

Knocking down barriers.

Sustainability and Society Report 2022

Sage



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About this report

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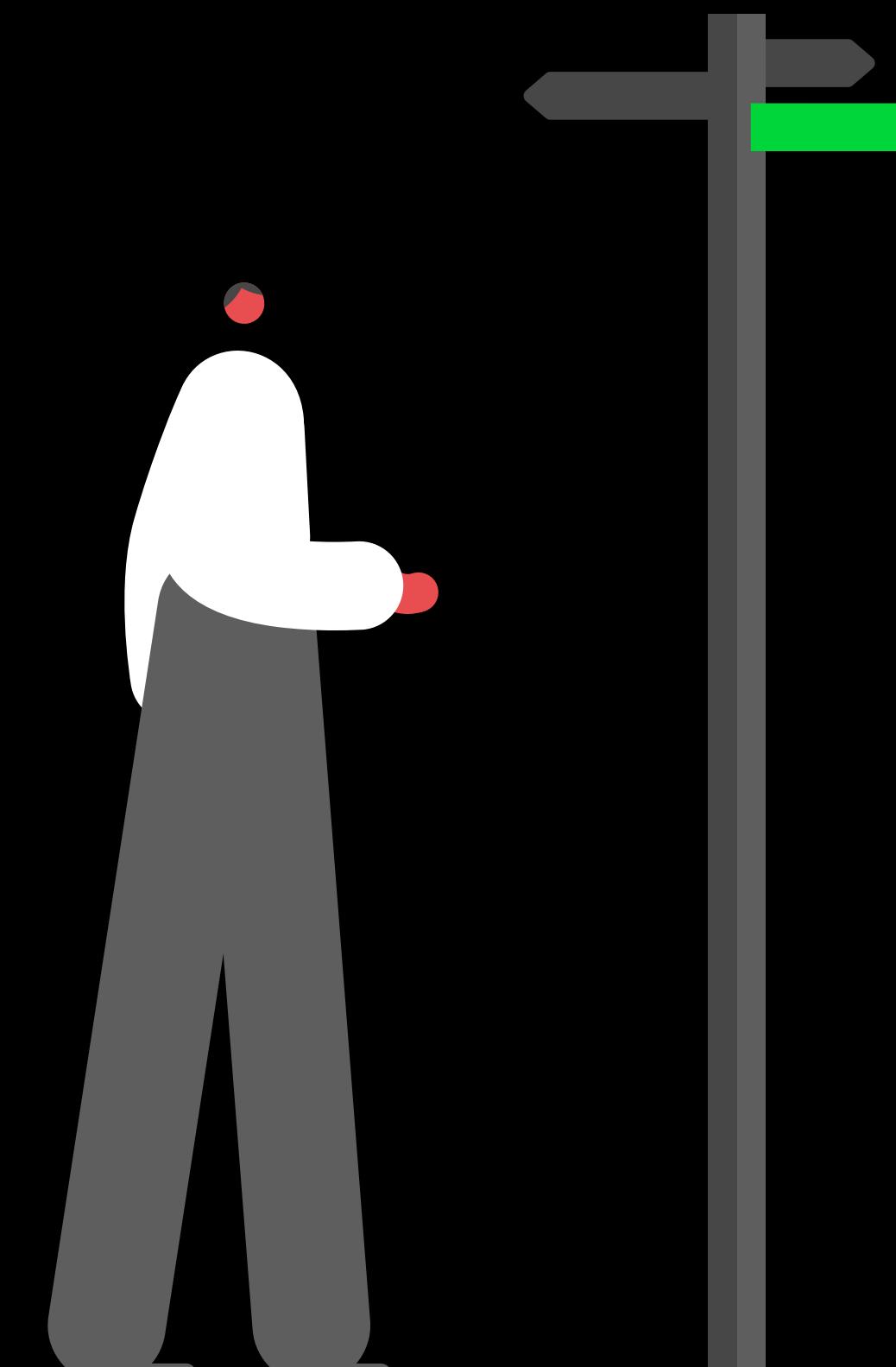
This Sustainability and Society Report provides our stakeholders with a transparent account of how we approach the most material sustainability issues faced by Sage. We publish a sustainability report annually. Unless otherwise indicated, the information and data recorded is aligned to our annual reporting period from 1st October 2021 to 30th September 2022. Our previous report was published in December 2021 for the financial year October 2020 to September 2021.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) 2016 Standards: Core option, as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Software and IT Services Industry.

For further information regarding the contents of this report, including alignment to GRI, SASB and assurance, please see page 36 or contact sustainability@sage.com

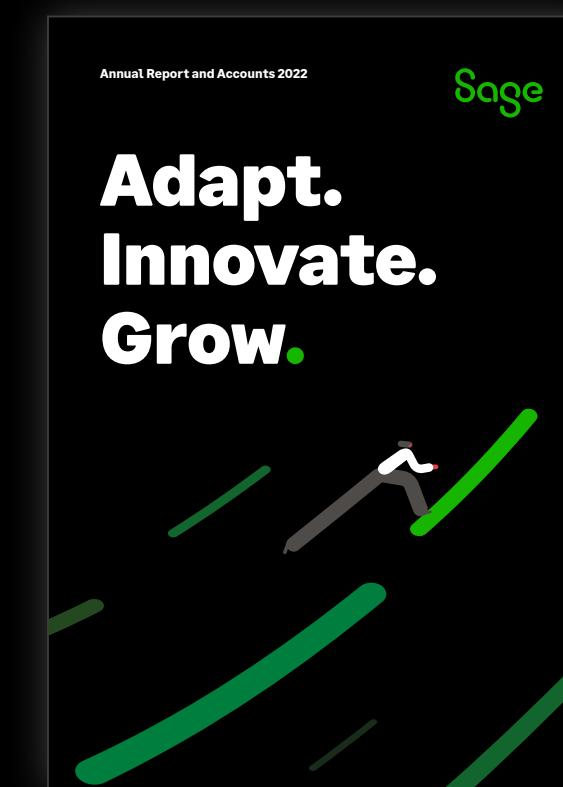
Navigating this report

- Clicking the plus sign will reveal more content
- Exit out of any pop-up content by clicking the cross
- Expand content to see it in more detail by clicking the magnifying glass
- This icon indicates that content is part of a case study



Useful links

GRI 102-1



Annual Report

The Sage Group plc. Sustainability and Society Report 2022 is complemented by our Annual Report and Accounts (ARA) 2022, which can be found online at www.sage.com/investors and below.

Sage ARA 2022

TCFD—Within the ARA 2022

Other reports

CDP Report

Gender Pay Gap Report

Modern Slavery Statement

DEI Impact Report

The year in numbers



4.2

Glassdoor Score

100%

100% increase in renewable energy provision since 2019

Sage Earth

Sage acquired Spherics, a carbon accounting software solution that enables SMBs to estimate their carbon footprint

B CDP

2021 CDP Score*

* 2022 CDP results released in December 2022

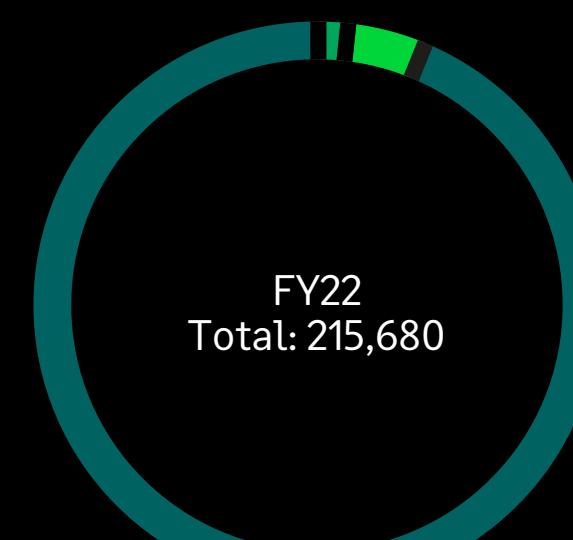
13,871

entrepreneurs supported in developing countries to grow sustainable businesses

Sustainable supply chain

Supplier Code of Conduct updated to include sustainability as a core principle

GHG emissions (tCO₂e)



- Scope 1: 798
- Scope 2: 3,505*
- Scope 3: 217,864

Our 2022 emissions have reduced by 3% compared with 2021, driven by a reduction in property and home-working related emissions.

