating for clearer, simpler standards on behalf of SMBs. Our goal is to share the knowledge, technology, and skills that our industry needs to be a driving force for change.

Since last year's Sustainability and Society Report, we've shifted our focus from setting commitments to taking action. Our evolved Sustainability and Society strategy is aligned to our business priorities and backed up by robust action plans and targets.

This is because, as well as benefitting the economy and wider society, sustainability is also a commercial imperative—both through cost reduction and the opportunities to expand our customer proposition through products such as Sage Earth. This will enable us to deliver long-term growth, reward our shareholders, and continue to make the right investments for our business, colleagues, and customers.

A lot of good work has happened in FY23, but there are a few milestones I am particularly proud of, and I would like to call out:

- We were named in the Financial Times's 2023 European Climate Leaders list, and had our emissions targets verified by the Science Based Targets initiative.
- We have launched Sage Earth and joined forces with NatWest to make it easier for businesses to understand their carbon footprint.
- And we've begun a collaboration with Bankers for Net Zero (B4NZ) to help unlock access to capital by automating greenhouse gas emissions (GHG) reporting for every SMB in the UK.
- Through Sage Foundation, we continue to donate thousands of hours each year to causes and communities that most need our help. We are aligning our Sage Foundation strategy more closely to sustainability, simplifying our commitments, and maximising the impact of our volunteering, fundraising, and grant-giving activities.

We've also evolved the governance structures that underpin our sustainability focus:

- We evolved the Sustainability and Society steering group into a formal management committee with attendance from Executive Leadership Team (ELT) members.
- We've continued to strengthen our supply chain due diligence process by setting clear expectations through our Supplier Code of Conduct. We also launched an engagement programme with our high-emitting suppliers, which we hope will ultimately yield verified and accurate carbon emissions data.
- And with Maggie's appointment to our Board, we now have a non-executive director with overall oversight of our ESG strategy and activities.

I am extremely proud of what we've achieved over the last 12 months, and with our new evolved strategy and clearer governance in place, I'm confident we will continue to make strong progress on our sustainability journey in FY24. And, as we scale our impact together with all our stakeholders, we will spark a chain reaction that creates exponential value, extending far beyond our own operations.

Steve Hare
CEO

In conversation with our Executive Leadership Team

GRI 2-22

SH **Steve Hare**
Chief executive officer

Q How does Sage ensure that the interests of all stakeholders are being considered?

SH By always bringing it back to our purpose, and living our most important value of "doing the right thing". At the ELT table, we want to have complete clarity about how our stakeholders are represented. So I've asked members of my team to bring a singular focus to the voice of each of our stakeholder groups. To help create this clarity and focus, our Sustainability and Foundation team will now sit within our Corporate Affairs function, led by Amy Lawson—and Amy will be the unified voice within the ELT for society as a key stakeholder. This will help us build on the great progress made in FY23 and accelerate that even more by bringing sustainability closer to some of the other key levers that can help us make a positive impact on society: advocacy, public policy, reputation, and colleague engagement.

AC **Amanda Cusdin**
Chief people officer

Q What are your reflections on the progress made on sustainability at Sage in the last year?

AC We made really good progress in FY23—but, of course, there is always more to do. It's been a privilege to help set up the foundations of our Sustainability practice and act as the executive sponsor. I am particularly proud of our work on advancing our climate strategy and strengthening our internal governance processes. Introducing the Human by Design pillar in our evolved strategy reflects the role we play as a global employer, supporting and equipping our teams with the skills needed for the future world of work.

AL **Amy Lawson**
Chief corporate affairs officer

Q What are your reflections on Sustainability becoming part of Corporate Affairs?

AL I am really excited to welcome the Sustainability and Foundation team to Corporate Affairs and to support them as they build on these great achievements. I often say that Corporate Affairs functions must hold a mirror up to the organisation, to challenge, counsel, and ensure that everything we do supports the commitments we've made. I think that is the same for Sustainability and Foundation, and that is why we are becoming one team— to learn from each other, combine our strengths, and move faster towards delivering our collective ambitions.

JH **Jonathan Howell**
Chief financial officer

Q As a finance professional, what is your view of non-financial disclosures and performance?

JH I think they add an important dimension to our financials. However, I believe that, over time, we need to get them to the same level of accuracy and rigour as our financial reporting. I am encouraged by the efforts of regulators and standard-setters such as the International Sustainability Standards Board (ISSB), and continuously challenge the team to make sure our disclosures on sustainability are transparent, reliable, comparable, and material for our Company and investors. It took the accounting community decades to get financial accounting practice to the quality and professional standards of today, so ESG disclosures have some catching up to do—but, at Sage, we are committed to getting there.

WAH **Walid Abu-Hadba**
Chief product officer

Q How can products help deliver on our sustainability promises?

WAH Put simply, by delivering products and tools to SMBs that can make sustainability easier for them. Tools such as Sage Earth, our groundbreaking carbon accounting tool, enable emissions measurement and provide rich insights which support emissions reductions. This enables SMBs to understand their carbon footprint and take action. Empowering businesses to measure, mitigate, and manage their carbon footprint is key to achieving sustainability goals, those of our customers, SMBs around the world, and governments. Tech is enabling a greener future.

In conversation with our Executive Leadership Team—continued

`GRI 2-22`

AB **Aziz Benmalek**
President—North America

DB **Derk Bleeker**
President—EMEA

VB **Vicki Bradin**
General counsel and
company secretary

AH **Aaron Harris**
Chief technology officer

CK **Cath Keers**
Chief marketing officer

Q **How is our partner ecosystem helping Sage deliver on its sustainability objectives?**

AB Our partners are such an integral part of Sage's ecosystem. Many of them are already thinking and talking about the importance of sustainability. Ultimately, it is all about helping SMBs to thrive, so we have a common goal to promote sustainable practices—like low-carbon solutions and cloud-enabled technologies—that make our partners and customers more resilient.

Q **Do you think governments are doing enough to drive the digitalisation of the economy?**

DB In tougher economic times, SMBs have a unique ability to react quickly and innovate to drive growth. Governments can make it easier for SMBs to do business digitally and adopt technology that will unlock productivity and give them the insights to adapt and grow quicker. There is a lot more that governments around the world can—and should—do to unleash the power of SMBs and build the digital economy to enable them to thrive. With the right support, policies, and incentives in place, SMBs will unleash their full potential and play a vital role in economic recovery and sustained long-term growth.

Q **How important is the G of ESG?**

VB Strong governance, risk, and assurance drive effective decision making throughout the business and improve our ability to scale at pace. As we continue to evolve our sustainability commitments, it is critical that we have the right governance in place to create transparency and visibility, and continue to integrate sustainability risks and opportunities into our strategic planning. We made a lot of progress on this in FY23 and are continuously strengthening our governance framework to make sure it stays fit for purpose as our strategy matures and the external landscape evolves.

Q **Why should AI be built on a trust framework?**

AH We have a maxim at Sage—we should match our investments in automation with equivalent investments in trust. People will only transition their work to technology if they trust it to do their job safely and competently. A trust framework is essential for ensuring that AI benefits society whilst minimising potential harms and ethical dilemmas.

Q **Do you think Sage is a purpose-driven brand and, if so, why?**

CK When we changed our brand, it wasn't a change of symbol, it was a symbol of change. Our brand is about how we show up for customers—removing complexity, delivering insights, and building human connections for them, for our colleagues, and within society. Our purpose and our customers are at the heart of our business— so, yes, I do think we are purpose led. Our Masterclass on sustainability is one of the many examples of how we show up for our customers and are committed to be by their side on this journey.

Our business model

`GRI 2-6`

We play a key role in creating value for all of our stakeholders, from colleagues and suppliers to customers and partners.
We catalyse sustainable action by providing the tools, knowledge, and insight, enabling others to drive socio-economic prosperity.

More about Sage
Learn more about stakeholder
engagement in our ARA (pages 47 to 55)

Inputs

Customer base
The breadth of our customer base around the world gives us a unique insight into the needs of SMBs.

Trusted advisor
Sage is a trusted brand providing award-winning customer service, which in turn generates loyalty and advocacy among customers.

People
Caring and engaged colleagues are committed to driving success for our customers.

Ecosystem
Sage's scale and reach is expanded through our ecosystem of accountants, resellers, and technology partners.

Innovation
We are investing to ensure our products are differentiated in a changing technology landscape.

How we attract and retain customers

1 Awareness and land
Attract new customers to Sage through brand awareness, targeted campaigns, the sage.com website, and partners. Offer guides and trials to prospective customers.

2 Adopt
Sign new customers up to Sage Business Cloud on subscription. For some solutions, Sage or its partners provide training and onboarding to get customers started.
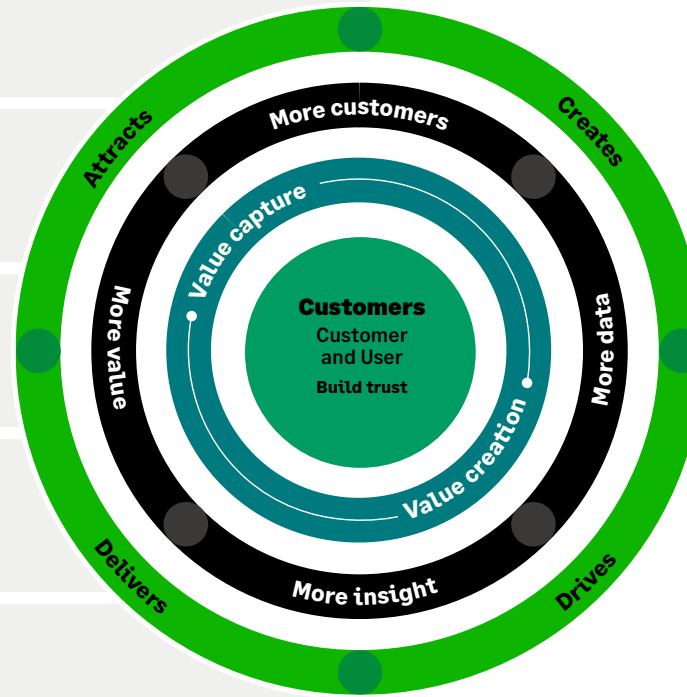
3 Service
Provide digital and human customer support to enhance the customer experience, offering regular check-ins and conducting feedback surveys.

4 Expand
Enable Sage Business Cloud customers to benefit from our expanding portfolio of cloud-based solutions and services. This increases the value of Sage Business Cloud and enables Sage to deepen customer relationships.

5 Renew
Create a seamless experience for customers that drives higher satisfaction, helps retain customers and increases adoption of Sage solutions. New customers are attracted to the network through recommendations and advocates.

Attracts / More customers / Creates / More value / Value capture / More data / Customers Customer and User Build trust / Value creation / Delivers / More insight / Drives

Outputs

Customers
102%
renewal by value

Colleagues
76
employee satisfaction (eSat)

Community
154,620
Sage Foundation volunteer hours spent helping our communities

Shareholders
19.3p
total dividend for the year

£350m
share buyback announced

Underpinned by the Sage Network

More customers
Adding customers, end users, and ecosystem participants will improve the network effect and allow Sage to scale new value propositions. Ecosystem participants (attracted by customer volumes) act as amplifiers of the network effect.

More data
With more data and data types from network participants, Sage can capture data flows and transactions both within and outside the network.

More insight
Data drives the development of AI-powered solutions through a combination of understanding customer problems and deploying data science capabilities. This is enabled by a culture of experimentation and innovation.

More value
Solutions are delivered to enhance the customer experience, and create value for customers and Sage.

Our Sustainability and Society strategy

Building a fairer and more sustainable world has never been more important. Yet SMBs face disproportionate barriers to implementing change: barriers such as discrimination, bias, and unequal access to capital and technology. This isn't right. Our Sustainability and Society strategy, the Sage Multiplier Effect, is all about knocking down these barriers, amplifying the positive impacts, and minimising the negative ones.

In 2023, we evolved the Sustainability and Society strategy to reflect on the outcomes of our recent materiality assessment, and our transition from commitment to action. Our updated strategy has 3 key pillars—Protect the Planet, Tech for Good, and Human by Design—all underpinned by Sustainability by Design, which is about integrating sustainability deep into our business and operations. Each of the pillars is supported by clear priorities and a robust action plan. This evolved approach drives further accountability across the business and it also reflects a closer alignment with our strategic business priorities.

"**Our strategy has become pivotal to how we deliver on the Sage purpose. By amplifying the positive, every day, everywhere, we want to turn barriers into opportunities for SMBs, allowing their leaders, their customers, their colleagues, their families, and their communities to thrive.**"

Elisa Moscolin
Executive Vice President
Sustainability and Foundation

See how our strategy contributes to the UN Sustainable Development Goals in our ESG Databook.

The Multiplier Effect

Protect the Planet

We will take action within our business, with our customers, and with our suppliers to tackle climate change.

- Get Sage to Net Zero
- Get SMBs to Net Zero
- Policy and Advocacy

Read more on pages 15 to 20

Tech for Good

We will support SMBs to thrive by building trusted and inclusive digital network and solutions.

- Data for Good
- Build Digital Trust
- Empowering Entrepreneurs

Read more on pages 21 to 28

Human by Design

We will scale and grow sustainability, through a diverse, high-performing, and human culture.

- Diversity, Equity, and Inclusion
- Future Fit Work
- Wellbeing

Read more on pages 29 to 37

Hardwiring sustainability into the business through

Sustainability by Design

Integrating Sustainability into everything we do:

- Including in how we operate
- The products we build
- And the culture we work in

Read more on pages 38 to 42

Driving collective action through

Sage Foundation

Knocking down barriers to social and economic inclusion, by providing access to skills and opportunities so that everyone has the chance to thrive.

Read more on pages 25 to 28

Materiality

GRI 3-2

We know that a robust materiality assessment is the bedrock of a strong sustainability strategy. Our materiality informs our strategy, how we assess risks and opportunities, structure disclosures, and prepare for regulatory requirements, such as the EU Corporate Sustainability Reporting Directive (CSRD).

In 2023, we adopted the latest best practice principles of double materiality to streamline, merge, and identify new topics in line with stakeholder expectations, the latest GRI Standards, and the European Sustainability Reporting Standards (ESRS) underpinning the EU CSRD. The 22 topics identified in 2021 were streamlined to 17, of which 8 were identified as "strategically significant" or "very important" to our strategy due to their considerable impact on society and the environment, and/or on Sage.
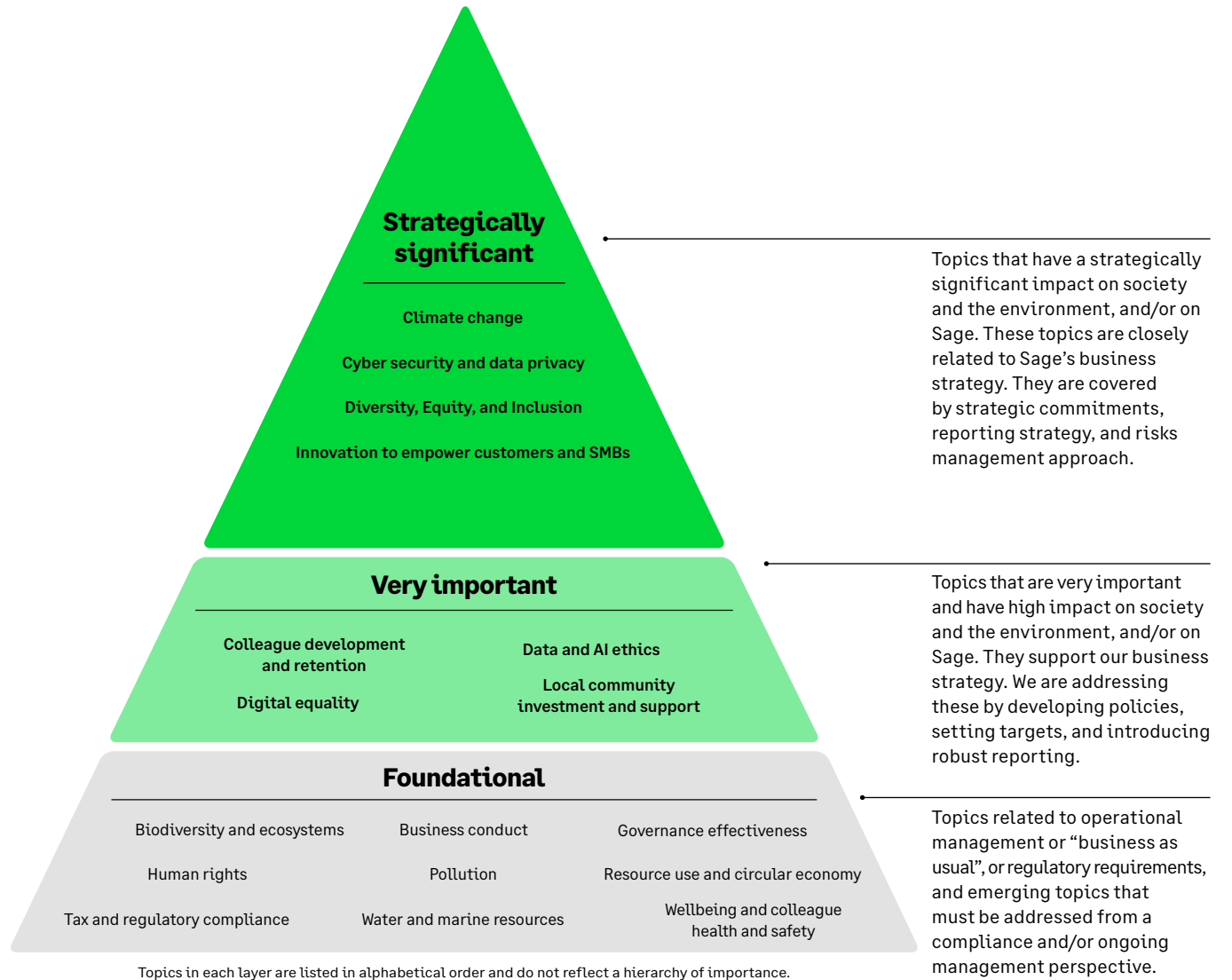
We monitor business developments, risks, and opportunities, sustainability trends, changes in legislation, and the needs and perspectives of our stakeholders on an ongoing basis. In doing so, we ensure that our sustainability agenda remains focused and future-proofed.