Employer Brand Index



- FY22 8.08
- FY21 7.87

In FY22, our Employer Brand Index improved and we scored 8.08 out of 10. The index is run by Link Humans on an annual basis. For further information visit [the linkhumans.com website](https://linkhumans.com)

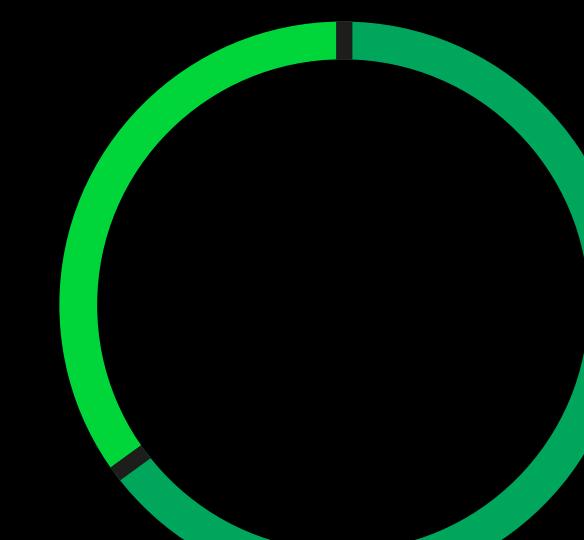
Sage Foundation fundraising



- FY21 \$670,113
- FY22 \$1,044,665

During FY22, a bold new fundraising challenge was set for Sage colleagues, customers, and partners to raise \$5m by 2030.

Pathways to employment



- FY22 45 hires
- FY21 24 hires

The number of Pathways hires recruited to Sage via our work readiness programme, with an increase of 87.5% from 2021.

Leadership message

GRI 102-14



In conversation with...

Steve Hare

CEO

Amanda Cusdin

Chief People Officer and
Sustainability and Society
Executive Sponsor

Watch video ▶

Watch video ▶

Q In the past year, the world has changed, with macroeconomic and geopolitical uncertainties on the rise. How do you continue to deliver on Sage's purpose to Knock Down Barriers and support a thriving small and medium business (SMB) sector?

SH: Without doubt, there is a lot happening in the world right now that is affecting SMBs—global economic turbulence; skills shortages; weakened consumer confidence. They see the challenges, and like any other business, they need to make some tough choices. But they also continue to go after opportunities when they see them, which means they often recover faster and create jobs. In my experience, it is SMBs who usually lead economies out of downturns.

We know that our customers still have strong confidence in their own businesses, and they are continuing to invest in technology to drive efficiency, improve productivity and build resilience. 80% say that today they depend on technology to start, survive, and grow.

Entrepreneurialism can be a route out of economic insecurity, but it isn't equally accessible to everyone. There are many barriers for some underrepresented communities, when it comes to running and leading small and mid-sized businesses.

So, our purpose has never been more important. At Sage we want to knock down these barriers and make sure that running an SMB is an option for as many people as possible. Everything we do is about making their lives easier and delivering on the promise of our brand—to help businesses flow. Our digital solutions help them to automate processes, gain better insight, and comply with new regulations. We are trusted to provide not only technical solutions but also knowledge and expertise.

Q Sage's Sustainability and Society strategy was launched last year. What do you see as the greatest achievements and changes that have been put in place, to date?

AC: We made good progress in FY22 and we're on track to meet the commitments we made in FY21, aligned to our three strategic pillars—to protect the planet, use technology for good, and knock down barriers for entrepreneurs.

As we submitted our Science Based Target, we developed a broader climate strategy backed up by robust plans that will ensure we deliver on our targets and demonstrate our commitment to this agenda. You can find out more about this in the Protect the Planet section of this report.

"At Sage, we are learning that it's a journey, for us and for our customers. In line with our core values and purpose, we will follow our plan to meet the goals we have set and will work with others to innovate when we don't have all the answers."

Last year we committed to help SMBs on their own net zero journey. This is a big ambition but so far we've made really good progress, with the launch of a sustainability hub for SMBs and the acquisition of Spherics, a carbon accounting solution, in October 2022.

I also continue to be very proud of the work that Sage Foundation does. For instance, their work with FIRST® LEGO® League and the Institution of Engineering and Technology was recently nominated for a Dynamite Award in the "Tech for Good" category. Through this partnership, we're on track to train more than 14,000 young people in STEM skills, setting them up to thrive in the digital economy.

Starting and growing a business is a proven route to long-term employment and high job satisfaction as well as wealth creation, but many people lack the confidence, the knowledge, the skills, and the financial support to seize this opportunity. At Sage, we want to make sure that the power of running an SMB is open to as many people as possible.

We have helped knock down barriers for entrepreneurs from underserved communities through our Kiva partnership, where we are providing \$500,000 of capital to entrepreneurs and local field partners, and support for technological upgrades to Kiva's social enterprise platform. And as a Presenting Sponsor of the BOSS Impact Fund, we provided \$10,000 in grants to 35 Black female business owners in their first five years of business.

What's more, our sustainability strategy is influencing our own talent strategy. Through our Pathways back to work programme, we have created a huge opportunity to rethink how we hire and how we help people back into employment.



Q Sage has committed to fight climate change and protect the planet. You made a number of commitments in the past year. Are those commitments backed up by credible plans and what progress has been made so far?

AC: We are committed to protecting the planet and we are doing so in three ways.

We are going to halve our own carbon emissions by 2030 and get to net zero by 2040, we are helping SMBs on their own net zero journey, and finally, we're advocating an enabling policy and regulatory environment for net zero.

This year we also backed up our climate commitments by submitting our targets for verification by the Science Based Targets initiative, reaffirming our 2030 target across all our emissions, Scope 1, 2, and 3. We have included how we intend to deliver on these commitments in our net zero strategy. We have updated our Supplier Code of Conduct to include sustainability as a core principle, asking our suppliers to deploy measures to prevent and reduce harm to the environment.

Q How does Sage knock down barriers for SMBs to achieve their net zero ambitions?

SH: We know that SMBs care about the impact they have on the environment. But they find it daunting to know what to do and where to start.

Our recent acquisition of Spherics (a carbon accounting solution now rebranded Sage Earth), means that we're now able to include carbon accounting in our offering to SMBs which will help businesses understand, track, and reduce their environmental impact.

Our ambition looking forward is to combine Spherics' innovative software with Sage's digital network, to connect businesses with their customer and supplier emissions data, enabling easy and collaborative climate action across value chains to reduce carbon.

This new acquisition demonstrates our commitment to sustainability and ambition to support SMBs in their journey towards net zero.

Sage's Sustainability Hub also provides owners of small businesses with expertise and actionable advice on how to reduce the carbon impact of their operations, play a key part in creating a more sustainable future and have a positive impact on their communities. It is an integral part of our innovative approach to tackling the climate crisis.

AC: SMBs know that being sustainable will make them more resilient. We recently commissioned a [research report](#) on the environmental impact of SMBs with leading economist Oxford Economics and the International Chamber of Commerce, which revealed that over three quarters of SMBs say sustainability is important to their business. But they face significant barriers, ranging from lack of time, costs, and skills shortages, to overly complex regulatory reporting requirements and uncertain guidance about quantifying emissions. We want to knock down those barriers and support them on their sustainability journey. The report I just mentioned was launched at COP27 and includes policy recommendations.

Q The regulatory environment is advancing rapidly, with ISSB, the EU CSRD and the EU Taxonomy all on the horizon. How is Sage responding to these developments?