For further information about our assessment, please see our Materiality Assessment Methodology

"**The results of this exercise and the stakeholder engagement process have confirmed that our evolved Sustainability and Society strategy is focused on the most material topics for the business.**"

Elena Zayakova
Senior Director, Sustainability

Strategically significant

Climate change

Cyber security and data privacy

Diversity, Equity, and Inclusion

Innovation to empower customers and SMBs

Topics that have a strategically significant impact on society and the environment, and/or on Sage. These topics are closely related to Sage's business strategy. They are covered by strategic commitments, reporting strategy, and risks management approach.

Very important

Colleague development and retention

Data and AI ethics

Digital equality

Local community investment and support

Topics that are very important and have high impact on society and the environment, and/or on Sage. They support our business strategy. We are addressing these by developing policies, setting targets, and introducing robust reporting.

Foundational

Biodiversity and ecosystems   Business conduct   Governance effectiveness

Human rights   Pollution   Resource use and circular economy

Tax and regulatory compliance   Water and marine resources   Wellbeing and colleague health and safety

Topics related to operational management or "business as usual", or regulatory requirements, and emerging topics that must be addressed from a compliance and/or ongoing management perspective.

Topics in each layer are listed in alphabetical order and do not reflect a hierarchy of importance.

Sage

Welcome   Leadership reflections   **Our strategy**   Protect the Planet   Tech for Good   Human by Design   Sustainability by Design   About the report

Materiality—continued

Rigorous assessment process

GRI 3-1   GRI 2-29

As a global business operating in a changing regulatory landscape, it was critical for us to scale and deepen our materiality assessment in 2023. A 6-phase approach was deployed:

1 **Horizon scanning:** We built a robust long list of topics by mapping sustainability sector trends, conducting regulatory analysis, and reviewing peers.

2 **Value chain mapping:** In line with the GRI 2021 Standards, we assessed our impacts, risks, and opportunities across our value chain, which means that we considered upstream relationships with our suppliers, lenders, shareholders, and intermediaries; our own operations; as well as downstream relationships with our customers, partners, and communities.

3 **Stakeholder engagement:** We consulted directly with 180 internal and external stakeholders across the value chain, including the Executive Leadership Team (ELT), colleagues, investors, customers, partners, and suppliers to update the topic long list with stakeholder insights.

4 **Impacts, risks, and opportunities mapping:** Risk, ESG, and other subject matter experts from across the business were invited to map and analyse impacts, risks, and opportunities associated with the long list of topics. Sage's enterprise risk management methodology determined materiality thresholds.

5 **Topic prioritisation:** Internal and external stakeholder prioritisation, combined with deployment of Datamaran, an ESG AI platform, helped to prioritise the 17 topics based on impacts on society/the environment and impacts on Sage's value chain.

6 **Validation:** The results were presented and cross-checked with senior leadership.

Visibility across the value chain

GRI 2-6; 3-2

In line with the GRI 2021 Standards expectation that companies report on their most significant impacts across the economy, the environment, and people, we are building a clearer picture of our impacts related to the material topics in our direct operations, as well as upstream and downstream. Working with subject matter experts across the business and using the European Sustainability Reporting Standards (ESRS) external impacts scoring guidance, we have mapped and scored the severity of our external impacts by considering factors such as "scale", "scope", "likelihood", and "irreversible character". These insights have informed if the impacts are "low", "medium", or "high", and determined the size of the bubbles below.

Key: ● High impact   ● Medium impact   • Low impact

	Topic	Shareholders, suppliers, and intermediaries	Operations (colleagues, buildings, processes)	Customers, partners, communities
Strategically significant	Climate change	High	Medium	High
	Cyber security and data privacy	High	High	High
	Diversity, Equity, and Inclusion	Medium	High	Low
	Innovation to empower customers and SMBs	Medium	High	High
Very important	Colleague development and retention	Medium	High	High
	Digital equality	Medium	High	High
	Data and AI ethics	Medium	High	High
	Local community investment and support	Medium	High	High
Foundational	Biodiversity and ecosystems	Low	Low	Low
	Business conduct	High	High	Medium
	Governance effectiveness	Medium	High	Medium
	Human rights	Medium	Low	Medium
	Pollution	Low	Low	Low
	Resource use and circular economy	Low	Low	Low
	Tax and regulatory compliance	High	High	Medium
	Water and marine resources	Medium	Medium	Low
	Wellbeing and colleague health and safety	Low	High	Low

Sustainability governance, risk management and engagement

GRI 2-9, 2-12, 2-13, 2-14, 2-19

During the year, we evolved the Sustainability and Society steering group into a formal management committee comprising ELT members and senior leaders, including the General Counsel and Company Secretary, Chief People Officer, Chief Corporate Affairs Officer, Chief Risk Officer, Chief Data and Performance Officer, Chief of Staff, and the EVP of Sustainability and Foundation. This improved governance process helps provide strategic direction and ensures that our targets, objectives, and supporting programmes remain relevant, ambitious, and on track for delivery.

The Committee's mandate is to provide oversight on the Sustainability and Society strategy and progress. It meets quarterly, sharing discussion summaries and outputs with the CEO and broader ELT through regular briefing sessions and with the Board, via Maggie Chan Jones, our Non-executive Director responsible for ESG **(see her letter on page 3)**.

Cross-functional working groups are in place for each of the strategic priorities. They include members of the sustainability team and subject matter experts from relevant business functions. They collaborate throughout the year and report on progress to the Sustainability and Society Committee.

ESG is a Principal Risk for Sage Group, meaning it is considered a strategic risk to our business model, future performance, solvency, or liquidity **(find out more in our ARA, page 81)**. As such, ultimate oversight rests with our Board. ESG risks and opportunities are considered by Management at the Global Risk Committee. For further information, see our TCFD statement in our **Climate Report, pages 33 to 34**.
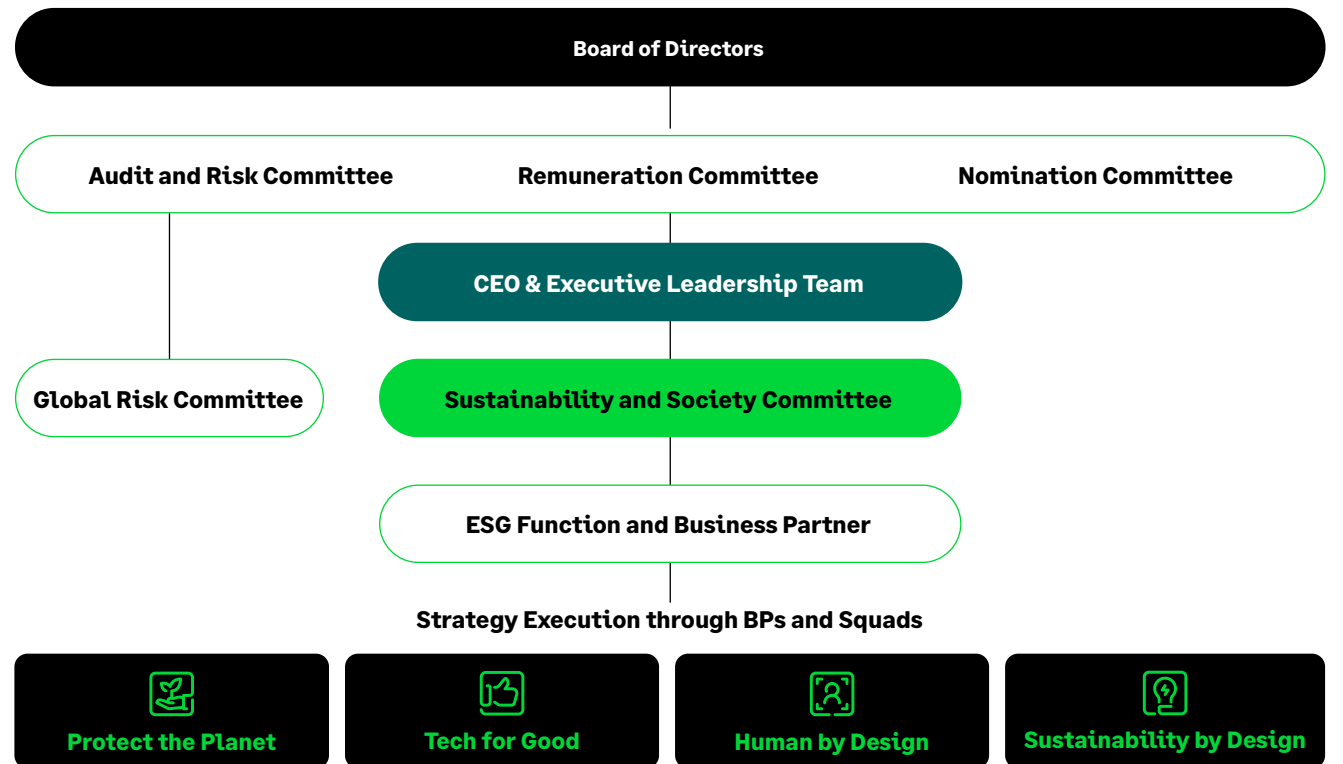
Monitoring and engagement

Progress against our Sustainability and Society strategy is measured quarterly, tracking key performance indicators (KPIs) within our Sustainability and Society dashboard. The dashboard along with a quarterly report is shared at each Sustainability and Society Committee meeting. Our annual bonus and long-term incentive plans for the ELT and senior management have been designed to include measures that support delivery of our Sustainability and Society strategy.

As key stakeholders, it's critical that Sage colleagues are part of our sustainability journey. So, in September 2023, we rolled out an internal communications campaign to introduce the strategy and Sage's position on sustainability, and, going forward, we will continue to build awareness by introducing sustainability and carbon literacy training.

See our ARA (pages 47 to 55)

Sustainability and Society strategy governance framework*

Board of Directors

Audit and Risk Committee   **Remuneration Committee**   **Nomination Committee**

CEO & Executive Leadership Team

Global Risk Committee   **Sustainability and Society Committee**

ESG Function and Business Partner

Strategy Execution through BPs and Squads

Protect the Planet   **Tech for Good**   **Human by Design**   **Sustainability by Design**

* The structure is descriptive of the interactions of the ESG team with the governance mechanisms at Sage (including ELT, ARC, GRC, RemCo, and the Board). For the full governance structure at Sage, please refer to the **ARA page 92**.

How are we doing?

Strategy Pillar	Commitment	Target	FY23 Progress Highlights	Clickable Links
Protect the Planet	**We will get Sage to net zero.**	Get Sage to net zero by 2040 and reduce absolute Scope 1, 2, and 3 GHG emissions by 50% by 2030 from a 2019 base year aligned to SBTi	• SBTi validated our near-term climate target. • We developed a Net Zero Transition Plan and modelled a glidepath to reach our mid-term goal of 50% emissions reduction by 2030. The plan includes detailed action plans and executive sponsorship for each priority area, and was independently reviewed by a third-party sustainability consultancy. The plan was presented to the Audit and Risk Committee (ARC) in September. • We reduced our market-based emissions by a further 5.3% in FY23 and 16.4% since our 2019 baseline. • Working with industry experts on carbon accounting, we are developing an approach to model the full lifecycle carbon impact of our products, starting with Sage 100 and Sage Intacct. • We launched carbon literacy pilot training in the UK and designed a sustainable rewards strategy to support upskilling colleagues and incentivising climate action. • In FY23, Sage launched a project involving our 50 highest-emitting suppliers and we are engaging with them to secure commitments regarding service-specific emissions data and emissions reduction targets.	**More details:** **Climate change: Getting Sage to net zero**
	We will support SMBs on the road to net zero.	Help our customers reduce their GHG emissions by 2030 by providing access to carbon management solutions and expertise	• Sage Earth has been integrated into 2 products, Sage Accounting and Sage 50 Accounts, supporting SMBs to track carbon impact and establish reduction strategies. • Sage Earth is now powering NatWest's Carbon Planner, making it simpler for UK businesses to understand their carbon footprint, reduce their emissions, and tackle climate change more effectively. • We launched a Sustainability and Resilience Masterclass for Sage customers, providing insights from sustainability leaders on sustainability and carbon measurement and reduction.	**More details:** **Climate change: Supporting SMBs to achieve net zero**
	We will advocate for enabling policy and disclosure for SMBs.	Put SMBs at the forefront of the transition to net zero by making sure their voice is heard and lobbying for simplified standards	• Continued partnership with the World Business Council for Sustainable Development (WBCSD), with the aim of providing a voice for SMBs and advocating for global policy frameworks to support SMBs becoming sustainable. • We are representing SMBs at the All-Party Parliamentary Group on ESG, ensuring that SMBs are part of the climate conversation in the UK. • Sage has been a vocal participant in recent COP climate conferences. During COP27, in Sharm el-Sheikh, Sage launched the SME Climate Impact Report, authored in collaboration with Oxford Economics and the International Chamber of Commerce.	**More details:** **Climate change: Advocating for enabling policies and standards**

Note: Target year refers to end of the respective financial year.

Sage

Welcome   Leadership reflections   **Our strategy**   Protect the Planet   Tech for Good   Human by Design   Sustainability by Design   About the report

How we are doing?—continued

Strategy Pillar	Commitment	Target	FY23 Progress Highlights	Clickable Links
Tech for Good	**We will provide trend insights to help address the challenges faced by SMBs such as economic recovery, skills gaps, and sustainable growth.**	Support SMBs and advance the UN Sustainable Development Goals (SDGs) by using our data to create visualisations (reports, trends, analytics) that can inform better decision making by 2025	• Published economic reports, demonstrating impact for multi-stakeholder audiences—**Decent Work and Economic Growth**, and **Climate Action**. • Collaborated with Smart Data Foundry and the Centre of Economics and Business Research (Cebr) to launch the **Sage Small Business Tracker**, analysing anonymised data from SMBs.	**More details:** **Tech for Good: Innovation to empower customers and SMBs**
	We will continue to support our customers in developing confidence and trust with regards to data security.	Expand our Trust and Security Hub to support SMBs to go digital safely by 2025	• Further advice and guidance for SMBs was added to engage technical and business leaders according to their requirements.	**More details:** **Tech for Good: Cyber security and data privacy**
		Embed data and AI ethics into the fabric of Sage by 2025	• Launched **Data and AI Ethics Principles**. • Established the Data and AI Ethics Council, comprising senior leaders. • Published **Blueprint for Digital Led Growth Report**, advocating for simplified ESG reporting for SMBs and ensuring AI regulation remains accessible for safe adoption.	**More details:** **Tech for Good: Data and AI ethics**
		Our 2025 accessibility target is for cloud products to meet Web Content Accessibility Guidelines (WCAG) criteria	• 2 of our products, Accounting Individual and Client Management, are currently accessible, successfully passing WCAG 2.1 grade AA automated tests. Roadmap commitments are being developed for the rest of our cloud products and we are investing in systems and training, and strengthening executive sponsorship and oversight.	**More details:** **Tech for Good: Digital equality**
	Through Sage Foundation, we will increase access and inclusion to entrepreneurship, actively seeking out partnerships that increase our ability to make an impact.	Support 34,000 underserved entrepreneurs to scale and grow their businesses and equip 33,000 individuals with skills for greater opportunities through Sage Foundation by 2024	• Through the Kiva Credits Programme, Sage colleagues, customers, and partners supported more than 6,000 small business owners in developing countries. • Through the FIRST® LEGO® League programme, in partnership with the Institute of Engineering and Technology, we supported 10,000 young people through class programmes. • We are supporting 10 Ashoka fellows in the UK, US, Canada, India, Spain, Portugal, France, South Africa, and Indonesia with financing and resources to drive innovative and lasting social change. • Over the last 2 years, Sage funding supported 60 Black female entrepreneurs with a $10,000 Invest in Progress grant each, alongside technology and wrap-around business advisory services through The BOSS Business University to help grow their businesses. We will support an additional 25 entrepreneurs in FY24.	**More details:** **Tech for Good: Local community investment and support**

Note: Target year refers to end of the respective financial year.

How we are doing?—continued

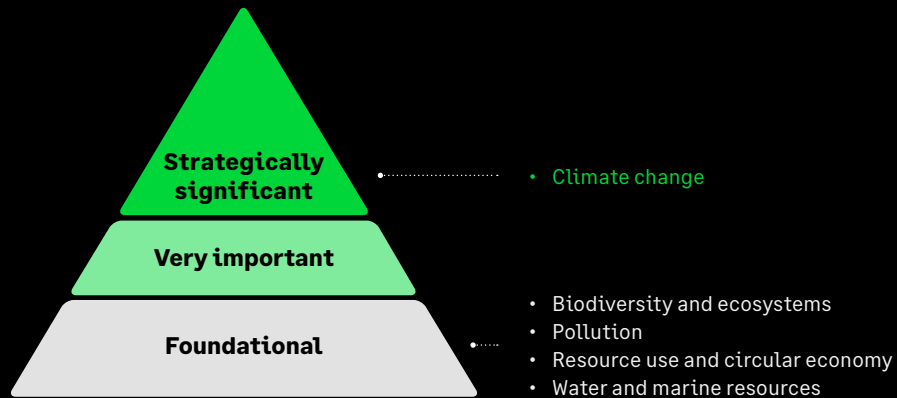| Strategy Pillar	Commitment	Target	FY23 Progress Highlights	Clickable Links
Human by Design	**We are creating an equitable and inclusive environment, attracting talent from a wider pool of candidates to ensure our workforce reflects the rich diversity of our customers and communities.**	Achieve representation of no more than 60% of men, women, or non-binary people in any leadership team by the end of FY26	• Listed in the Business in the Community (BITC)/Times Top 50 for Gender Equality. • 34% of leadership teams align with the goal for representation by FY26—a 1% increase since FY22. • Sponsored BITC's UK regional insights research on race, impacting recruitment, and career strategies. • Appointed a Global ELT ambassador for race and ethnicity, setting transparent race and ethnicity targets to increase representation and progression into ELT long-term incentive plans.	**More details:** **Human by Design: Diversity, Equity, and Inclusion**
		Increase "All About Us" participation to 65% across all active countries by 2024	• In FY23, we focused on driving participation from Canada, Ireland, South Africa, the UK, and the US. We promoted manager/colleague dialogue alongside a regionally sensitive approach to questions, changed wording and added new questions as appropriate based on colleague feedback. As a result, we have reached a statistically significant average self-declaration rate of 74% across all 5 countries.	
		Deliver a greater sense of belonging and inclusion through 20% of colleagues actively participating in a Colleague Success Network by 2024	• In FY23, we closed with 18% of our colleague population participating in a Colleague Success Network. We introduced 3 new Colleague Success Networks: Ability and Pride in South Africa, and Faith in North America.	
	We are nurturing adaptable capabilities such as digital literacy, critical thinking, collaboration, and continuous learning that are crucial for success as the business grows.	Connect 70% of colleagues to our internal Talent Marketplace and increase internal fill rate to 45% by 2023	• 71% of colleagues have connected to our internal Talent Marketplace, exceeding the target to achieve 70% by the end of FY23. • In FY23, our internal fill rate increased to 42% against a target of 45%.	**More details:** **Human by Design: Future fit work**
		5,000 Future Fit learnings completed by colleagues by 2025	• Over 1,000 Future Fit learnings accessed by colleagues, supporting how we upskill colleagues on essential skills.	
		At least 20% YOY increase in our Pathways hires each year up to 2025, with 500+ people globally receiving work readiness training each FY	• 26 colleagues were recruited into Sage via Pathways in FY23, into roles varying from intern to director. This is a 42% decrease in Pathways compared with FY22. • In FY23, 450 people joined work readiness events globally.	
	By making wellbeing, and health and safety second nature to everyone at Sage, we ingrain a supportive environment where colleagues feel psychologically safe and supported to take care of their wellbeing and the wellbeing of their colleagues.	Roll out our Colleague Assistance Programme (CAP) in all countries by 2024	• As of July 2023, we've expanded our CAP to include countries without local provision: Belgium, France, India, Israel, Kenya, Malaysia, Morocco, Namibia, Nigeria, Romania, and Singapore.	**More details:** **Human by Design: Wellbeing and colleague health and safety**
		Double the number of Healthy Mind Coaches by 2025	• Currently 93 Healthy Mind Coaches globally, on track to have 120 by FY25.	

Note: Target year refers to end of the respective financial year.

Protect the Planet

Driving faster global transition to net zero by cutting down our own emissions and empowering SMBs to take climate action.

Material topics

Strategically significant ········· • Climate change

Very important

Foundational ········· • Biodiversity and ecosystems
• Pollution
• Resource use and circular economy
• Water and marine resources

SDG contribution

13 CLIMATE ACTION

See ESG Databook

Sage

Welcome   Leadership reflections   Our strategy   **Protect the Planet**   Tech for Good   Human by Design   Sustainability by Design   About the report

Protect the Planet
Climate change

Commitments and progress

Get Sage to net zero: halve emissions by 2030 and achieve net zero by 2040.
The following interim targets have now been validated by the Science Based Targets initiative (SBTi):

Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year.

• 80% reduction from a 2019 base year

Reduce absolute Scope 3 GHG emissions by 50% by 2030 from a 2019 base year.

• 13% reduction from a 2019 base year

Reduce optional absolute Scope 3 GHG emissions from homeworking, hotel stays, and use of sold products by 50% by 2030.

• 8% reduction from a 2019 base year

Support SMBs to reach net zero by sharing knowledge, technology, and skills.
• The roll out of Sage Earth software is enabling SMBs to track carbon impact and establish reduction strategies.
• Delivered an online Masterclass in carbon measurement and reduction.

Advocate for enabling policies and standards that support SMBs in their transition to net zero.
• Specific engagement through the World Business Council for Sustainable Development (WBCSD), Bankers for Net Zero, and the All-Party Parliamentary Group on ESG.
• During COP27, in Sharm el-Sheikh, Sage launched the SME Climate Impact Report, authored in collaboration with Oxford Economics and the International Chamber of Commerce.

See our Climate Report

See our ESG Databook

See our ARA

Overview

A destabilising climate system poses an immediate and widespread threat to a functioning society. Rapid, far-reaching, and sustained GHG emissions reductions across all sectors is critical to limit warming to 1.5°C.

The Protect the Planet pillar is our commitment to fight climate change and drive a faster global transition to net zero. We are delivering this commitment by halving our own emissions by 2030 and becoming net zero by 2040, empowering SMBs to get to net zero, and by advocating for regulatory frameworks to support the transition to a low-carbon economy, whilst championing the role of SMBs.

To meet our strategic commitments, we monitor progress with KPIs and targets, which enables us to promptly address any challenges. The Sage Sustainability and Society Committee (see **page 11**) evaluates progress on a quarterly basis. As part of our risk management, we've identified 6 climate-related risks and 5 climate-related opportunities as having the potential to materially impact our business. A detailed description of the material climate risks and opportunities is provided in the TCFD disclosure section of our **Climate Report pages 33 to 44**—you can read a summary in our Annual Report **here**.

In this chapter, we share a snapshot of our progress to deliver on our Protect the Planet commitments. For more detail, please read our **Climate Report**.

Climate change—continued
Getting Sage to net zero

GRI 3-3-c

Our ambitious Net Zero Transition Plan sets our path to deliver our climate commitments. To deliver on this plan, we have segmented our approach into 4 footprint focus areas, calculated in line with the GHG Protocol:

Key

● **Colleagues (9%)**
Our colleague strategy aims to drive climate awareness and enable colleagues to take positive climate action in their day-to-day lives. In 2023, emissions related to colleagues increased by 9% of our footprint, caused by an increase in business travel.

● **Property (2%)**
Sage has made significant progress to reduce emissions related to our property portfolio. Since 2019, we have reduced Scope 1 and 2 emissions from buildings we occupy by 80%.
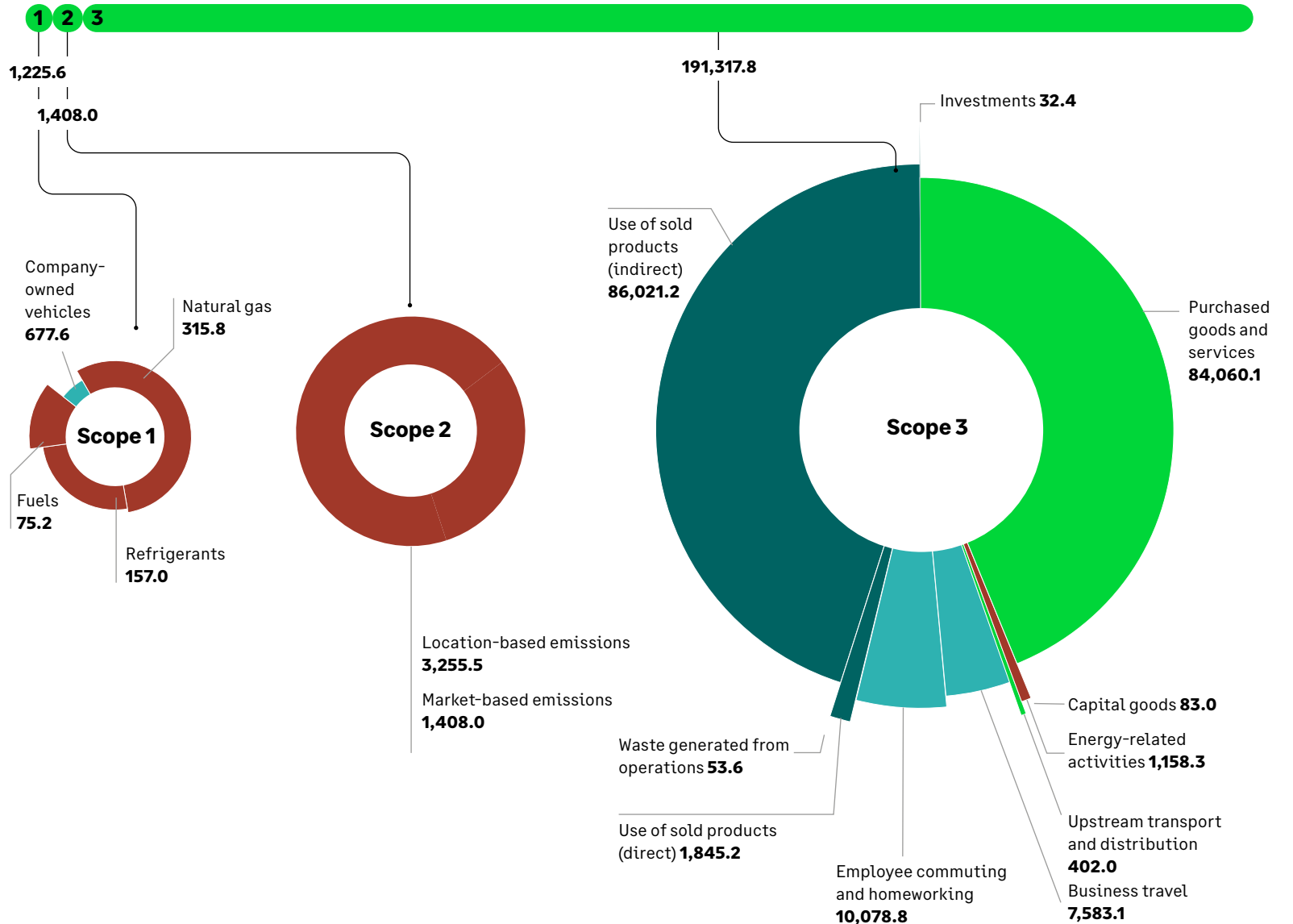
● **Products (45%)**
The carbon emissions related to the use of sold products account for a considerable proportion of our carbon footprint. Total emissions have reduced by 14% since our 2019 base year.

● **Supply Chain (44%)**
In FY23, Sage launched a project involving our 50 highest-emitting suppliers. We're expecting that these suppliers will achieve a reduction in their carbon footprint of 50% by 2030, and to net zero by 2040.

For more information on our 4 footprint focus areas, please refer to our **FY23 Climate Report**.

All emissions Scopes (tCO$_2$e)

Total gross emissions (market-based)—193,951.4

1 2 3

1,225.6

1,408.0

191,317.8

Investments **32.4**

Scope 1

Company-owned vehicles **677.6**

Natural gas **315.8**

Fuels **75.2**

Refrigerants **157.0**

Scope 2

Location-based emissions **3,255.5**

Market-based emissions **1,408.0**

Scope 3

Use of sold products (indirect) **86,021.2**

Purchased goods and services **84,060.1**

Capital goods **83.0**

Energy-related activities **1,158.3**

Upstream transport and distribution **402.0**

Business travel **7,583.1**

Waste generated from operations **53.6**

Use of sold products (direct) **1,845.2**

Employee commuting and homeworking **10,078.8**
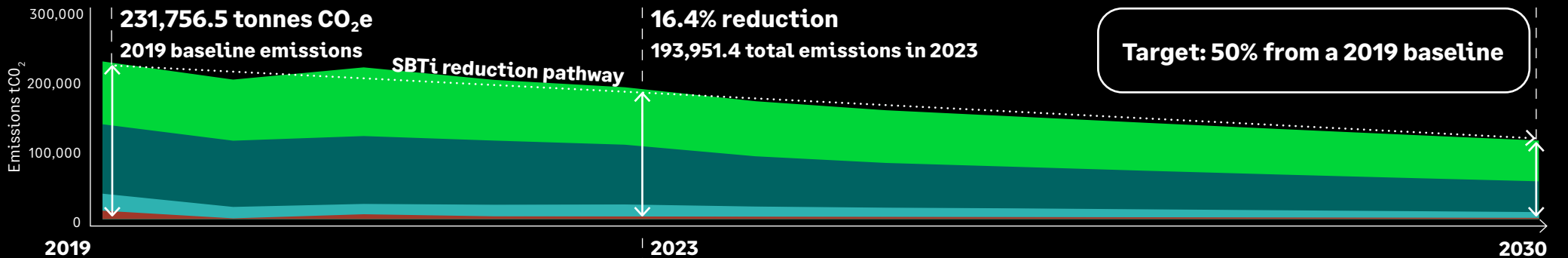
Climate change—continued
Getting Sage to net zero—continued

GRI 3-3-c, d

As part of our Net Zero Transition Plan, we've modelled our glidepath to reach 50% emissions reduction by 2030. The glidepath is focused on our near-term actions to 2030, and built on the key levers that we can pull to reduce Sage's emissions across our 4 footprint focus areas. Read more in our **Climate Report**.

Key   ● Property   ● Colleagues   ● Products   ● Supply chain

231,756.5 tonnes CO$_2$e
2019 baseline emissions

SBTi reduction pathway

16.4% reduction
193,951.4 total emissions in 2023

Target: 50% from a 2019 baseline

Emissions tCO$_2$

300,000
200,000
100,000
0

2019
2023
2030

Completed projects from 2019 to 2023

Transitioned our Sage-managed properties to certified renewable energy.

Streamlined and optimised our property portfolio.

Engaged with our landlords in landlord-managed properties requesting more action on energy efficiency.

Introduced a business travel dashboard that empowers colleagues with their personal data and provides simple ways they might be able to reduce their impact in the future.

Developed rewards and benefits programme that provides colleagues with the tools to reduce their commuting and homeworking emissions.

Mapped the carbon impact of our products and identified priority action areas for future

Introduced a new supply chain strategy that includes new sustainability requirements as part of the procurement process.

Engaged with our top 50 emitting suppliers and collaborated for greater climate action.

Active/planned projects

Transitioning remaining Sage sites to renewable energy contracts.

Optimising Sage-owned sites to the highest levels of energy efficiency and sustainability.

Supporting colleagues, where business travel is required, to use the most sustainable available option.

Empowering colleagues to commute to their local Sage office using locally available, low/zero carbon options.

Supporting colleagues to make their homeworking environment more sustainable and efficient.

Ensuring use of primary data as it becomes more readily available from suppliers.

Increasing % of suppliers with SBTi aligned net zero targets.

Collaborating with our highest emitting suppliers, ensuring their climate commitments are aligned to Sage's targets.

Encouraging customers to utilise more efficient cloud-hosting solutions (planned).

Supporting new/existing customers to adopt Sage cloud-based product (planned).

Additional data on Sage's emissions footprint can be found on **pages 3 to 5** and in our **ESG Databook**.

Climate change—continued
Supporting SMBs to achieve net zero

We recognise that, as a technology provider for SMBs, we can play an important role to support them on their own net zero journey.

SMBs account for the majority of global businesses, yet they face disproportionate barriers to decarbonising. These include time and cost constraints, while methodologies have, to date, been unnecessarily complex for their needs.

These barriers are preventing effective climate action amongst SMBs and are holding back wider society from making the changes that need to be achieved.

We are committed to helping SMBs overcome barriers and embark on their journey to net zero. Our goal is to help them reduce their emissions by 2030 by providing access to carbon management solutions and expertise. From role modelling our own sustainability journey to sharing key knowledge and skills, we're working with SMBs to amplify and scale impact together. Sage colleagues are instrumental to this work through their day-to-day relationships with customers.