SH: We really appreciate the value of robust, comparable reporting frameworks and disclosures and know how important it is to our stakeholders. I believe that, when evaluating a company, investors and other stakeholders should look both at financial and non-financial performance. This is the true measure of the performance of a company, and it also tells you if the business is fit for the future.

Reporting is about telling our story as much as listening and receiving feedback. This report is about us sharing our journey and engaging in an active dialogue with stakeholders to help us make progress and improve. Transparency is key; we know we are only at the start of our journey but have a genuine commitment to it. With this in mind, we have stepped up our reporting practice and this report is a further step in the right direction.

AC: On the back of our 2021 Sustainability Report, we have undertaken a gap analysis to understand how to strengthen our non-financial disclosures. As a result, we made a number of changes and improvements this year to strengthen our performance against regulatory and voluntary frameworks. This report has been prepared in accordance with the GRI 2016 Standards Core option and in line with the SASB guidelines for our sector. Our TCFD reporting has also been upgraded in the Annual Report and this year we are reporting against the scenario analysis that we have conducted and are disclosing more details on our climate strategy. We have disclosed further detail on our materiality assessment process, and how we are engaging with the UN SDGs, and have expanded our governance section, recognising the importance of strong internal mechanisms of accountability. This work is helping us be more transparent and engage with our stakeholders about the ESG impacts of our business.

We are also committed to advocating for more focused and streamlined reporting guidelines for SMBs, and are working with the APPG on ESG, among others, to help shape the ESG regulatory environment for SMBs.

Q So what is the role that the tech sector can play in building a sustainable tomorrow?

SH: Tech businesses have an important role to play in helping smaller businesses take climate action, from advocating for regulatory frameworks to providing accessible tools to help give SMBs better insights into making decisions around reducing their impact on the environment.

At Sage we are learning that it's a journey, for us and for our customers. In line with our core values and purpose, we will follow our plan to meet the goals we have set and will work with others to innovate when we don't have all the answers. We are mobilising the business, integrating sustainability further across operations and proactively sharing knowledge and expertise with SMBs, colleagues, partners, and our broader stakeholders.

Our purpose and values

GRI 102-16

In a rapidly changing world, SMBs recognise the importance of making sustainability a priority, with many already taking action to reduce their climate impact. These businesses play a pivotal role in their communities and in wider society, and this creates an opportunity to do business differently for positive impact, and to drive performance.



Purpose

Knocking down barriers so everyone can thrive

At Sage, we believe we have a critical role to play in helping SMBs turn the tide and develop more sustainable practices. By doing so, they can enhance diversity, create new opportunities for local communities, and be confident players in the race to net zero. Worldwide, Sage serves millions of SMBs. As we advance our Sustainability and Society strategy and understand our own impacts, we know that we will only succeed as a business if we use our technology, expertise, and scale to help solve the challenges our customers face.

Our purpose complements our deep understanding of the wider economic significance of a thriving SMB sector. This is why we have invested in research to help us identify the variety of barriers faced by SMBs on their road to a more sustainable future. We are determined to play our role not only through our software and digital solutions, but also through sharing advice and knowledge, focusing on insight and simplifying complex challenges for our customers. By “**knocking down barriers**”, we aim to tackle societal and economic inequality, and support a new generation of diverse and sustainable businesses.

Sage values

We use our values to guide us in fulfilling this purpose. Our values are the foundation of our culture and interactions, and they help shape the experiences we create.

We do the right thing, and this underpins everything we do at Sage

Human

We make connections with customers, partners and colleagues, through empathy and care.

Simplify

We strip away complexity.

Bold

We are curious, courageous, ambitious, and creative.

Trust

We deliver our promises to customers, colleagues, society, and shareholders.

Our business model

GRI 102-2, GRI 102-7, GRI 103-1

Customers trust our Finance, HR, and payroll software to make work and money flow. Our growing digital network connects SMBs, removing friction and delivering insights through digital business processes and relationships with customers, suppliers, colleagues, banks, and governments.

What we rely on

Relationships

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 market-leading customer service, which in turn generates loyalty and advocacy among customers.

People

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

Resources

Ecosystem

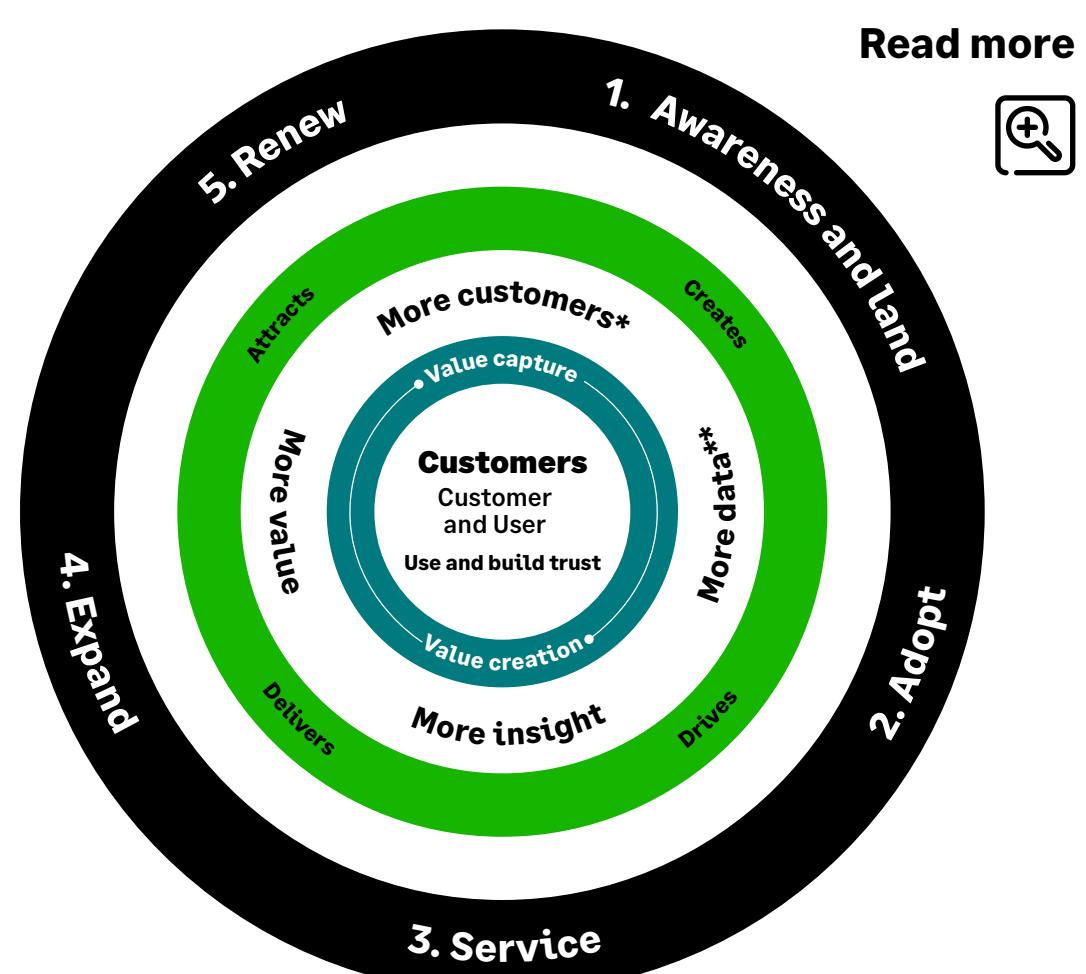
Sage is expanding scale and reach through our ecosystem of accountants, resellers, and technology partners.

Innovation

We are investing to ensure our products are ahead of the curve in a changing technology landscape.

What we do

Our solutions, whether cloud native or cloud connected, enable businesses to be more productive, resilient, and flexible. We are also continuously innovating to enhance our solutions by providing a rich digital environment, a network of applications and services that make it easier for customers to connect, collaborate and do business. Our purpose—**Knocking down barriers so everyone can thrive**—also means we use our time, technology, and expertise to tackle digital inequality, economic inequality, and the climate crisis.