Sage Earth enables SMBs to estimate their carbon footprint using data from their accounting solution, and to identify emissions hotspots in their activities and supply chains.

Advocating for enabling policies and standards

At Sage, we lend our support where required to advocate for policies and standards that make it easier, more accessible, and more tangible for SMBs to take climate action.

To increase our reach and impact, we continued with our participation in the WBCSD. As a member of the WBCSD, our aim is to provide a voice for SMBs and ensure the global policy frameworks take into consideration the opportunities and challenges that SMBs face in becoming more sustainable.

Sage is also representing SMBs at the All-Party Parliamentary Group on ESG, ensuring that SMBs are part of the climate conversation here in our home country in the UK. And we are also collaborating with Bankers for Net Zero (B4NZ) to help unlock access to capital by automating GHG emissions reporting for every SMB in the UK.

Sage has been a vocal participator in recent COP climate conferences. During COP27 in Sharm el-Sheikh, Sage launched the **SME Climate Impact Report**, authored in collaboration with Oxford Economics and the International Chamber of Commerce. The findings of the report are a call to action for government and policymakers to help SMBs become more sustainable, given the influential role they play in the economy—alongside providing the key policy recommendations that will facilitate a low/zero carbon transition.

For more information on how we are supporting SMBs, our achievements, collaborations, and external partnerships, **please visit our Climate Report**.

Protect the Planet

Environmental stewardship

Overview

GRI 306

We recognise that our environmental sustainability responsibilities extend beyond carbon reduction. While our direct impact on the environment is relatively small, through our relationships with SMBs, we can multiply positive actions by sharing the tools and expertise needed to drive forward a wider green transition. This was emphasised by stakeholders in our 2023 materiality assessment which identified 4 environmental foundational level material topics: biodiversity and ecosystems, pollution, resource use and circular economy, and water and marine resources.

We will continue to monitor the impact of these topics, acknowledging that water and biodiversity, in particular, are growing in importance across businesses and value chains—to this end, we welcome the Taskforce on Nature-related Financial Disclosures (TNFD) framework and will seek to understand its implications on our business.

Planetary boundaries approach

GRI 3-3-c

Our Environmental policy was updated in collaboration with the **Planetary Accounting Network**, and in accordance with the Stockholm Resilience Centre's **9 planetary boundaries approach**. It is mandatory in all functions and countries, and by all vendors, contractors, or others who do business with us. Consequently, environmental considerations have become part of wider Sage policies on procurement, risk, travel, and flexible working.

We have assessed the environmental impact on our operations, our role in influencing the environment, and our potential to drive change. Embracing the concept of planetary boundaries will serve as a foundational framework to inform our policies and actions aimed at building a more sustainable and resilient future.

Protect the Planet: Looking ahead

GRI 3-3-e

Climate

In FY24, we will continue to test and strengthen our Net Zero Transition Plan. We will deliver on the action plans, including rolling out further training to colleagues, based on the positive pilot of the carbon literacy training, and intertwine more closely sustainability into our product strategy.

Following the publication of the **Path for growth: Making sustainability reporting work for SMEs Report** for COP28, alongside external partners, we will continue to pursue our ambition in supporting SMBs on their net zero journey.

Environmental stewardship

Formalising the approach around our environmental stewardship will be ongoing as part of our environmental policy work on planetary boundaries. This will include working with the Stockholm Resilience Centre to evaluate our impact.
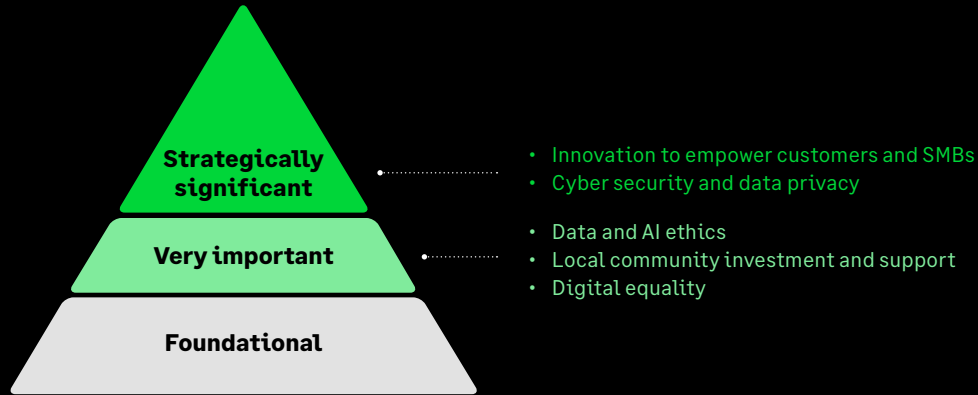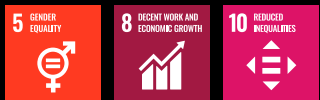
Sage

Tech for Good

Supporting SMBs and communities to thrive by building trusted and inclusive digital network and solutions.

Material topics

Strategically significant
- Innovation to empower customers and SMBs
- Cyber security and data privacy

Very important
- Data and AI ethics
- Local community investment and support
- Digital equality

Foundational

SDG contribution

5 GENDER EQUALITY   8 DECENT WORK AND ECONOMIC GROWTH   10 REDUCED INEQUALITIES

See ESG Databook

Tech for Good

Innovation to empower customers and SMBs

Commitments and progress

`GRI 3-3-e`

Support SMBs and advance the UN SDGs by using our data to create visualisations (reports, trends, analytics) that can inform better decision making by 2025.

- Published economic reports for multi-stakeholder audiences around the SDGs relevant to SMBs, notably **Decent Work and Economic Growth**, and **Climate Action**.
- Collaborated with Smart Data Foundry to support SMBs with fiscal decision making.
- Embedded Data for Good programme further into Sage internal operations with enhanced governance.

Overview

`GRI 3-3-a, c, d, e, f`

Research commissioned by Sage[1] with the Centre for Economics and Business Research showed that SMBs have proven to be exceptionally resilient to macroeconomic headwinds in recent years. This further amplifies our opportunity—as the leader in accounting, financial, HR, and payroll technologies for SMBs—to unlock their innovation potential through our products, thought leadership, and Tech for Good initiatives. This was reiterated by our stakeholders in our 2023 materiality assessment, which highlighted the risks of inaction around customer attraction and retention, reputation, and our ability to compete. Together with industry, government and academic partners, our Data for Good programme drives innovation by analysing and sharing anonymised data for the wider good. It also advocates for policies that address the unique challenges faced by SMBs.

In addition to launching the Small Business Tracker, 2023 highlights included publishing the **SME Climate Impact Report** and the **Blueprint for Digital-led Growth**, which called for a small business digital growth fund, internationally accepted e-invoicing standards to speed up billing and payment automation, smarter access for SMBs to their data held by third parties, faster and simpler ID systems, simplified ESG reporting, and supportive AI regulation.

The Data for Good initiative has now been established as a formal programme, and counts on experts from across the business, including Product, our data platform, engineering teams across accounting and payroll, and Corporate Affairs. External partners to the programme include the Smart Data Foundry and the Centre of Economic and Business Research, bringing subject matter expertise and wider economic analysis, and ensuring a robust quality of data analysis.

"Smart Data Foundry exists to open finance for good. What we mean by that is how we unlock the power of financial data to help improve people's lives by creating a positive social impact and driving economic growth through data-driven research and insights. The partnership with Sage is a great example of how we're delivering against this purpose. Underpinned by a robust data sharing agreement, we have privileged access to de-identified Sage data, held safely and securely within our data safe haven. This allows us to collaborate with Sage and Cebr to create and publish a quarterly Small Business Tracker to look at how the sector is performing in real terms against key performance indicators that can help government and decision makers prepare for market fluctuations that can impact national productivity."

Frank Gauld,
CEO, Smart Data Foundry

Case study: Launching the Small Business Tracker, UK

`GRI 3-3-d`

In 2023, we took forward a successful collaboration with Smart Data Foundry and the Centre for Economics and Business Research (Cebr) to launch the **Sage Small Business Tracker**. It provides a data-driven picture of how UK SMBs are performing in real terms, using anonymised data from one of our accounting products. Roundtable events around the Tracker's findings attracted extensive interest from analysts such as Bloomberg, as well as the UK Prime Minister's Office and the European Commission, which has used the data to inform its draft regulation on **combating late payments in commercial transactions**. Based on stakeholder interest so far, we've evolved the Tracker from a one-off report to quarterly and monthly updates.

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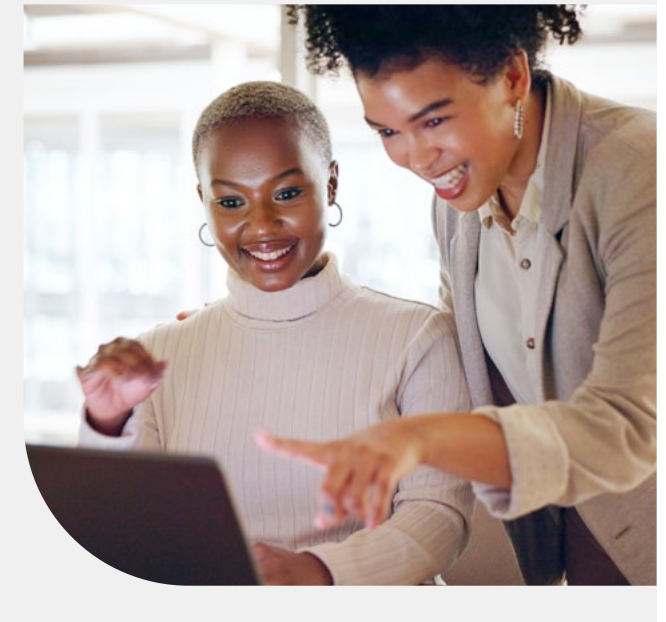
1. SMBs Driving Economic Recovery Report 2023.

Tech for Good
Cyber security and data privacy

Commitments and progress

GRI 3-3-e

Expand our Trust and Security Hub to support SMBs to go digital safely by 2025.

- Further advice and guidance was added to the Hub, with tailored journeys to support both technical and business users.
- Support our customers in developing confidence with regards to data security and privacy.

Overview

GRI 3-3-a, b, c, d, e, f

Data is empowering people across the globe to run businesses more effectively, develop skills, and thrive. However, this brings risks to data privacy and information security. Our latest materiality analysis shows stakeholders are particularly concerned about data breaches and cyber-attacks. On the other hand, it highlights opportunities for Sage to engage SMB customers on our cyber security and data privacy best practice.

We have a comprehensive policy framework,[1] underpinned by sophisticated practices, supporting standards, procedures, and risk management processes, and related training for all colleagues. Together, these ensure the likelihood and impact of incidents remain within pre-defined risk tolerances **(see our ARA page 79)**.

Internal and external assessments are completed regularly to assess the maturity of our data privacy programme, which is based on an accountability framework, with local adaptations to account for applicable legal requirements. Any recommendations are acted upon. External audits are conducted annually against international standards, including ISO 27001 International Information Security Standard, Service Organization Controls (SOC) standards, and Payment Card Industry Security Standards Council (PCI SSC) criteria. Internal controls include access control, 24/7 security monitoring, firewalls, content inspection, code scanning technologies, bug bounties, penetration testing, encryption, independent threat assessments, and mandatory all-colleague training.

To ensure compliance with the EU and UK General Data Protection Regulations, and other applicable laws, the Chief Data Protection Officer is supported by local privacy experts to ensure privacy by design when developing new products and services, and the fair and lawful processing of personal data generally. Data privacy champions are embedded within business units and functions to act as key points of contact on data privacy matters. The Audit and Risk Committee is also updated regularly on data privacy compliance and risk status.

A Global Security Team is responsible for overall information security and is led by the Global Chief Information Security Officer. A report and dashboard with key metrics is submitted to every Board meeting, with oversight from the General Counsel and CEO. A training and awareness programme is in place for all colleagues. Taking a "secure by design" approach involves more than 200 Sage security champions within technical teams, dedicating at least 10% of their time per week to security activities.

Cyber security and data privacy due diligence is conducted on business partners via our third-party assessment programme, and we work alongside critical vendors to ensure that any identified gaps are remediated. Where needed, cyber security remediation requirements can be embedded within contracts. If the risk is significant or an increase in risk is observed, then contracts can be cancelled/amended.

We engage SMBs on an ongoing basis, including security and data privacy support and guidance on our **Trust and Security Hub**. In 2023, we built out the Hub with bespoke journeys for customer business decision makers and technical leaders, and included broader cyber security business advice. We also created data privacy advice videos and improved our due diligence information for customers, including more detailed information about our data sub processors. The Hub now also includes our overarching Sage Data and AI Ethics Principles.

1. Acceptable use policy; data classification and handling policy; information security policy; IT systems security policy; third party due diligence policy; and personal data protection policy.

Tech for Good
Data and AI ethics

Commitments and progress

`GRI 3-3-e`

Embed data and AI ethics into the fabric of Sage by 2025.
- Data and AI Ethics policy launched, including reference to privacy and security.

Build trust, fairness, and integrity in markets by delivering digital tools that remove errors, reduce the potential for bias, and detect suspicious or fraudulent activity.

Overview

`GRI 3-3 a, b, c, d, e`

The ethical use of data and AI is a key way in which, over time, Sage can enable our customers to drive positive impacts on society and the environment. However, as emphasised in our materiality assessment, with this opportunity comes risk. This risk could surface in applications such as customer chatbots or automation of customers' processes, or indirectly via our customers' own employees, customers or suppliers, as a result of recommendations made by Sage using AI.

Data and AI Ethics Principles are now in place which have been developed by a team of subject matter experts from across the business who took account of external guidance to align with best practice. The Principles are supported by a Data and AI Ethics policy. These are overseen and governed by a dedicated Data and AI Ethics Council comprising members from the ELT, ensuring management of both their content and operation.

We have also established processes for colleague queries or escalations or concerns, as well as paving the way for specific risk management processes in this area.

Having established these foundations, we have been evaluating learnings to date, working with an external partner to establish a detailed Data and AI Ethics framework and implementation roadmap. This involves refining governance processes further, deploying controls and establishing effectiveness measures.

Sage engages

`GRI 3-c, d, e`

Adam Parker, our Chief Data and Performance Officer, on the importance of Data and AI ethics.

Q **What are Sage's Data and AI Ethics Principles?**
The Data and AI Ethics Principles, aligned with our purpose, strategy and values, provide both a commitment to our customers about how we will use their data, and guardrails within which to innovate. They apply to our customers' data, and any data we hold about our customers. There are 8 principles that cover Data Security and Privacy, Customer Choice, Customer Benefit, Charging for Access to Data, Using Data for Good, Data Quality, Diversity and Bias Management, and Human Centric AI.

Q **Why are the principles important to Sage?**
The responsible use of customer data is at the heart of our Sustainability and Society strategy, which underpins the success and sustained growth of Sage and our customers. The principles tie directly to our Tech for Good pillar, which sets out how we're building trusted and inclusive digital networks and solutions.

Q **How did we define the principles?**
We started with customer insight and a comprehensive understanding of the industry landscape. Then, a team of experts across our business evolved the principles from existing frameworks, and took account of external guidance, to ensure they reflected the opportunities and risks we see in emerging technology.

"The responsible use of customer data is at the heart of our Sustainability and Society strategy, which underpins the success and sustained growth of Sage and our customers."

Adam Parker
Chief Data and Performance Officer

Tech for Good
Local community investment and support

Commitments and progress

`GRI 3-3-e`

Support 34,000 underserved entrepreneurs to scale and grow their businesses by FY24.
- Global partnership review and gap analysis undertaken to inform programme development in FY24.
- Research undertaken to better understand barriers to inclusive business.

Help our communities thrive by volunteering a minimum of 400,000 hours by FY24 and raising $5m for non-profits around the world by 2030.
- 154,620 hours volunteered and $777,096 raised to help our communities thrive.

See our ESG Databook

Overview

`GRI 3-3-a,b,f; 413-1`

Our business model (see **page 7** and **ARA pages 14 to 15**) demonstrates how we contribute to societies around the world through our products, jobs/training, procurement, and tax contributions.

Sage Foundation multiplies and targets this contribution by knocking down barriers for underserved communities and empowering them to create positive change. In 2023, it disbursed £2.46m to 92 charitable partners around the world.

Every Sage colleague has 5 days a year to volunteer for charities, social enterprises, and non-profits of their choice. In FY23, colleagues, business partners, families and friends, came together to share their time and raise funds to tackle inequality. We created opportunities for our communities by volunteering more than 154,620 hours and raising over $777,096 for non-profits.

Sage Foundation strategic partnerships are designed to make a targeted, meaningful, and sustained impact. For example, through the Kiva Credits Programme, Sage colleagues, customers, and partners supported more than 6,000 small business owners in developing countries in 2023. In the US, our partner, Access to Capital for Entrepreneurs, is reducing the cost of loans for minority business owners, which has created 223 jobs and helped to retain 2,900 jobs in Atlanta, while a 3-year partnership with the Bringing Out Successful Sisters Network (BOSS) seeks to understand and address the barriers facing Black female founders through access to capital, mentorship, and training.

An additional benefit for Sage's partners is that they can also join Sage Foundation programmes and, along with more than 200 other Sage partners, can achieve their own social impact goals. In 2023, these partners volunteered 3,106 hours and raised $354,933 for non-profit organisations around the world.[1]

Strategic update

Having responded rapidly over the last 7 years to support numerous charity partners, 2023 was marked by a transition towards more targeted impact, moving from quarterly to annual grants with fewer but higher value non-profit partnerships. This strategic step started with a global partnership review and gap analysis (informed by materiality outcomes—see **pages 9 to 10**) which will continue to inform programme development in FY24, the final year of many of the Foundation's existing targets.

Additionally, we initiated a formal disaster relief partnership with Care International UK, a global humanitarian organisation delivering emergency relief and long-term development projects across the world. With a focus on speed and equity, the Foundation provided $224,000 in FY23 to support global relief efforts for natural disasters and humanitarian crises.

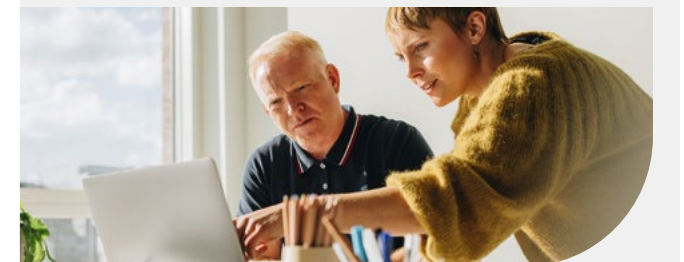## Case study: Barriers to entrepreneurship

`GRI 3-3-d`

Against the backdrop of multiple global crises affecting SMBs in recent years, research published by Sage Foundation revealed that underserved entrepreneurs in the UK, US, and South Africa face 3 key challenges: lack of financial capital, lack of mentorship, and limited opportunities for training. Under-represented business founders are particularly impacted —from lack of clarity on funding and accessibility limitations, to systemic barriers faced by Black, Asian, or minority ethnic entrepreneurs and unconscious biases towards the LGBTQIA+ community. The insights from this study have helped us build our understanding of how to level the playing field for all entrepreneurs and will inform the Foundation's programme development in the year ahead.

"The barriers in the report are obstacles to both inclusive business and economic growth. The silver lining is that the solutions are interconnected —as an example, linking entrepreneurs with mentors also increases their access to funding."

Cadence Willis
Vice President, Sage Foundation

1. Acceptable Use policy; Data Classification and Handling policy; Information Security policy; IT Systems Security policy; Third Party Due Diligence policy; and Personal Data Protection policy.

Local community investment and support—continued

Governance and risk management

GRI 3-3-c; 413-1

Sage Foundation's work is set out in a strategy and policy framework that includes its approach to grants and investments, volunteering and reporting, and fundraising. The Foundation's structure is integrated within Sage and sponsored by Sage's ELT—its leadership team provides quarterly progress updates to the Sage Sustainability and Society Committee, while Sage Foundation ambassadors build momentum within the business.

GRI 3-3-d

Sage Legal, Procurement, Public Affairs, Finance experts conduct extensive due diligence on any beneficiaries or partners, ensuring that they align with the ethical practices outlined in the Sage Code of Conduct, and that financial and non-financial risks are mitigated as per **Sage's wider policies**. Our grant-making platform, Benevity, also vets charitable organisations and offers data-driven insights and tools to ensure transparency, accountability, and alignment with our corporate giving goals.

GRI 3-3-a, e

In 2023, as part of our Sustainability and Society materiality consultation, stakeholders cited general risks related to partner activities or use of funds, including grants not being used for intended purposes or poor data reporting.

At Sage, these risks are mitigated through Sage Foundation's due diligence and monitoring processes, which we continue to improve year-on-year. A central risk register is reviewed quarterly by the Sage Foundation leadership team. Community partners must report updates at least annually, with those receiving more than $50,000 reporting at a higher frequency. Internal and external auditing, as well as best practices identified through our memberships of global and regionally-based professional groups[1] help drive continuous evaluation and improvement.

1.   Including the Association for Corporate Citizenship Professionals, Business for
     Social Impact, and the Corporate Volunteer Council of Atlanta, among others.

Sage

Welcome   Leadership reflections   Our strategy   Protect the Planet   **Tech for Good**   Human by Design   Sustainability by Design   About the report

Tech for Good
Digital equality

Commitments and progress

`GRI 3-3-e`

Equip 33,000 people with the skills they need to access further opportunity by the end of FY24.

- In FY23, Sage Foundation supported 12,178 people through its Science, Technology, Engineering, and Maths (STEM) programmes, bringing our cumulative total to 18,696 over the last 2 years. FY24 will see these programmes scale to support more than 16,000 people.

Our 2025 accessibility target is for cloud products to meet Web Content Accessibility Guidelines (WCAG) criteria.

- 2 of our products, Accounting Individual and Client Management, are currently accessible, successfully passing WCAG 2.1 grade AA automated tests.
- Roadmap commitments are being developed for the rest of our cloud products, and we are investing in systems and training, and strengthening executive sponsorship and oversight.
- In FY23, we delivered our first accessibility training to Sage colleagues, focusing on the value of accessibility for our stakeholders. Colleagues also learnt how to create accessible content through the application of the Web Content Accessibility Guidelines.

Overview

`GRI 3-3-a,b,c; 413-1`

As a technology company with a global footprint, we have an opportunity to help address digital inequality. We do this by ensuring the accessibility of our products and by providing access to opportunity through digital and Science, Technology, Engineering, and Maths (STEM) learning. The importance of digital equality and accessibility was raised by stakeholders in our materiality assessment. Alongside designing and building products that are accessible for everyone, we engage more widely to ensure the benefits of digitalisation are realised across society.

Accelerating a more inclusive and responsible digital economy

`GRI 3-3-a, b, c`

Through Sage Foundation, we're equipping the entrepreneurs of tomorrow with the skills and tools they need to thrive, providing access to training, mentorship, and employer networks for individuals often excluded from tech careers.

Sage Foundation actively champions digital equality through our Science, Technology, Engineering, and Maths (STEM) initiatives. In the UK, Sage Foundation is supporting the FIRST® LEGO® League programme, in partnership with the Institute of Engineering and Technology, to equip the next generation of tech talent with the skills they need to thrive. In FY23, we supported 10,000 young people through class programmes in the UK and also expanded the programme into Germany.

In FY23 Sage has announced a new Atlanta-based partnership with **Morehouse College**, the nation's only historically Black liberal arts institution dedicated to educating and developing men. The partnership, which includes an $80,000 investment and development of new coursework, will expand Morehouse's software engineering program, providing students of colour with more opportunities to use and study emerging technologies and learn first-hand how advancements in the tech ecosystem are impacting businesses and producing new career paths.

In the US, the Foundation has worked with Per Scholas for 5 years, making skills and employability training free to those often excluded from tech careers (with Sage hiring 16 Per Scholas graduates). We've also supported the global Teens in AI initiative (established in 2018 at the UN AI for Good Global Summit), with 348 young people participating in the 2023 global hackathon and accelerator programme with support from Sage mentors.

Case study: Knocking down digital barriers in South Africa

`GRI 3-3-d`

We've partnered with Odin Education and the Attacq Foundation to tackle digital inequality and improve the learning outcomes of students at the Phuthumani Primary School in Thembisa. The partnership has enabled 3 new classrooms and the refurbishment of 10 existing classrooms at the school. In addition, digital learning Omang devices, loaded with world-class educational apps, have been provided to support 196 children from underprivileged backgrounds. Community engagement has been integral to the success of this programme, with digital devices not commonplace in the community and parents initially being sceptical of the value it would bring to their children's learning. 12 months in, we are seeing positive signals of increased learning outcomes.

"Their engagement in learning has increased, along with improvements in numeracy and sentence structure, primarily due to the tablets' English interface."

Odin Education School,
Liaison Officer

Digital equality—continued

We design and build products for everyone in line with our core purpose of removing barriers. We believe better digital accessibility supports people with disabilities or impairments to thrive in the workplace.

GRI 3-3-d; 413-1

Our 2025 accessibility target is for cloud products to meet **Web Content Accessibility Guidelines (WCAG)** 2.1 grade AA criteria. This is a significant undertaking, involving automatic tooling and human accessibility audits across our cloud products and corresponding mobile apps.

During the year, we invested in technology to support how we identify and track the number and severity (minor, major, or critical) of issues for each new product update, targeting zero critical or major issues. This has allowed us to target how and when we respond to issues, ensuring we continue to deliver against our commitment to accessible products. We also strengthened our leadership commitment to accessibility by nominating an executive vice president (EVP) sponsor to oversee progress, with a steering committee of business unit leaders established and a senior director managing delivery. A dedicated team of accessibility designers and an accessibility auditor work closely with the business transformation team.

Our progress is discussed on a regular basis, with updates being provided to our Chief Product Officer and through our Sustainability and Society Committee. Progress is shared on the **Accessibility pages**. We also update UK Revenue and Customs every 6 months on our approach and progress.

This year, we were delighted to win a silver award for our Accessible Sage elearning from the Brandon Hall Group, a professional development company that provides data, insights, and research to learning and talent professionals and organisations. The award, in the category of "learning and development", reflected advances in training on global accessibility standards and assessed business need, programme design, innovation, and overall effectiveness. Training our colleagues remains a core part of our commitment to accessibility and, this year, we continued to host weekly remote drop-ins for Sage designers, programmers, and other colleagues who work on digital products and delivered our first accessibility onboarding training.

Tech for Good: Looking ahead

GRI 3-3-e

Innovation to empower customers and SMBs

In FY24, we plan to launch a dedicated webpage for the Data for Good initiative. We will continue to publish the quarterly SMB tracker report and various industry insights and analysis, with new topics and themes being introduced through dedicated channels in FY24.

Cyber security and data privacy

We plan to include additional explanatory content on the Trust and Security Hub on data privacy considerations when exploring the benefits of AI and engaging with our Sage Network.

Data and AI ethics

Following the launch of the Data and AI Ethics Principles, during the next financial year, we will focus on embedding the principles and the Data and AI Ethics framework as a whole across the business. We will do this initially by refining our supporting governance processes and establishing key measures to enable and support continued innovation.

Local community investment and support

In FY24, we will be defining Sage Foundation's 2030 ambitions and commitments. Building on 7 years of impact, we will continue to deliver on Sage's commitment to knock down barriers in our communities, so that everyone has an equal opportunity to thrive.

Digital equality

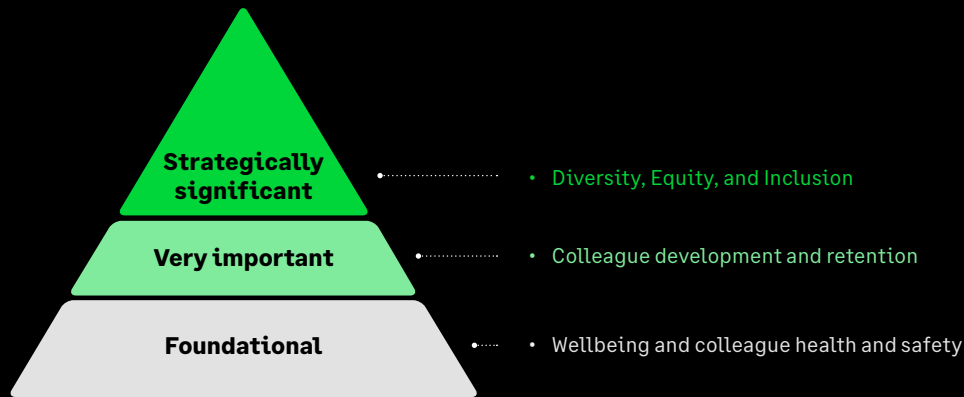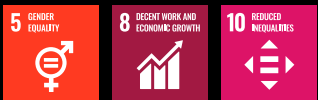We will create detailed roadmaps and interim performance measures to meet our WCAG commitment.

Human by Design

Caring for people by championing inclusive, progressive, and healthy working environments.

Material topics

Strategically significant · · · · · · · · · · · · · Diversity, Equity, and Inclusion

Very important · · · · · · · · · · · · · Colleague development and retention

Foundational · · · · · · · · · · · · · Wellbeing and colleague health and safety

SDG contribution

5 GENDER EQUALITY   8 DECENT WORK AND ECONOMIC GROWTH   10 REDUCED INEQUALITIES

See ESG Databook

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Human by Design

Diversity, Equity, and Inclusion

Commitments and progress

`GRI 3-3-e`

Achieve representation of no more than 60% of men, women, or non-binary people in any leadership team, anywhere at Sage, by the end of FY26.

34%

achieved in FY23 in comparison to 33% in FY22*.

Increase "All About Us" participation to 65% across 10 participating countries by 2024.

56%

participation in FY23 in comparison to 11% in FY22.

Deliver a greater awareness of different lived experiences and insight through 20% of colleagues actively participating in a Colleague Success Network by 2024.

18%

participation in FY23 in comparison to 4% in FY22.

See our ESG Databook

See our UK Gender Pay Gap Report

See our UK Ethnicity Pay Gap Report

*   In FY23, we have included undisclosed colleagues as a gender group in our reporting. This also includes non-binary colleagues, as the total is below the privacy threshold.

Overview

`GRI 3-3-a, b, f`

We know that diverse businesses are more resilient businesses. By creating an equitable and inclusive environment, we attract talent from a wider pool of candidates and ensure our workforce reflects the rich diversity of our customers and communities. This was echoed by stakeholders in our latest materiality assessment—notably, the benefits of recruiting colleagues from under-represented backgrounds, leveraging data and AI to address gender pay gaps, and inclusive product solutions for customers. The key risk to Sage is around disproportional representation in senior roles reinforcing ethnicity and gender pay gaps.

Our **DEI strategy** shares details about the mission, vision, governance, commitments, goals, measures, and timescales across 3 strategic pillars:

1. Diverse teams.

2. Equitable culture.

3. Inclusive leadership.

Regions have additional Diversity, Equity, and Inclusion (DEI) procedures, including dignity at work, menopause support, carers support, and transitioning at work.

The DEI Accountability Board, chaired by our CEO and consisting of ELT and DEI team members, is the decision-making body that is accountable for the success of the DEI strategy, setting targets, and allocating resource. The DEI Advisory Board chaired by our Chief People Officer (CPO) and consisting of ELT and DEI team members, as well as external DEI experts, is the innovation body responsible for challenging our strategy, driving constant innovation, and benchmarking Sage against global best practice. The Sustainability and Society Committee provides ongoing management support to ensure our Global DEI strategy is aligned with our Sustainability and Society strategy, and reports progress against our DEI goals on an annual basis.

Engagement and partnership are key to building an inclusive culture. In 2023, quarterly allyship workshops were delivered to our leaders by our VP of DEI and Wellbeing to frame the business case, spotlight our goals, and clarify everyone's responsibility. We also piloted a regional leadership team exercise to connect DEI insights and actions to business goals. We are now taking this forward at scale.

4.3/5

Glassdoor rating for DEI (based on colleague reviews)

Diversity, Equity, and Inclusion—continued

Diverse teams and equitable culture

`GRI 3-3-d`

A key milestone against our first strategic DEI pillar in FY23 was the addition of 3 Colleague Success Networks: an Ability Network, a Pride Network in South Africa, and a Faith Network in North America. The remit of the UK and Ireland Family Network also expanded to include carers. There are now a total of 17 Colleague Success Networks designed by colleagues, for colleagues, with support from the DEI team. In the last year, we rolled out a training series for network leads and network members to develop leadership skills, maturity frameworks, and budgeting for their activities. In May 2023, the UKI People team launched the new UKI Menopause Procedure and supporting Manager Guidance. The Gender Alliance Network provided insights and reviewed support during the development and launch of the procedure, and continues to provide support through a focused Viva Engage channel dedicated to menopause support.

We support Colleague Success Networks to recognise key dates in their calendars, such as Black History Month, International Day of People with Disabilities, International Women's Day, and Pride Month.

Diversity self-declarations

`GRI 3-3-d, e`

To better understand if we represent our customers (according to local census data), and to monitor potential bias hotspots in our processes, we ask colleagues to voluntarily self-declare their diversity characteristics. They can do so confidentially through our ongoing "All About Us" programme of work. In FY23, we focused on developing a communications campaign, rooted in long-term colleague engagement, to drive participation in Canada, Ireland, South Africa, the UK, and the US, due to these countries having our larger colleague populations and legislation supporting a broader range of questions. We promoted manager/colleague conversations based on colleague feedback. This approach supported us to achieve statistically significant self-declaration rates in each of the 5 in-focus countries, increasing our global average to 56% self-declaration against our global goal of 65%. We are using this data to improve hiring, undertake pay gap analysis, and monitor equity within our engagement feedback and performance assessment process. During FY24, we will continue our "All About Us" self-declaration journey in Spain and Portugal, and launch "All About Us" in India. Our "All About Us" self-declaration data gathering project is annually reviewed against data privacy controls to ensure it meets strict data privacy standards throughout the collection and analysis process.