* Customers, end users, and ecosystem participants
** Volume, variety and velocity

Underpinned by the Digital Network

More customers +

More data +

More insight +

More value +

How we create value

By combining our scale, experience, strong relationships, and insight, and leveraging our competitive advantages, we create value for our stakeholders in line with our purpose.

Customers

101%

renewal by value

We aspire to provide high-quality products, services, and solutions that connect, remove friction, and deliver insights. Our approach to innovation is well recognised by our customers. We are committed

Shareholders

9%

high-quality organic recurring revenue growth

Our ambition is to be the trusted network for SMBs: an integrated experience of digital and human connections. In our efforts to deliver on this ambition, we continue to innovate in order to grow shareholder value.

Colleagues

79

eSAT (employee satisfaction)

Our colleagues bring key skills and capabilities to our business and in turn we provide safe, engaged, and supportive working environments that encourage a diverse workforce.

Suppliers

£462m

per year spent with approximately 4,700 suppliers around the world

We engage with our suppliers, encouraging fair and transparent supply chains.

Society

149,409

Sage Foundation hours spent helping our communities

Through Sage Foundation, we commit to building sustainable social, economic, and entrepreneurial opportunities in our local communities.

The planet

SBTi

target submitted in June 2022

Sage has committed to protect the planet by reducing our own environmental impact and by supporting SMBs to do the same, making it easier for them to take action and embark on their own net zero journey.

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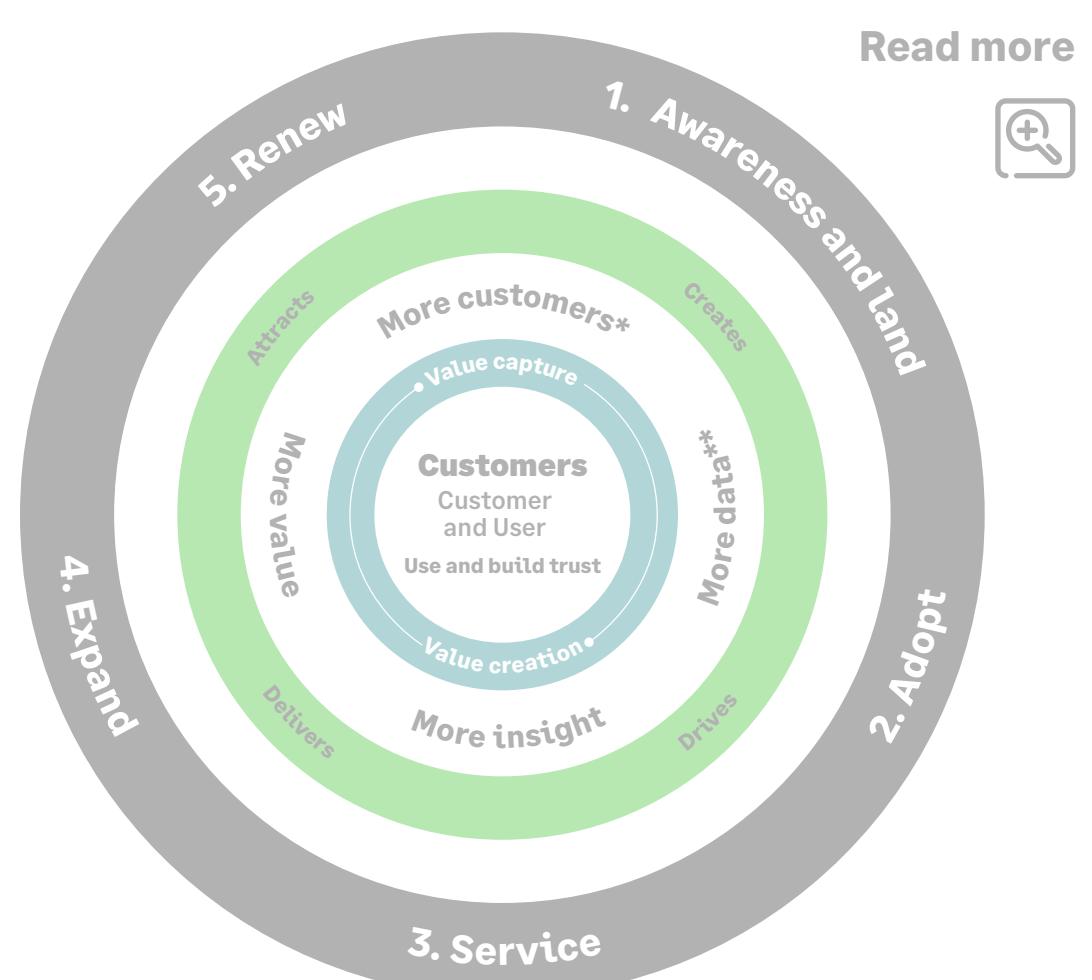
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We aspire to provide high-quality products, services, and solutions that connect, remove friction, and deliver insights. Our approach to innovation is well recognised. As we increase the value we provide to customers and help tackle key sustainability issues, we remain committed to playing our role in tackling the climate crisis.

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We engage with our suppliers, encouraging fair and transparent supply chains.

Sage has committed to protect the planet by reducing our own environmental impact and by supporting SMBs to do the same, making it easier for them to take action and embark on their own net zero journey.

Underpinned by the Digital Network

More customers



More data



More insight



More value



Our business model

GRI 102-2, GRI 102-7, GRI 103-1

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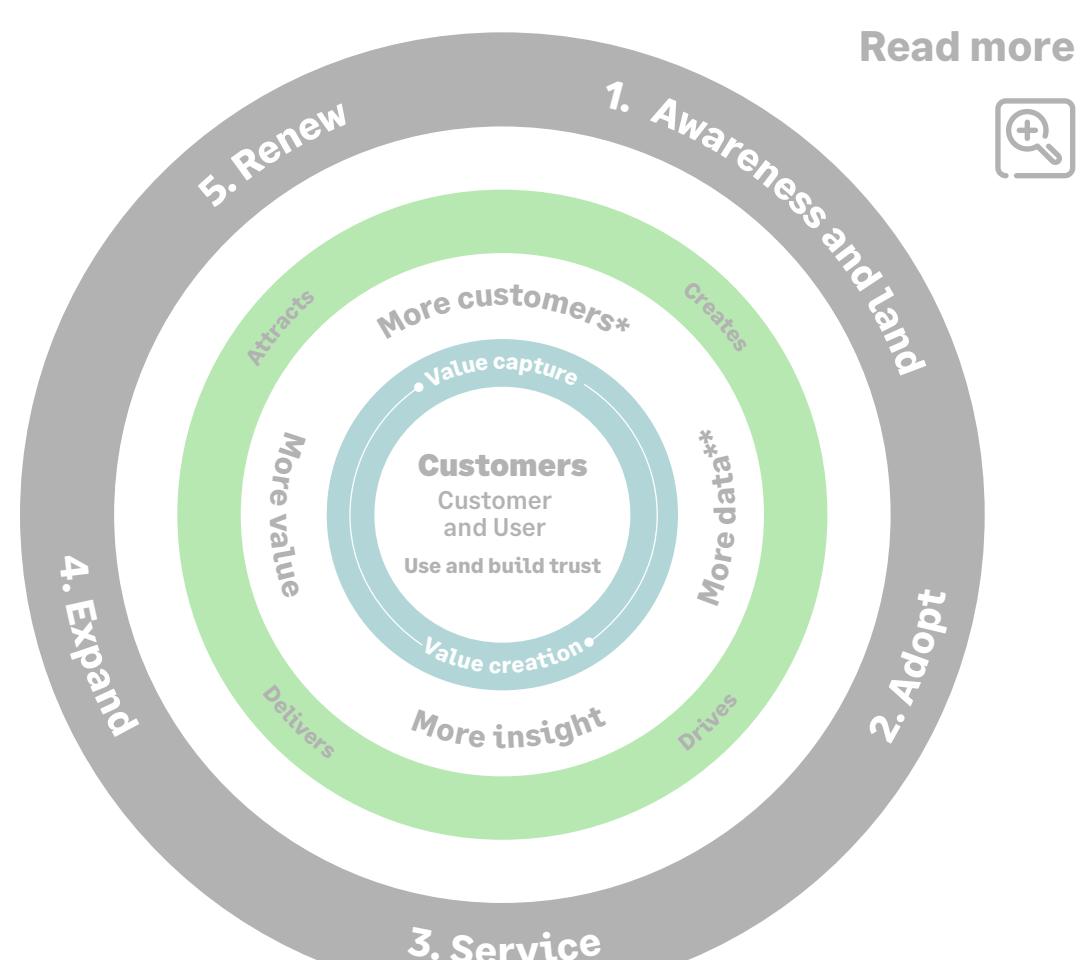
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More customers

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.