"As a member of the LGBTQ community, from Iran, there was not a single time that someone made me feel different at Sage. All I wanted was to not be looked at differently and to have the same opportunity as everyone else. I got that at Sage and the journey has been amazing."

Kousha Poursohrab
Graduate at our Manchester office

Diversity, Equity, and Inclusion—continued

Combating discrimination

`GRI 3-3-c`

Our DEI policy outlines expected standards and consequences of bullying, harassment, and discrimination. During FY23, colleagues provided feedback that informed the development of discrimination-specific intranet content with clearer sign posting.

In the UK and Ireland, we created a case dashboard to improve the capturing and monitoring of discrimination cases and training sessions delivered by Business in the Community, to further enhance the understanding of the Equality Act for the Employee Relations team, People Business Partners, Colleague Success Network Leads, and Healthy Mind Coaches. This dashboard complemented our updated intranet content.

We saw an increase in our numbers of discrimination-related grievance cases in North America and Northern Europe during the year. We believe this is due to an increased awareness, and improved monitoring and analysis, rather than a material difference in behaviour or culture. Our priority is to handle these concerns on a case-by-case basis, whilst continuing to improve awareness of the support available to colleagues.

All incidents are referred to our global grievance process (see) where they are investigated by an internal team or, where required, by a third party. Our People Business Partnering team and/or Employee Relations team manage this. All cases are recorded within our people system and reviewed at least quarterly.

Case study: DEI partnerships

`GRI 3-3-f`

We proactively partner with organisations that help us multiply progress against our strategic DEI goals through our networks, partners, and shared learnings. Highlights in 2023 included:

Disability:

Through our Business Disability Forum membership, we completed a comprehensive review of our workplace adjustments. As a result, we are simplifying the way colleagues request adjustments across all locations. In addition, our commitments to the World Economic Forum's **Valuable 500** initiative have helped us to build trust with colleagues through conversation and prioritise the gathering of self-declaration disability data in regions where permitted by legislation.

Gender:

We were listed in the Business in the Community (BITC)/Times Top 50 Employers **Gender Equality List**, recognising our efforts to target inequities in hiring, retention, and progression. We are using these qualitative insights alongside our internal data to continue taking action to increase gender equity at all stages throughout a colleague's journey, such as attraction, onboarding, and career development. In the UK, our mean gender pay gap decreased from 9.2% to 7.3%.

See our Gender Pay Gap Report

LGBTQ+:

We completed Stonewall's UK **Workplace Equality Index** and have applied the feedback on the following 3 key areas—ensuring supportive policies for our LGBTQ+ colleagues; increasing senior leader LGBTQ+ advocacy; and increasing the impact of our Pride Networks activity—as part of our global LGBTQ+ action plan for FY24.

Neurodiversity:

We were a key sponsor of **neuroinclusion in the workplace** research conducted by Birkbeck University of London and Neurodiversity in Business. The report has provided the foundation for simplifying workplace adjustments, manager engagement, and future modelling of our workplaces. The findings multiply far beyond our business to wider society.

Race and ethnicity:

In FY23, we appointed a Global ELT Ambassador for Race and Ethnicity, sponsoring our Race and Ethnicity Colleague Success Networks and the development of a Race and Ethnicity Global Action Plan including executive leader representation goals.

Collaborating closely with Business in the Community (BITC) during the year, we prioritised awareness and education for colleagues and leaders to understand more about racial equity. We made progress through senior leader engagement with Colleague Success Networks, global and regional awareness events, and specific BITC-led training for the People function and Colleague Success Networks. We further sponsored BITC's UK regional insights research on race to amplify its mission for racial equity in the workplace.

In Atlanta, we also partnered with Morehouse College, the nation's only historically Black liberal arts institution dedicated to educating and developing men – see .

See our Ethnicity Pay Gap Report

Social equity:

We commissioned BITC to conduct a review of our approach to socio-economic inclusion and social mobility. We will shortly be implementing the actions identified that support colleagues, customers, and communities, in partnership with Sage Foundation.

Diversity, Equity, and Inclusion—continued

Inclusive leadership

GRI 3-3-d

Our progress towards our global goal of "no more than 60% of men, women, or non-binary people in any leadership team anywhere at Sage" increased from 33% to 34%. We know we have a long way to go and need to make progress faster. We are piloting programmes across talent acquisition, internal promotion, and succession planning to ensure we accelerate progress in the year ahead. We have:

- Developed dashboards to monitor gender across hiring, development, and progression, creating more awareness during decision making by our people business partners and hiring managers.
- Implemented 3 regional pilot projects to support teams on a change journey starting with awareness, knowledge from data insights, and multi-disciplinary support across talent development, talent acquisition, and DEI.

Amir Kabe AK
Vice President, Global Equality Strategy, Salesforce, and Sage DEI Advisory Board member

Peter de Norville PdN
Vice President Sage Belong

Sage engages

PdN **Q** **How do you see data driving decision making in DEI?**

AK Data provides a solid foundation for leaders to identify gaps in DEI policies, measure progress, and make informed decisions. By using data, organisations can gain deep insights into their workforce demographics, representation, and employee experiences. These insights not only help identify areas of improvement but also establish benchmarks to track progress over time.

PdN **Q** **How are you translating these decisions into tangible actions at Salesforce?**

AK We've analysed where our representation gaps are and used that data to inform where to set our goals for global gender representation and racial representation in the US, for example. We also use this analysis to inform the programmes we put in place to both recruit with a lens toward increasing representation of diverse talent and the programmes we employ to improve the employee experience (leadership development programmes, sponsorship programmes, employee-led resource groups, etc.). And we tie our ESG goals to executive compensation to share accountability among our company's leaders.

PdN **Q** **How are you measuring the success of these actions?**

AK We regularly monitor our progress toward our goals and recalibrate our strategies as needed. We work hand-in-hand with business leaders across the business to regionalise our strategies to pinpoint how exactly to drive progress everywhere we operate and we follow up to ensure we're getting closer to our goals.

New hires by gender in FY23

● Female   ● Male   ● Undisclosed

1%

42%	57%

Turnover by gender in FY23

13%   **14%**

Parental leave in FY23

Took parental leave
153

Took parental leave
172

Returned to work after leave ended
138

Returned to work after leave ended
155

Still employed 12 months after leave
160

Still employed 12 months after leave
137

Parental leave retention rate
82%

Parental leave retention rate
95%

Note: Methodology—"Employees who took parental leave"—refers to colleagues who took parental leave during the reporting period (FY23: 1 Oct 2022 to 30 September 2023); "Returned to work after their parental leave ended"—refers to colleagues whose parental leave ended in the reporting period (FY23: 1 Oct 2022 to 30 September 2023) and are currently employed; "Employees still employed 12 months after return from parental leave"—refers to colleagues who took parental leave in FY22 and are currently employed in the reporting period (FY23: 1 Oct 2022 to 30 September 2023).

Human by Design
Wellbeing and colleague health and safety

Commitments and progress

`GRI 3-3-e`

Roll out our Colleague Assistance Programme (CAP) in all countries by 2024.
- As of July 2023, we've expanded our CAP to include countries without local provision: Belgium, France, India, Israel, Kenya, Malaysia, Morocco, Namibia, Nigeria, Romania, and Singapore.

Double the number of Healthy Mind Coaches by 2025 from a 2022 baseline.
- Currently 93 Healthy Mind Coaches globally from 67 in 2022

See our ESG Databook

Overview

`GRI 3-3-a, b, f`

By making wellbeing, and health and safety, second-nature to everyone at Sage, we ingrain a supportive environment where colleagues feel psychologically safe and supported to take care of their wellbeing.

In turn, this contributes to a sustainable, enjoyable, high-performing culture, which attracts and retains talent, increases diversity, and supports business productivity.

Despite this being a relatively low material risk in the eyes of our stakeholders, the 2023 materiality assessment shared insights around colleague welfare, satisfaction, and work-life balance.

Scaling our wellbeing offer

`GRI 3-3-c, d`

At Sage, the success of our colleagues is important to us, and we know that one of the ways to support that is through a variety of great benefit offerings. Sage Rewards, our benefits offering platform, helps colleagues understand and manage all the relevant benefits that Sage provides to colleagues. Our Wellbeing policy promotes a culture of care and openness by clearly outlining our commitments. We take a holistic approach to wellbeing, considering healthy mind; healthy body; healthy finances; and healthy communities. Our intranet-based Wellbeing Hub provides colleagues with easy-to-access communities, events, tools, apps, and resources to help colleagues on their wellbeing journey.

Healthy mind

We scaled our Healthy Mind Coach programme worldwide. Now, colleagues can access a certified, internal, mental health first aid coach confidentially and without judgement. These coaches now number 93 in 10 countries (versus 67 in 2022). A new partnership with Calm, an award-winning app for meditation, sleep, and relaxation, means colleagues (and up to 5 friends or family) can access the app for free. We've received highly positive feedback so far.

Healthy body

Supported by a regional process and resources hub, called Free to Focus, which enables all colleagues to access guidance and additional workplace adjustments.

Healthy finances

In light of cost-of-living crises, financial wellbeing resources remain critical. Our Colleague Assistance Programme now offers consistent 24/7 service in multiple languages, allowing more colleagues to receive free, confidential support and consultation on a variety of concerns including, but not limited to, debt concerns, budgeting, and money management, and planning for the future.

24/7

Service in multiple languages

Healthy communities

We were pleased to extend our family support platform to reach all parents and caregivers, including those with teens aged 13–18 and those caring for adult loved ones.

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Wellbeing and colleague health and safety—continued

"Everyone experiences difficulties in their life, whether at work or in their personal life, and someone who can listen and signpost help might be required, and can very often make a very big difference to the outcome."

Richard Hopper
Healthy Mind Coach, Sage

`GRI 3-3-d`

In 2023, we introduced a Healthy Working programme, initially in North America and Iberia, and soon to be rolled out globally. This programme comprises tailored elearning, and personal recommendations to improve colleague health, wellbeing, and comfort at work. Additionally, all managers now check in on wellbeing as part of performance reviews, encouraging an open dialogue and providing early intervention on any wellbeing concerns.

Preventing accidents and injuries

`GRI 3-3-c,e,f; 403-1`

Our ISO 45001-aligned Health and Safety management system comprises global documents that include our Health and Safety policy, management framework, and various standards. The system is reviewed following any changes to work processes/reported incidents, or in line with new legislation in any of our operating jurisdictions. We track efficacy through internal and external audits.

We encourage reporting of hazards, near misses, incidents, and accidents via an online form, easily accessible on Your Sage by all colleagues. We follow an internal standard for hazard identification and risk assessment based on legal requirements and best practice.

This is applied when:

- A new factor is introduced to the workplace (e.g. creation of a new work area, introduction of a new process or work method, use of new substances or materials, installation of new equipment, or temporary activities).
- Significant changes are made to existing arrangements.
- A health and safety incident or near miss has occurred.
- Legitimate health and safety concerns are raised by personnel or others at the workplace.
- Non-routine tasks are being carried out.

The Health and Safety team supports colleagues in the risk assessment process. Specific risk assessments are undertaken for events, facilities, colleague travel, new and expectant mothers, vulnerable colleagues, young people working at Sage or on work experience, workstations, fire, water hygiene, and personal emergency evacuation. Dynamic risk assessments are also undertaken at Sage facilities prior to any work.

All incidents are investigated by the global Health and Safety team and reported to the Board annually. An internal escalation and external whistleblowing process further supports this (see **page 40**).

Learnings from any incidents are shared globally, with improvements made to our global policies, framework, and standards as required.

Health and Safety Committees exist in the countries where this is a legal requirement. These convene either monthly or quarterly and are made up of worker representatives and employer representatives.

Human by Design
Future fit work

Commitments and progress

`GRI 3-3-e`

Connect 70% of colleagues to our internal Talent Marketplace and increase internal fill rate to 45% by 2023.
- 71% of colleagues have connected to our internal Talent Marketplace, exceeding the target to achieve 70% by the end of FY23.
- Internal fill rate has increased to 42%.

Complete 5,000 "future fit" learnings by colleagues by 2025.
- Over 1,000 Future Fit learnings accessed by colleagues, supporting how we upskill colleagues on essential skills.

At least 20% YOY increase in our Pathways hires each year up to 2025, with 500+ people globally receiving work readiness training each FY.
- 26 colleagues were recruited into Sage via Pathways in FY23, into roles varying from intern to director. This is a 42% decrease in Pathways compared with FY22 as a result of an overall decrease in hiring.
- In FY23, 450 people joined work readiness events globally.

See our ESG Databook

Overview

`GRI 3-3-a, b, c, f`

As shown in our ARA (**pages 24 to 29**), attracting and retaining talent is a key investment for Sage and is vital to business continuity and sustainable growth. At Sage, future fit skills mean nurturing adaptable capabilities such as digital literacy, design thinking, collaboration, and continuous learning that are crucial for success as the business grows. By making strategic commitments in this area, we hope to create a culture where colleagues feel proud, supported to do their best work, and develop the skills they need now—and in the future.

This was deemed by our stakeholders to be a material topic and differentiating opportunity, with negative impacts of sectoral stagnation cited if we fail to sufficiently invest in colleague development.

Knocking down talent barriers

`GRI 3-3-d`   `GRI 404-2`

We know that some of the best talent in society face barriers to employment and skills development. Our Pathways programme seeks to address these barriers for under-represented groups, regardless of whether they join Sage or not. In 2023, we expanded Work Readiness initiatives, including our Learnership programme for colleagues living with disabilities in South Africa, as well as charity partnerships in the UK supporting women to return to careers in technology after having children. We also hosted a series of Work Readiness events across a number of Sage geographies and, as a result, 26 colleagues were recruited into Sage via Pathways this year, into roles varying from intern to director. All aspiring professionals who attended the Work Readiness event were provided with the knowledge and skills needed to pave their way towards a successful career. The FY23 hires via our Pathways programme reduced as a result of an overall decrease in hiring. Sage's Executive Leadership Team has committed to protect future intake numbers and ensure year-on-year growth for both the Pathways and Early Careers programmes.

> **"I am extremely happy that Sage created the Pathways programme. It has provided an opportunity for me as a disabled individual to work in a corporate environment that supports all kinds of successes, from all kinds of people."**

Kerry Walsh
Johannesburg office, Sage

We launched an Entry into Sage strategy to scale our Early Careers and Pathways programmes in response to Sage's talent needs and current workforce demographics. A dedicated Centre of Expertise will be established to manage programmes under this strategy, with a view to double Early Career and Pathways talent pipelines over the next 5 years. Meanwhile, over 390 colleagues joined Sage through the Early Careers programme. This is done in alignment with our hiring strategy that prioritises DEI. As an example, 43% of Sage's technical graduate programme hires in FY23 identified as female, compared with the global average of only 28% female engineering graduates.

12th
out of 100 UK apprenticeship employers by RateMyApprenticeship, the UK premier and independent apprenticeship review platform site.

Skills pipeline

`GRI 3-3-d`

In 2023, we continuously engaged with our network of Learning and Development Business Partners, allowing us to assess skills gaps across the business in order to ensure our workforce is fit for future growth and that our people can realise sustainable high performance. Following this work, we have created Learning Academies in critical skills, including professional, innovation, core policy, marketing, data, cloud, and leadership skills.

Learning for the future

`GI 3-3-e`

In 2023, we undertook a detailed and widespread evaluation of learning and development at Sage in order to empower colleagues to learn, grow, and perform with confidence. We made the following improvements:

- Creating a Manager Essentials programme aimed at new leaders to support sustainable performance.
- Building more diverse, empowered, resilient, and agile teams.
- Enhancing accountability in working relationships.
- Building intercultural competence and collaboration through new ways of working.
- Enhancing data literacy starting with data and product roles.

In the year ahead, we will focus on these priorities as we work to attract, retain, and develop the talent we need.

Future fit work—continued

Our working practices

`GRI 3-3-d, f`

We continued to offer a hybrid working model where most colleagues come to our sites at least 2–3 days per week following their specific team agreements that define, based on business needs, what the right approach for each team is. Getting together in person generates engagement and supports our growth. In 2023, we have continued to embed this hybrid working model with new masterclasses and elearnings added to upskill managers in hybrid leadership, and many office engagement activities for our colleagues. Our Work Away programme was accessed by 750 colleagues, giving them the flexibility to work from any Sage location for up to 10 calendar weeks a year. We've been equally mindful to re-engage colleagues in the benefits of face-to-face working, from both professional development and personal wellbeing perspectives. Team agreements have helped to formalise shared working days, supported by 150 "office magic" events across 37 sites to drive engagement, foster human connections, spark business initiatives, and bring colleagues together in our office spaces.

Human by Design: Looking ahead

`GRI 3-3-e`

DEI

Improving how we gather and utilise data, drive internal and external engagement, and try and test innovative ways to diversify our teams and leadership, are ongoing priorities. Tasks in the year ahead will include: embedding allyship training into essential training for all managers; expansion of "All About Us" scope geographically or by function; providing recruitment business partners with access-controlled data dashboards; and creating DEI playbooks that can be utilised by teams all over the world to increase leadership diversity.