* Customers, end users
** Volume, variety

Underpinned by the Digital Network

How we create value

By combining our scale, experience, strong relationships, and insight, and leveraging our competitive advantages, we create value for our stakeholders in line with our purpose.

Customers

101%

renewal by value

We aspire to provide high-quality products, services, and solutions that connect, remove friction, and deliver insights. Our approach to innovation is well recognised by our customers. We are committed

Shareholders

9%

high-quality organic recurring revenue growth

Our ambition is to be the trusted network for SMBs: an integrated experience of digital and human

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 solutions through a combination of understanding customer problems and deploying data science capabilities. This is enabled by a culture of experimentation and innovation.

Colleagues

79

eSAT (employee satisfaction)

Our colleagues bring key skills and capabilities to our business and in turn we provide safe, engaged, and supportive working environments that encourage a diverse workforce.

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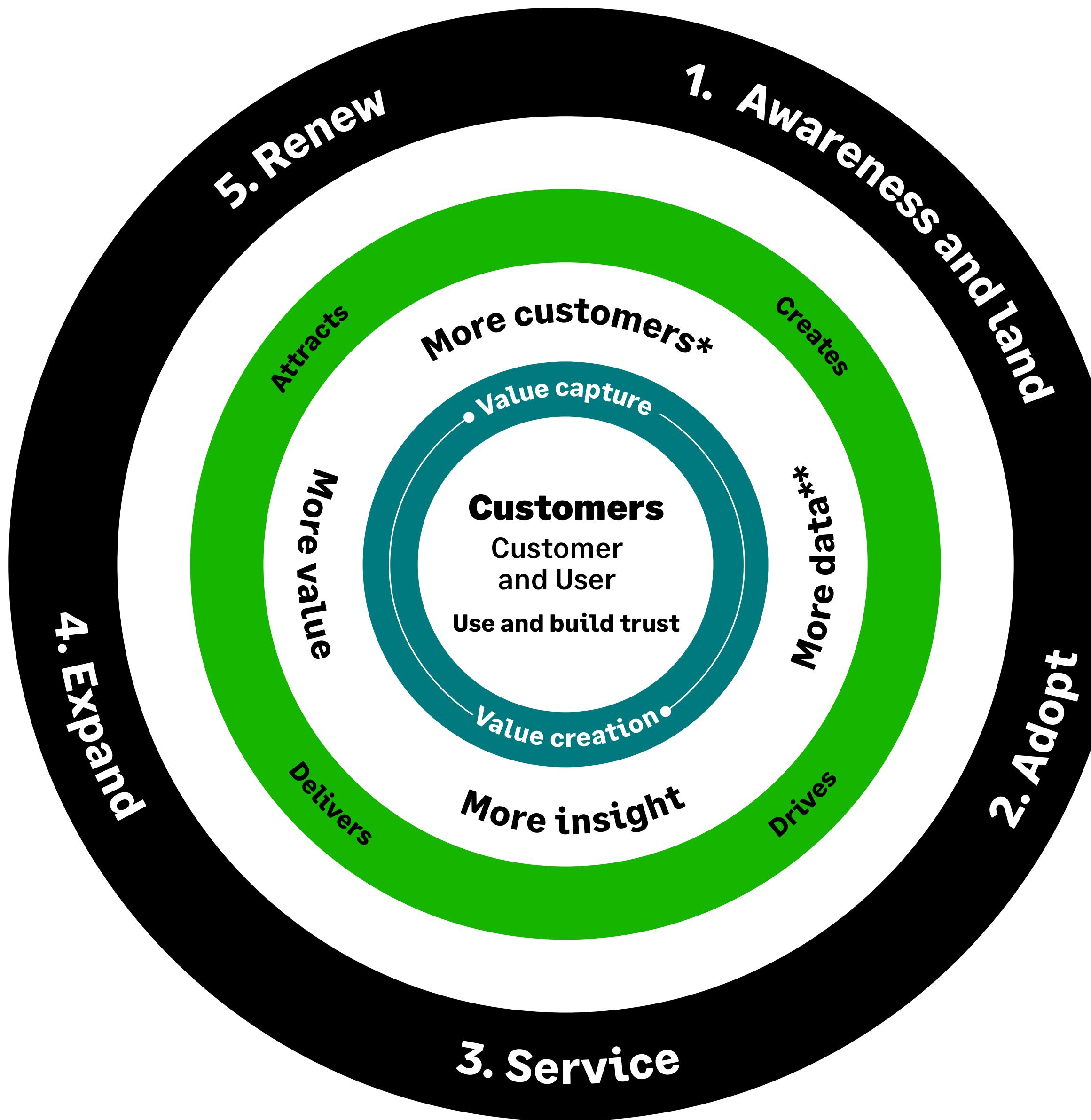
Sage is committed to protect the planet by reducing our own environmental impact and by

More value

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



Our business model continued

**1. Awareness and land**

Attract new customers to Sage through brand awareness, targeted campaigns and the [sage.com](#) website. 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 multi-channel 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 and scale its business.

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.

Materiality assessment

GRI 102-46

In FY21, we conducted our first formal materiality assessment in alignment with the GRI 2016 Standards, which enabled us to better understand our stakeholders' expectations and identify emerging sustainability issues. These issues are the bedrock of our sustainability strategy and reporting.

As the regulatory and voluntary reporting landscape evolves rapidly, we recognise the importance of a robust materiality assessment. We are committed to conducting regular materiality assessments to ensure our strategy remains relevant and on track. We are aware of the changes introduced by the Global Reporting Initiative (GRI) and we recognise the importance of double materiality and balancing financial and impact materiality. We are therefore reviewing our approach to materiality with an intention to enhancing it at each reporting cycle.

1

Identification

Through desk research, we created a long list of potential topics relevant to Sage and our sector. We reviewed several external frameworks and standards, as well as rating agencies' expectations, to understand what topics have already been identified as material for the sector. For example, we used MSCI to gain an understanding of investors' expectations, the World Economic Forum report on sustainable value creation to understand what metrics have been prioritised, and SASB's Sustainability Accounting Standard for the Software and IT Services Industry.

2

Stakeholder engagement

GRI 102-40, GRI 102-43

Stakeholder engagement across all markets is key to how Sage operates and informs our decision making process. We engaged with the following stakeholders:



colleagues



shareholders



customers



society

Stakeholders shared their opinions on all material issues through interviews and engagements, and their feedback is reflected in our assessment. More details about our general approach to stakeholder engagement can be found in our ARA.

3

Prioritisation

Based on the stakeholder engagement, the long list of topics was reviewed, and topics were prioritised using a 1–5 rating scale, based on our Enterprise Risk Management framework. In our final matrix, the Y axis represents a combination of stakeholder research and stakeholder engagement for the importance of topics to stakeholders. Scoring from each stakeholder was weighted equally, and equal weighting was placed on research and engagement. The X axis is the impact that the topics will have on our success.