Wellbeing

We will roll out the Healthy Working programme globally.

Future fit work

A new Workplace Value Proposition has been defined and will be operationalised, to ensure our workplaces reflect Sage's culture, values, sustainability, and diversity commitments, by creating office spaces where colleagues belong and perform at their best.

Sustainability by Design

Hardwiring sustainability into every decision at every level of our business—from process and policy, to products.

Strategically significant

Very important

Foundational
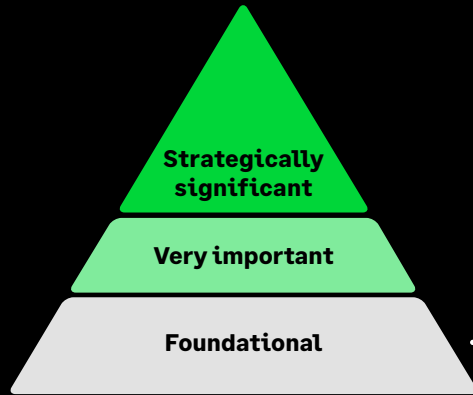
- Business conduct
- Governance effectiveness
- Human rights
- Tax and regulatory compliance

SDG contribution

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

See ESG Databook

Sustainability by Design

Surinder Sond, Sustainability Strategy and Execution Director, on hardwiring sustainability at Sage.

Q **Sage's Sustainability strategy is underpinned by Sustainability by Design—what does this mean?**
Sustainability by Design is about how we hardwire sustainability at Sage, bringing it closer to the business strategy. Integration of sustainability into everything we do—from the products we build, to the process and policies that support how we operate—helps build business resilience. A small central team of sustainability experts is not enough to deliver on our ambitions and so integrating environmental, social, and governance considerations into processes and operations ensures the overall business runs more sustainably. Sustainability by Design is about putting sustainability at the core of decision making and galvanising colleagues to multiply our impact.

Q **Why is it important to Sage?**
Sustainability by Design aligns with our purpose to knock down barriers so everyone can thrive. We have a responsibility to our customers, colleagues, shareholders, and society, which includes the environment and our communities. So, putting the considerations of our stakeholders at the heart of decision making makes complete business sense, supporting our purpose and culture because it's the right thing to do.

Q **How are you approaching it at Sage?**
Sage is on an exciting journey—there are no quick fixes to integrating sustainability in a business, but we're really proud of the progress we've made this year. Using the double materiality process, we have assessed our sustainability risks and opportunities aligned to our enterprise risk management (ERM), we've integrated climate risk into our ERM, and we've undertaken a training needs analysis to better understand the skills and capabilities needed within Sage to deliver against our sustainability commitments and, importantly, hardwire sustainability within the business. We've strengthened our governance processes, evolved the Sustainability and Society steering group into a formal management committee, as well as conducted a successful Board training session on strategy and climate change. We've started reviewing our suite of policies through a sustainability lens as well as integrating sustainability deliverables into the annual bonus and long-term incentive plans for the ELT and senior management.

Q **What comes next?**
Now that we have established a strong central team with subject matter experts, we recognise the need to empower the rest of our colleagues with the knowledge and skills needed to deliver our strategy and make more sustainable decisions. We plan to integrate sustainability learning within existing learning channels, developing specialist content for functions with specific needs and ensuring we have a strong baseline understanding for all colleagues at Sage.

Building on the strong governance foundations this year, we will also continue to enhance our sustainability due diligence processes, including how we assess and manage sustainability risks and opportunities, develop policies and processes to support our colleagues to make sustainable decisions, and improve our data collection processes to support our sustainability reporting. We're also committed to enhancing our approach to human rights, following a saliency assessment where we'll review our potential human rights impacts across our value chain.

This coming year is about providing colleagues with the right tools and operating environment to drive action; working together to accelerate the transition to a greener, more inclusive economy by designing sustainability into everything we do.
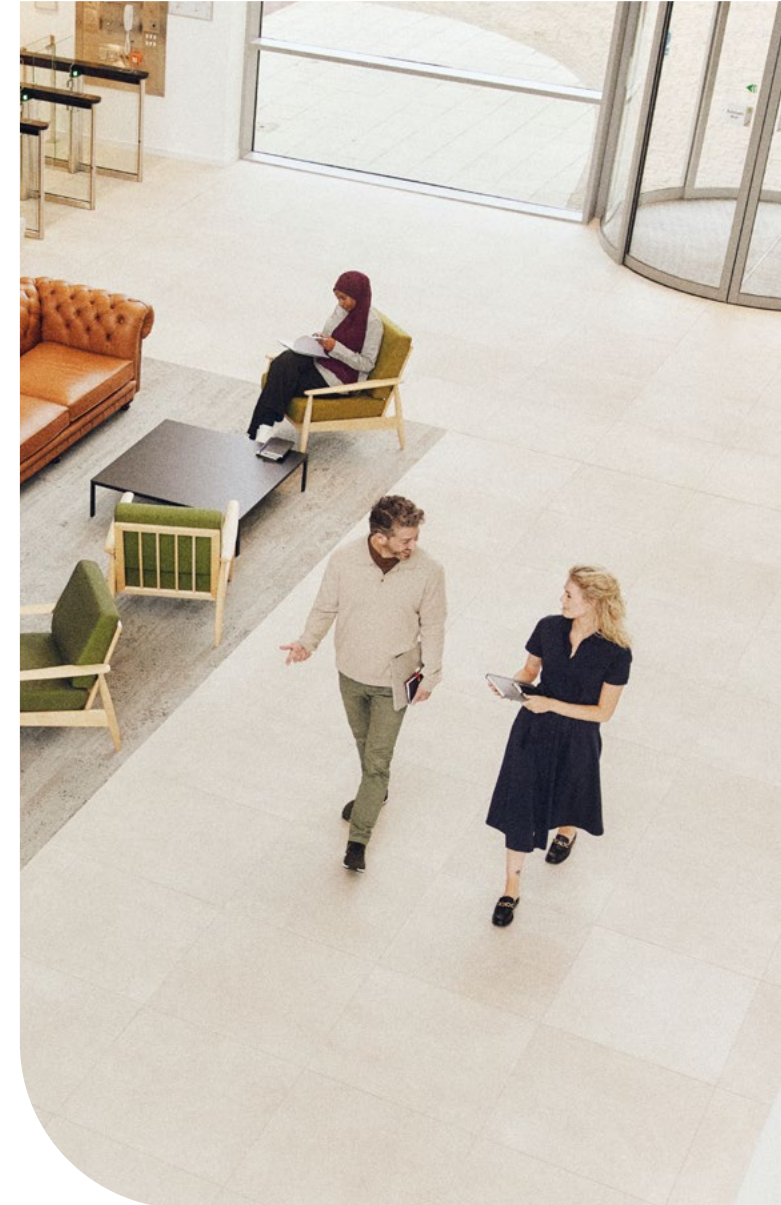
Business conduct

Overview

We are trusted by millions of customers worldwide to deliver the best cloud technology and customer support. Demonstrating ethical practices is key to this. Our **Code of Conduct** sets out our commitment to conduct business lawfully, appropriately, and with honesty and integrity. It applies to all Sage colleagues and is supported by legal compliance policies. Colleagues undertake mandatory elearning on the Code, with re-certification every 2 years.

All compliance policies are available on our intranet. These policies are embedded through a combination of all-colleague elearning and communications, and more targeted training for colleagues deemed to be in higher-risk roles. Internal registers capture gifts and hospitality, and conflicts of interest declarations (including annual Executive Leadership, EVP, and key VP-level conflict attestations). We are also progressing to a new e-module for logging, assigning, and monitoring implementation and attestation to effectiveness of policy controls.

> **"It takes courage and integrity to speak up when something is not right. We are proud of colleagues who are brave enough to report legitimate concerns and we make sure that they are protected from retaliation."**
>
> **Sage Code of Conduct**

Policies and protocols

Our Code of Conduct and suite of policies set the context within which Sage can operate effectively to meet the expectations of internal and external stakeholders by defining how we go about our business.

Code of Conduct

Sets out our commitment to do the right thing by our customers, colleagues, and communities.

Anti-Bribery and Corruption policy

Explains the key principles of applicable anti-bribery laws and sets out Sage's zero tolerance of bribery and corruption within our organisation and among our business relationships, as well as outlining the requirements and conduct expected of colleagues in order to support best practice.

Gifts and Hospitality policy

Explains the importance of avoiding offering or receiving gifts or entertainment that could or could be seen to unduly influence commercial decisions. Outlines the requirement and underlying procedure for colleagues to declare and request approval for gifts or entertainment.

Whistleblowing policy

Explains and promotes Sage's "speak up" culture, and provides instructions and guidance on the internal and external mechanisms for reporting suspected wrongdoing, and the support and protections in place for those doing so.

Conflicts of Interest policy

Outlines Sage's commitment to identifying and addressing all potential conflicts of interest among colleagues on how it does business, and provides instructions and guidance on how to declare and take steps to mitigate the potential impacts of any such potential conflicts.

Anti-Financial Crime policy

Sets out Sage's commitment to comply with applicable anti-money laundering, terrorist financing, tax evasion, and fraud legislation, and outlines how colleagues can help in promoting best practice in these areas and identify "red-flag" indicators of potential wrongdoing, both within the organisation and among our third-party relationships.

Sanctions policy

Explains Sage's commitment to comply with international sanctions regimes. Sets out colleagues' responsibilities to ensure that we comply with sanctions regimes.

Competition Law policy

Outlines Sage's commitment to comply with applicable competition and anti-trust laws and regulations, and provides guidance on the key areas of competition law compliance relating to Sage's business.

Personal Data Protection policy

Explains the core principles of personal data protection and how colleagues should apply them, including when developing new products. Provides guidance on how colleagues should seek assistance and report data protection rights requests, security incidents and complaints involving personal data.

Procurement policy

Outlines when it is mandatory for colleagues to engage Sage's Procurement team and the due diligence checks carried out on suppliers as part of the onboarding of new suppliers, including the criteria for carrying out enhanced due diligence.

Supplier Code of Conduct

Sets out the obligations of all Sage's suppliers to comply with applicable laws and regulations relating to Sage's key policies, and Sage's expectations in terms of promoting best ethical practice within our supply chain.

Tax strategy

Guides how we manage tax affairs in a responsible and transparent manner in order to comply with relevant legislation, to file all relevant tax returns on time, and to ensure the timely payment of all relevant tax liabilities. For further information, please see **page 46 of our ARA**.

Business conduct—continued

Promoting ethical practices across the value chain

GRI 3-3-a, b, c, d, f   GRI 2-23

We have a role and responsibility to promote ethical business practices through the work we do. In doing so, we deepen our visibility of underlying ESG issues. Failure to demonstrate and engage around good conduct poses material risks to our business continuity and reputation, particularly with regard to human rights and social injustice, financial crime, and/or bribery and corruption. These risks and opportunities were referenced by our stakeholders in the latest double materiality analysis. We continue to strengthen our supply chain due diligence by setting clear expectations through the Supplier Code of Conduct, utilising third-party assessments and monitoring legal and reputational incidents. Our Third Party Due Diligence policy sets out circumstances in which we must carry out due diligence checks on third parties before entering into business with them, in order to promote strong compliance practices.

In FY23, we implemented our Sustainable Supply Chain Strategy, which supports Sage's broader Sustainability and Society strategy. We partnered with EcoVadis and have asked our top suppliers by emissions to complete the EcoVadis sustainability assessment. This assessment covers ESG performance including environmental management, carbon emissions, human rights, labour rights, and health and safety. Also during the year, in support of our zero tolerance of modern slavery, we adopted a risk-based approach on additional supplier information requests. Whilst no issues have been identified for remediation at this stage, we recognise the importance of remaining vigilant and further developing Sage's approach to human rights.

See our UK Modern Slavery Act Statement

Reporting and remediation of issues

GRI 2-25, 2-26

Where due diligence reveals potential risks or concerns, we reach out to customers, suppliers, and partners (and other third parties) for assurances from risk assessments carried out in accordance with our due diligence processes to address legal compliance issues. We are continuously looking for ways to improve our due diligence processes.

Within Sage and our partner network, concerns or grievances can be reported anonymously by colleagues, contractors, and representatives of partner organisations internally through line managers (who are trained in handling and escalating such matters) or via a confidential, third-party-supported hotline or web disclosure. An investigation is conducted when further enquiries are warranted, especially when there are suspected violations of the law or regulations, or when there is a suspicion of misconduct.

Governance effectiveness and tax

Overview

GRI 3-3-c

As with wider corporate governance, accountability and transparent oversight are fundamental to how we deliver on our Sustainability and Society commitments.

Tax and regulatory compliance

GRI 3-3-a, b, c

As outlined in our **Tax strategy**, and reflected in our double materiality exercise, tax is an important aspect of our corporate responsibility and of how we create value for society. Stakeholders have cited not only our ability to contribute to economic stability through tax compliance, but also the influence we have on SMBs through our accountancy products and services, as well as advocacy for simple, pragmatic tax regulation.

The strategy sets out our commitments to manage our tax affairs in a responsible and transparent manner in order to comply with relevant legislation, to file all relevant tax returns on time, and to ensure the timely payment of all relevant tax liabilities. Internal controls and escalation procedures are in place to identify, quantify, and manage key tax risks, ensuring compliance with UK Senior Accounting Officer legislation. These risks are monitored in the context of business, policy, and legislative changes, with updates as required. The Audit and Risk Committee oversees this through the review of the Tax strategy every 2 years.

In the past year, we have established a Tax Committee, including the Chief Financial Officer and the EVP Group Financial Controller, to ensure there is appropriate governance and operational oversight on all material tax matters. Meetings have been held quarterly.

Appropriate training is given to colleagues involved in tax activity. Where there is uncertainty in how a relevant tax law should be applied, external advice may be sought to support the Group's decision-making process. We may also look to engage with global tax authorities to disclose and resolve issues, risks, and uncertain tax positions. Breaches of policy may therefore result in disciplinary action being taken in accordance with Sage disciplinary procedures, which align to local laws and legislation. Contractors or agency workers representing Sage who breach this policy may be liable to sanctions.

Sustainability by Design: Looking ahead

GRI 3-3-e

Business conduct

We will undertake a human rights impact assessment to better understand our potentially higher-risk supply chain categories, and to inform our ongoing due diligence processes.

Governance effectiveness

We will deliver a series of trainings and awareness raising activities to upskill our colleagues to deliver against our sustainability commitments.

Tax

We will continue to ensure that our Tax strategy is aligned to regulatory requirements and investor expectations.
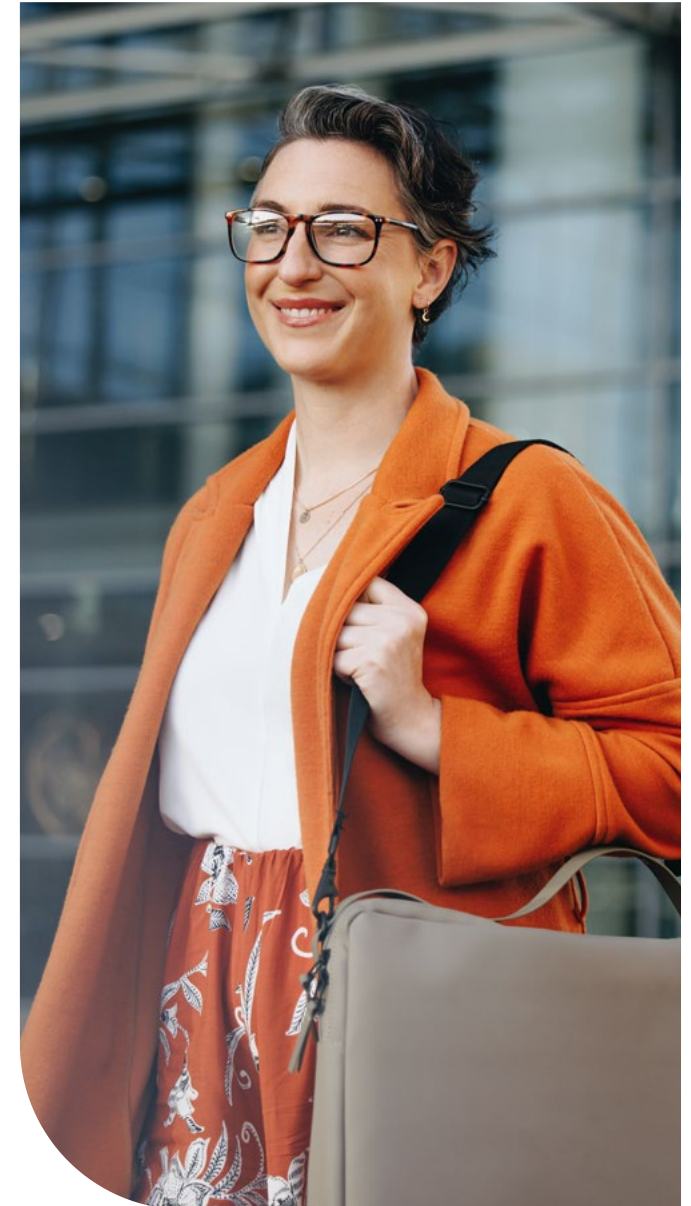
About the report

Our reporting suite has been prepared in accordance with the GRI 2021 Standards, as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Software and IT Services Industry.