4

Review

The results of the analysis were reviewed internally by a group of senior leaders. Revisions were then made where appropriate to ensure that our process and list of important topics were complete, well understood, and inclusive of the perspectives obtained from stakeholders, and that all feedback was appropriately reflected.

For more information, please see ARA pages 69–77

Materiality assessment

GRI 102-46, GRI 102-47

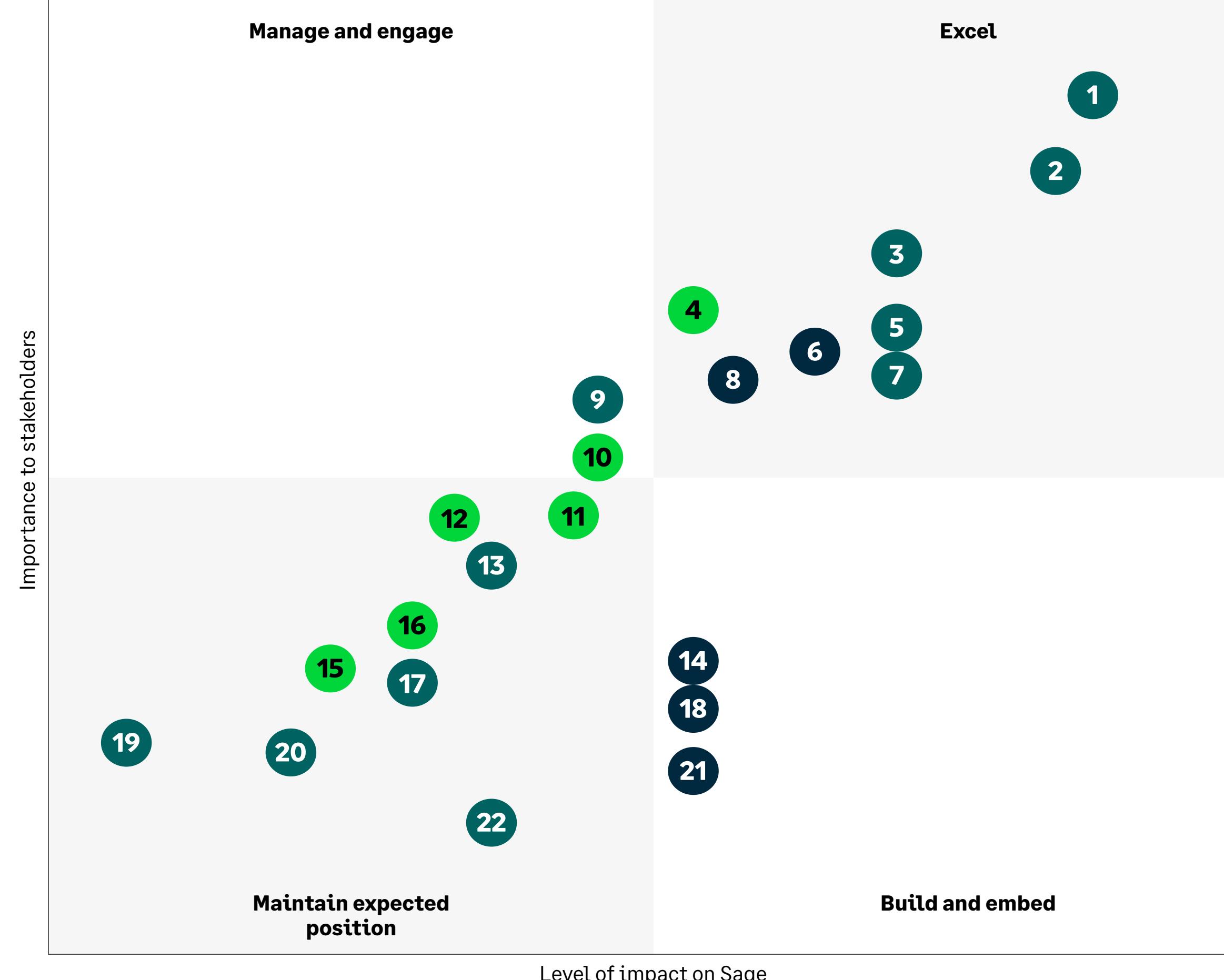
We identified 22 material topics. Of these, eight emerged as the most material, ranking highest in terms of importance to stakeholders and their impact on the business. We focused on these most material topics in terms of alignment to the GRI 2016 Standards. We also place a high value on actively supporting societal

and environmental activities through volunteering and philanthropy, as this forges important community links. We believe Sage has a key role in tackling inequalities, and we continue to make a significant investment through Sage Foundation to Knock Down Barriers in our communities.

Materiality Matrix

Colour coding key

● Environment ● Social ● Governance



Our most material topics

- 1 Data protection and security**
Risks related to collection, retention, and use of sensitive, confidential user data. Issues can arise from incidents such as data breaches where information about personally identifiable information is exposed (e.g. name, national insurance number).
- 2 Proper use of customer data**
Managing and mitigating risks related to use of customer data for another purpose (data insights).
- 3 Attracting and retaining talent**
Ensuring talent is being drawn to the Company and is kept, so Sage can continually grow and deliver its strategic objectives.
- 4 Energy efficiency and low-carbon operations**
Minimising operational carbon footprint, including direct and indirect emissions.
- 5 Innovation to support customers**
Supporting SMBs and wider communities by developing new products and functionalities based on their needs, helping them to adapt to rapidly changing environments.
- 6 Business ethics**
Overseeing and managing business ethics issues such as fraud, executive misconduct, or corrupt practices, as well as defining acceptable behaviours beyond legal requirement.
- 7 Diversity, equity and inclusion of the workforce**
Taking action to knock down barriers to equity within the workplace and create an open and truly inclusive environment.
- 8 Tax transparency**
Ensuring tax principles are clear and honest, aligning to our wider vision and purpose.

Other key insights distilled from the stakeholder engagement process

Through a series of stakeholder interviews we gathered both qualitative insight and quantitative results. This helps us navigate through our reporting requirements but also, to continue to inform our strategic direction.

GRI 102-44

Finding:

There are many factors that influence stakeholder perceptions on what constitutes a material topic. Recent economic and societal developments have shown that some topics

Finding:

There is room for greater communications and engagement. We heard from stakeholders that great work is happening across Sage, but it is not always visible externally. With ESG

Materiality assessment

GRI 102-46, GRI 102-47

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Materiality Matrix

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Environment

Social

Governance

Manage and engage

Importance to stakeholders



Our most material topics

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Data protection and security

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2

Proper use of customer data

Manage and mitigate risks related to use of customer data for another purpose (data insights).

3

Attracting and retaining talent

Ensuring talent is being drawn to the company and is kept, so Sage can continually grow and deliver its strategic objectives.

4

Energy efficiency and low-carbon operations

Minimising operational carbon footprint, including direct and indirect emissions.

5

Innovation to support customers

Supporting SMBs and wider communities by developing new products and functionalities based on their needs, helping them to adapt to rapidly changing environments.