Reporting in accordance with the GRI 2021 Standards enabled us to provide a comprehensive picture of our most significant impacts on the economy, the environment, and people, and how we manage these.

Our **Climate Report** is also aligned to the recently launched Transition Plan Taskforce (TPT) Framework and it covers all the required Task Force on Climate-related Financial Disclosure (TCFD) requirements. A summary of alignment to the TCFD is also included in the **ARA pages 38 to 45**.

Our GRI Content Index and SASB reporting direct the reader to content included in our broader reporting ecosystem (please see **page 1**) as well as on the Sage Group **website**. Together, these sources set out our sustainability approach and performance for the stated reporting period.

This year, we've made an effort to increase the clarity and accessibility of our reporting by focusing on our most material topics and performance. We want to offer to our stakeholders balanced, transparent, and accessible sustainability information, hence we have created an ecosystem of cross-referenced reports tailored to the needs of different audiences and dedicated to specific themes such as climate and data. Also, we have sought external "limited assurance" for key metrics and indicators in the reports (see assurance statement in the following pages).

We continued to be guided by the GRI Standards principles of reporting and the content of our reports has been defined through various internal and external processes, including materiality assessment, stakeholder engagement, and risk management.

Assurance—continued

Independent assurance report

GRI 2-5-a, b

To: The Stakeholders of Sage Group plc

1. Introduction and Objectives of Work

Bureau Veritas UK Limited (Bureau Veritas) has been engaged by Sage Global Services Limited to provide limited assurance of selected sustainability disclosures included in the Sage Group plc (Sage) Sustainability and Society Report, Climate Report, and ESG Databook for the financial year 2023 (collectively the 'Report'). The objective is to provide assurance to Sage and its stakeholders over the accuracy and reliability of the reported information and data.

2. Scope of Work

The scope of our work was limited to assurance over the following information included within the Report for the period 1 October 2022—September 30 2023 (the 'Selected Information'):

- Energy consumption within the organisation
- GHG Emissions including total Scope 1, total Scope 2 (Location-based and Market-based), and selected Scope 3 (categories 1, 2, 3, 4, 6, 7, 11, and 15 only)
- Percentage reduction in reported Scope 1, Scope 2, and Scope 3 emissions against 2022 reporting (calculation only; see limitations below)
- Total number of new hires
- Percentage of employee turnover
- Average Hours of Training per employee per year (excluding Sage University)
- Mean gender pay gap—hourly pay (% difference—UK only)
- Mean gender bonus pay gap—bonus pay (% difference—UK only)
- Total number of senior management and governance bodies members (by gender)—for Non-Executive Directors (NED), Executive Leadership Team (ELT) and Executive Team (ET)

- Total number of senior management and governance bodies members (by age group)—for NED, ELT and ET
- Percentage of teams with no more than 60% of any one gender (including "undisclosed" category) in any leadership team to ELT minus four
- Average inclusion score from spring engagement survey

3. Reporting Criteria

The Selected Information needs to be read and understood together with the internal "Reporting criteria for selected ESG metrics— August 2023", of which relevant sections have been included directly in the ESG Databook for 2023, as set out at www.sage.com/en-gb/company/sustainability-and-society.

4. Limitations and Exclusions

Excluded from the scope of our work is assurance of information relating to:

- The 2022 GHG emissions inventory against which the Scope 1, 2, and 3 GHG emissions percentage reduction is reported for 2023, which was assured by another independent third party. The publicly available assurance opinion from this provider has been relied on by Bureau Veritas for percentage reduction calculation purposes only;
- Any financial data feeding into the Selected Information, such as but not limited to spend or revenue data input for Scope 3 Categories 1, 2, 11, and 15 calculations, which is subject to financial audit and was relied on by Bureau Veritas where applicable;
- Select input data obtained via third parties was checked for alignment and not traced back through third party calculations to source, including but not limited to GHG emissions data reported by suppliers to CDP used for Scope 3 Category 1 calculations;
- Activities outside the defined assurance period;
- Positional statements of a descriptive or interpretative nature, or of opinion, belief, aspiration or commitment to undertake future actions; and
- Other information included in the Report other than the Selected Information.

The following limitations should be noted:

- This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails.
- The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance.
- This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

5. Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Sage.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Sage.

6. Assessment Standard

We performed our work to a limited level of assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.

Sage

Welcome | Leadership reflections | Our strategy | Protect the Planet | Tech for Good | Human by Design | Sustainability by Design | **About the report**

Assurance—continued

7. Summary of Work Performed

As part of our independent assurance, our work included:

1. Conducting interviews with relevant personnel of Sage and third party consultants responsible for collecting and compiling the Selected Information;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, any estimation methodologies, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Sage;
4. Agreeing a selection of the Selected Information to the corresponding source documentation;
5. Reviewing Sage systems for quantitative data aggregation and analysis;
6. Reperforming a selection of data aggregation and greenhouse gas emissions conversions calculations feeding into the Selected Information;
7. comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals; and
8. Assessing the disclosure and presentation of the Selected Information in the Report to ensure consistency with assured information.

A 5% materiality threshold was applied to this assurance. It should be noted that the procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

8. Conclusion

On the basis of our methodology and the activities and limitations described above nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects.

However, the following should be noted:

- Scope 3 Category 5 data is included in the total reported in 2022 and 2023 Scope 3 emissions is not included in the Bureau Veritas assurance scope. This is not considered to have a material impact on the 2023 percentage reduction in total GHG emissions against 2022.

The table below contains a copy of the Selected Information:

Disclosure	Verified value
Energy consumption within the organisation (GJ)	59,106
GHG Emissions, including total Scope 1, total Scope 2, and selected Scope 3 categories (tCO$_2$e)	Scope 1—Direct GHG emissions—1,225.6 Scope 2—Electricity indirect GHG emissions—1,408 (market-based) Scope 2—Electricity indirect GHG emissions—3,255.5 (location-based) Scope 3—Other indirect GHG emissions: Category 1—Purchased goods and services—84,060.1 Category 2—Capital goods—83 Category 3—Fuel-and energy-related activities—1,158.3 Category 4—Upstream transportation & distribution—402 Category 6—Business travel—7,583.1 Category 7—Employee commuting—10,078.8 Category 11—Use of sold products—87,866.4 Category 15—Investments—32.4
Percentage reduction in reported Scope 1, 2 and 3 emissions against 2022 reporting (calculation only) (%)	Considering location-based—5.1 Considering market-based—5.3
Total number of new hires	1,728
Percentage of employee turnover (%)	13.8
Average Hours of Training per employee per year (excluding Sage University)	12.1
Mean gender pay gap—hourly pay (% difference—UK only)	7.3
Mean gender bonus pay gap—bonus pay (% difference)	12.6

Disclosure	Verified value
Total number of senior management and governance bodies members (by gender)—for NED	Female—4 Male—5 Total—9
Total number of senior management and governance bodies members (by gender)—for ELT	Female—4 Male—6 Total—10
Total number of senior management and governance bodies members (by gender)—for ET	Female—34 Male—48
Total number of senior management and governance bodies members (by age group)—for NED	Greater than or equal to 56—6 46-55—3 Total—9
Total number of senior management and governance bodies members (by age group)—for ELT	Greater than or equal to 56—5 46-55—2 36-45—3 26-35—0 Less than or equal to 25—0
Total number of senior management and governance bodies members (by age group)—for ET	Greater than or equal to 56—16 46-55—43 36-45—18 26-35—5
Percentage of teams with no more than 60% of any one gender (including "undisclosed" category) in any leadership team to ELT minus four (%)	34
Average inclusion score from spring engagement survey	77.67

Assurance—continued

9. Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified[1] Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, quality reviews and applicable legal and regulatory requirements which we consider to be equivalent to ISQM 1 & 2[2].

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)[3], across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. We consider this to be equivalent to the requirements of the IESBA code[4].

Bureau Veritas UK Ltd
Registered in England & Wales, Company Number: 1758622

Registered Office: Suite 206 Fort Dunlop, Fort Parkway, Birmingham, B24 9FD

London, 27 November 2023

1. Certificate available on request
2. International Standard on Quality Management 1 (Previously International Standard on Quality Control 1) & International Standard on Quality Management 2
3. International Federation of Inspection Agencies—Compliance Code—Third Edition
4. Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants

Assurance

ecoact

EcoAct independent assurance statement

GRI 2-5-a, b

Verification statement

To the stakeholders of Sage plc

EcoAct was engaged by Sage Global Services Limited, (Sage), a company registered in England and Wales with company number 09506951, of North Park, Newcastle upon Tyne NE13 9AA, to provide independent third-party verification of its greenhouse gas (GHG) emissions for the footprint year of October 2021—September 2022.

Objective & responsibilities

The management of Sage are responsible for the organisation's emissions sources and GHG related information and the development and maintenance of records and procedures in accordance with its reporting requirements. The EcoAct calculation team are responsible for the calculation of Sage's emissions totals. The EcoAct verification team's responsibility is to express an independent verification opinion of whether the GHG emissions reported by Sage are fairly stated and free from material error or omission in accordance with the criteria outlined below.

Criteria

Calculation methodology: World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol); Reference methodologies: HM Government emission conversion factors for greenhouse gas company reporting 2022; HM Government Environmental Reporting Guidelines Including streamlined energy and carbon reporting guidance 2019; CDP guidance and scoring criteria (2022); IEA electricity emissions factors data, (2021); CEDA— Comprehensive Environmental Data Archive, (2022).

Level of Verification and Materiality

Verification standard: ISO 14064-3:2019, Specification with guidance for the verification and validation of greenhouse gas statements, to the level of limited verification.

The organisational boundary of Sage was established as its worldwide operations, using the operational control approach. This includes energy used in office locations, transport, purchased goods and services, business travel, commuting and upstream emissions sources related to the above. The verification team reviewed the source data from Sage and the calculation completed by EcoAct to identify emissions sources material to the carbon footprint. The verification of Sage's emissions related information was conducted through the review and testing of its emissions calculations and selected primary evidence, along with discussions with its Environment and Sustainability Coordinator and relevant colleagues.

Verification Opinion

Based on the data and information provided by Sage and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the following GHG emissions totals are not fairly stated and free from material error:

Sage's Value Chain Emissions	2022 Emissions (tCO₂e)
Scope 1 Emissions	798.3
Scope 2 Emissions (market-based)	2,040.6
Scope 2 Emissions (location-based)	3,505.1
Scope 3 Emissions	201,998.0
Total (Location-Based)	206,301.4
Total (Market-Based)	204,836.9

Description of activities

Data and calculations reviewed included those related to Scope 1 emissions, (Combustion of fuels), Scope 2 emissions (Electricity) and Scope 3 emissions (Purchased goods and services, Capital goods, Fuel and energy-related activities, Upstream transport & distribution, Waste generated in operations, Business travel, Employee commuting, Use of sold products and Investments).

There were three material errors identified during the verification process. The first was related to the emission factor mapping for Scope 3 Category 6: Business Travel emissions. This resulted in an overstatement of 775.91 tCO₂e. The second was related to the emission factor mapping for Scope 3 Category 5: Waste. This resulted in an overstatement of 29.8 tCO₂e. The final material error identified related to the use of grid electricity factors, rather than the more accurate residual emission factors for the calculation of Scope 2 Market-Based emissions. This resulted in an overstatement of 390.5 tCO₂e. Total carbon emissions previously reported for FY2022 were restated to include these updates and ensure correctness.

Recommendations

Sage should:

- Consider using a global environmental data management platform to collect activity data on a granular basis and to store supporting evidence. A data management platform would increase data accessibility and traceability and support the verification process.
- Conduct regular data audits to identify and resolve site and activity data issues prior to the year-end reporting cycle, to improve the accuracy of site-level data and avoid data restatements.
- Ensure consistency with unique Site IDs, to make it easier to identify closed or new sites and to more easily determine any year-on-year changes.
- Ensure that invoices are highlighted to make it clear what the relevant values are that have been extracted from the invoice for the emission calculations.
- Review extrapolation methodology for Scope 1 and Scope 2 calculations. In certain cases, very little actual data was being used as a proxy to extrapolate energy usage for sites without any actual data. Incorporating industry benchmarks to estimate energy consumption could improve the reliability and consistency of estimates where there is little actual data to draw off.
- Increase accuracy of Scope 3 Category 7: Commuting emissions by implementing a centralised system which tracks full-time employees per each site and using survey data to reduce reliance on assumptions.

Assurance—continued

Further detailed findings and recommendations about Sage's emissions data and EcoAct's calculation approach have been made to the management of Sage in an observations and recommendations presentation.

Approved by

Verified by

Flavia Tavares
Senior Consultant
EcoAct, an Atos Company

Freddie Stretch
Analyst
EcoAct, an Atos Company
London, 03/05/2023

Statement of Independence

EcoAct is an independent carbon management company. Our team has extensive experience in the verification of carbon data, information, systems and processes. The data required for the greenhouse gas statement described herein were compiled by Sage Global Services Limited. The greenhouse gas emissions described in this statement were calculated by EcoAct Ltd. No member of the verification team was involved in the carbon footprint calculation process except to apply amendments derived from the verification process as described above. No member of the EcoAct team has a business relationship with Sage Global Services Limited, its Directors or Managers beyond that required of this assignment. To our knowledge there has been no conflict of interest.
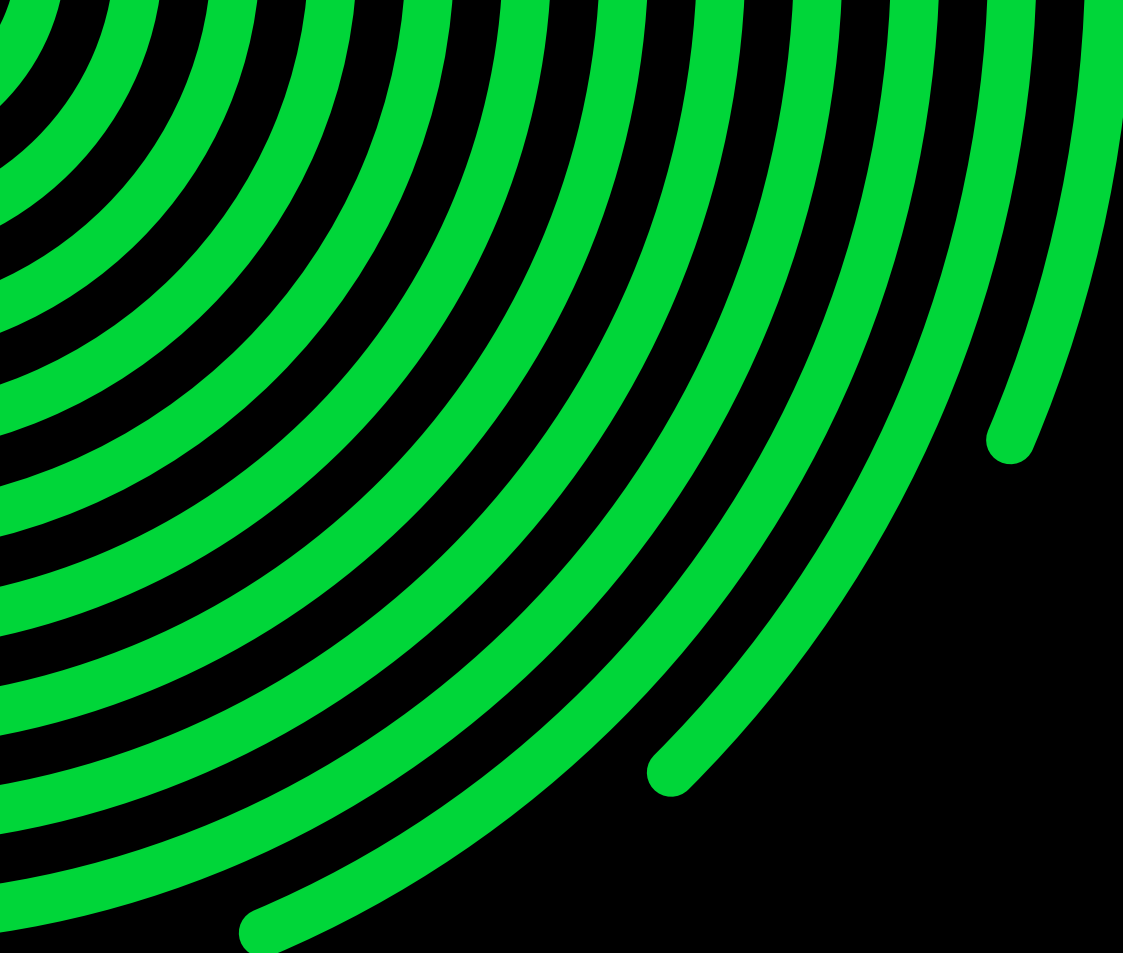
Get in touch

sustainability@sage.com