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7

Diversity, equity and inclusion of the workforce

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8

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GRI 102-44

Finding:

There are many factors that influence stakeholder perceptions on what constitutes a material topic. Recent economic and societal developments have shown that some topics

Finding:

There is room for greater communications and engagement. We heard from stakeholders that great work is happening across Sage, but it is not always visible externally. With ESG

Materiality assessment

GRI 102-46, GRI 102-47

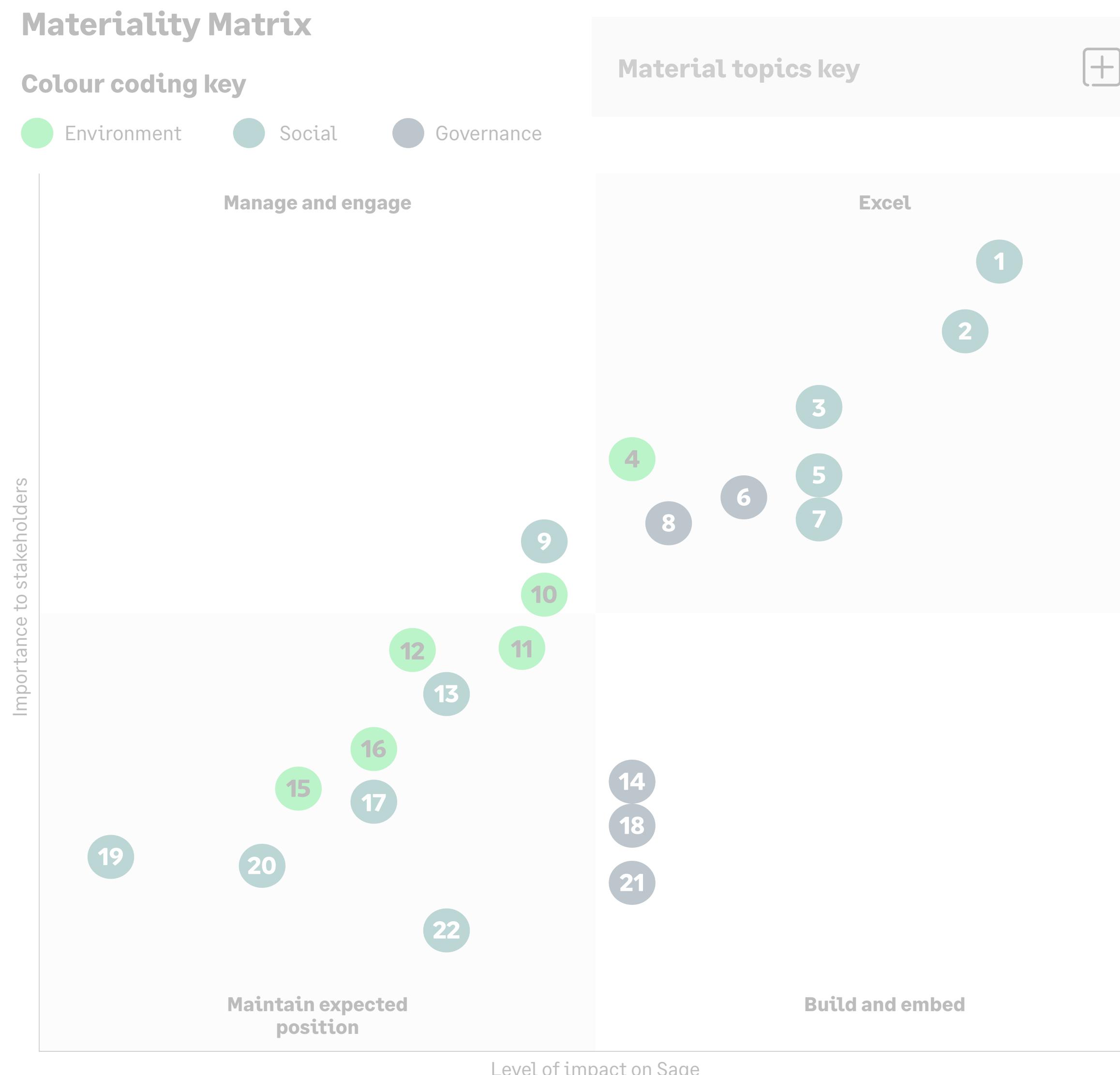
We identified 22 material topics. Of these, eight emerged as the most material, ranking highest in terms of importance to stakeholders and their impact on the business. We focused on these most material topics in terms of alignment to the GRI 2016 Standards. We also place a high value on actively supporting societal

and environmental activities through volunteering and philanthropy, as this forges important community links. We believe Sage has a key role in tackling inequalities, and we continue to make a significant investment through Sage Foundation to Knock Down Barriers in our communities.

Materiality Matrix

Colour coding key

● Environment ● Social ● Governance



Our most material topics

1 Data protection and security

Risks related to collection, retention, and use of sensitive, confidential user data. Issues can arise from incidents such as data breaches where information about personally identifiable information is exposed (e.g. name, national insurance number).

2 Proper use of customer data

Manage and mitigate risks related to use of customer data for another purpose (data insights).

3 Attracting and retaining talent

Ensuring talent is being drawn to the company and is kept, so Sage can continually grow and deliver its strategic objectives.

4 Energy efficiency and low-carbon operations

Minimising operational carbon footprint, including direct and indirect emissions.

5 Innovation to support customers

Supporting SMBs and wider communities by developing new products and functionalities based on their needs, helping them to adapt to rapidly changing environments.

6 Business ethics

Overseeing and managing business ethics issues such as fraud, executive misconduct, or corrupt practices, as well as defining acceptable behaviours beyond legal requirement.

7 Diversity, equity and inclusion of the workforce

Taking action to knock down barriers to equity within the workplace and create an open and truly inclusive environment.

8 Tax transparency

Ensuring tax principles are clear and honest, aligning to our wider vision and purpose.

Finding:

There are many factors that influence stakeholder perceptions on what constitutes a material topic. Recent economic and societal developments have shown that some topics traditionally perceived as not highly material could move into that space very quickly. The materiality assessment is a key tool to continuously inform our strategic direction.

Finding:

There is room for greater communications and engagement. We heard from stakeholders that great work is happening across Sage, but it is not always visible externally. With ESG pressures increasing across all audiences, from customers to investors, greater transparency on ESG topics would be welcomed.

Governance and business ethics



Material topics

- 6 Business ethics
- 8 Tax transparency
- 14 Risk management processes
- 18 Intellectual property
- 21 Board composition

Strong governance mechanisms are fundamental to protect stakeholder value and to build a resilient and future-proof organisation. Effective governance of sustainability topics helps to improve Sage's overall business performance by managing risks and unlocking opportunities for enhanced value creation.

Sustainability and Society strategy oversight, governance and responsibility

GRI 102-18, GRI 102-20

Our Chief Executive Officer and Executive Leadership Team are accountable for our Sustainability and Society strategy.

Our Chief People Officer, Amanda Cusdin, is the executive sponsor for our Sustainability and Society strategy.

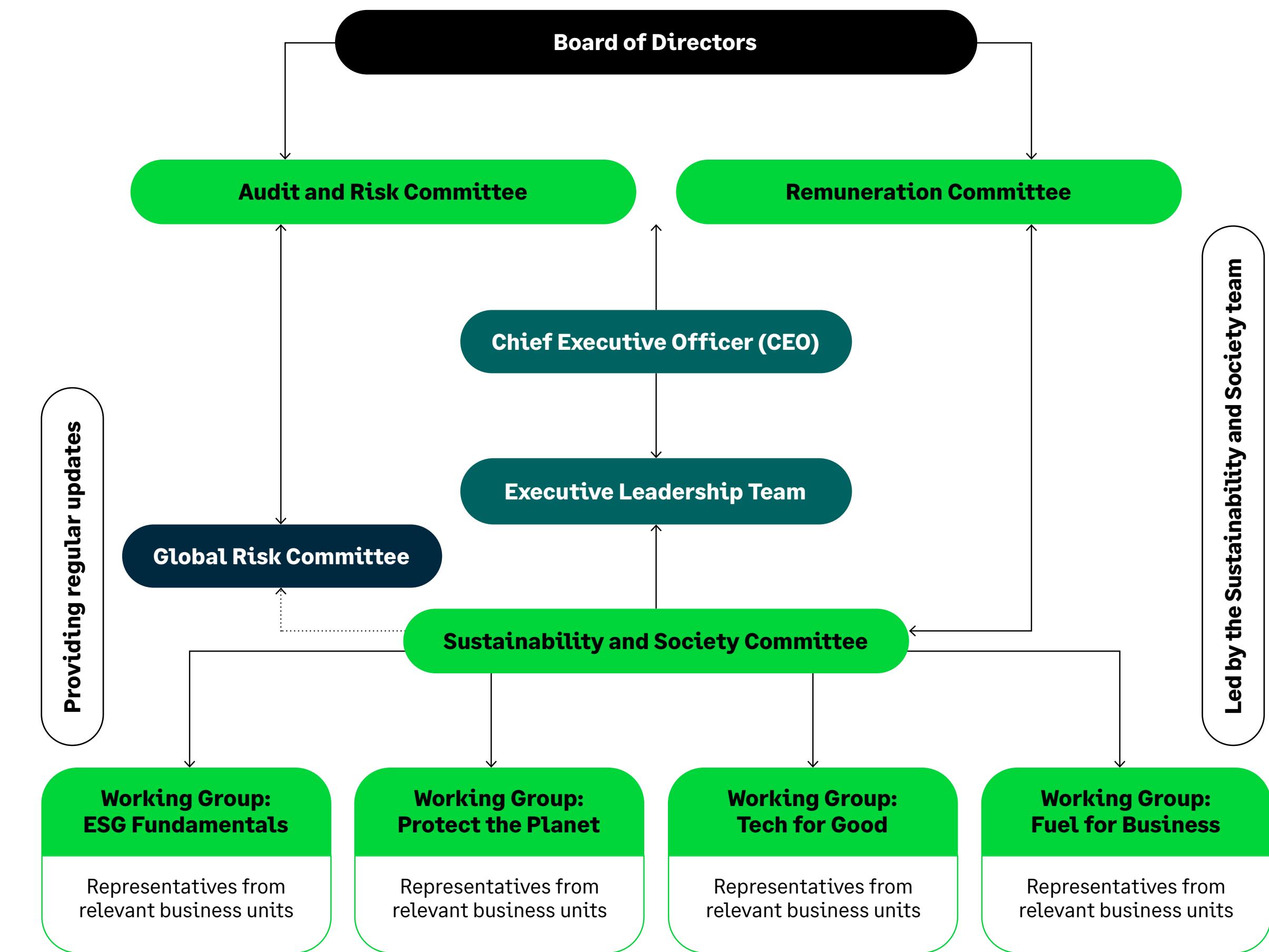
The EVP of Sustainability and Sage Foundation is responsible for designing and implementing the strategy, with support and oversight from our Sustainability and Society Steering Committee, which convenes every two months. Our Chief People Officer chairs our Sustainability and Society Steering Committee, which has senior representation from across the business, including the General Counsel and Company Secretary, Chief Risk Officer and Chief Corporate Affairs Officer.

The Sustainability and Society team established cross-functional working groups for each of the strategic priorities. The working groups include members of the Sustainability team and subject matter experts from the relevant business functions. The working groups collaborate throughout the year and report on progress to the Sustainability and Society Steering Committee every six weeks.

Our Board provides oversight of the strategic direction and the progress being made against the Sustainability and Society strategic commitments. The Board has ultimate responsibility for approving certain sustainability policies, with ESG matters delegated to the appropriate Committee as required. Sustainability risks and opportunities are channelled through the Global Risk Committee, which reports to the Executive Leadership Team, and escalates matters to the Audit and Risk Committee where required. Remuneration incentives—covering Protect the Planet, Tech for Good and diversity, equity, and inclusion (DEI)—are in place for our Executive Leadership Team.

For more information, please see ARA pages 53–54

Our Sustainability and Governance Framework*



* The structure is descriptive of the interactions of the ESG team with the governance mechanisms at Sage. For the full governance structure at Sage, please refer to the ARA page 114.

Governance and business ethics

Business ethics

GRI 102-17, GRI 103-1, GRI 103-2, GRI 205-2

Business ethics and transparency are at the core of a healthy economy. Improved disclosure standards on bribery and anti-corruption, lobbying, and tax, together with new expectations on trust and co-operation, are shaping the way organisations deliver long-term value. Commitment to ethical business practices means that we aim to conduct business lawfully, appropriately, and with honesty and integrity. We strive to adhere to applicable laws and regulations and exercise sound judgement.

Key policies which govern compliance risk include:

- a. Anti-Bribery and Corruption
- b. Anti-Financial Crime
- c. Competition Law
- d. Conflicts of Interest
- e. Gifts and Hospitality
- f. Sanctions

Sage policies 

At Sage, we have well-established processes to help embed ethical business behaviours and culture across the organisation and in our interactions with all of our stakeholders. Our commitment to do the right thing by our customers, colleagues, and communities comes first at Sage—and our Code of Conduct is one way in which we put this value into practice. Our Code of Conduct provides guidance for all colleagues on how we do the right thing and sets clear expectations across Sage for compliance with ethical standards. We also expect our partners and suppliers to commit to the same high ethical standards that Sage does and ask partners and suppliers to accept our Partner and Supplier Codes of Conduct.

Tax transparency

GRI 103-1, GRI 103-2, GRI 207-1

Sage considers that paying tax is part of our corporate responsibility and our contribution in taxes is one of the ways in which we help to build and sustain the economy. By being transparent about the taxes that Sage pays, we have an opportunity to assure our stakeholders that Sage is doing the right thing.

Our tax strategy supports our business strategy and therefore supports genuine commercial activity. We aim to manage our tax affairs in a responsible and transparent manner in order to comply with relevant legislation and disclosure requirements, to file all relevant tax returns on time and to ensure the timely payment of all relevant tax liabilities.

We are working with an external consultancy to define a tax transparency strategy that is aligned to our broader ESG strategy and reflects the evolving regulatory environments of the geographies in which we operate. As part of this, we conducted a benchmarking review against our industry peers to ensure alignment with industry standards.

Tax governance, control, and risk management

GRI 103-2, GRI 103-3, GRI 207-2

The ultimate responsibility for Sage's tax strategy and compliance rests with the Sage Board who ensure that the appropriate framework is in place to oversee the identification and management of tax risk. The Audit and Risk Committee (ARC) oversees Sage's tax control environment through the regular review of the tax strategy. The Chief Financial Officer (CFO) is the Board member with executive responsibility for tax matters. The CFO is supported by the EVP Group Financial Controller who is appraised of all significant tax developments and participates in all material tax-related decisions. Day-to-day management of tax affairs is delegated to the VP Group Tax who has a global integrated team of appropriately qualified individuals.

Sage correctly applies the tax legislation to its business operations and, in doing so, Sage actively seeks to identify, evaluate, monitor, and manage tax risks. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying, and managing key tax risks as well as ensuring compliance with the UK Senior Accounting Officer legislation. These key risks are then monitored for business, policy, and legislative changes and, as a result, tax processes or controls are updated where required. The Sage Audit and Risk Committee oversees our tax control environment through the regular review of the tax strategy.

The Group's financial statements, including disclosures on tax, are audited on an annual basis. Our current auditors are EY and their Independent Auditor's Report is published together with our ARA.

Stakeholder engagement and management of concerns related to tax

GRI 103-2, GRI 207-3

Sage seeks to have collaborative and co-operative relationships with tax authorities through regular meetings and communications in respect of developments in Sage's business as well as our view on current, future, and retrospective tax risks. All interactions with tax authorities are conducted in an open, collaborative, and professional manner. Sage ensures that tax authorities are kept aware of significant transactions and changes in the business, subject to any commercial or confidentiality constraints. Where possible, any tax issues arising are discussed with the relevant tax authorities at an early stage.

Sage recognises that tax legislation can be complex and sometimes subject to interpretation and this uncertainty could give rise to tax risk. Where there is uncertainty in how the relevant tax law should be applied, external advice is sought to support our decision-making process. We may also look to engage with tax authorities to disclose and resolve issues, risks, and uncertain tax positions.



Key developments that impact our Tax Transparency Roadmap

GRI 207-4

1 Regulatory requirements for tax transparency: We will identify regulatory tax transparency and ESG requirements and ensure that our tax strategy is aligned.

2 Public Country-by-Country Reporting (CbCR): The EU proposals for public CbCR will be enacted by member states within the next five years. The regulations will be applicable to Sage's EU operations. Due to confidential business information, Sage does not currently publish CbCR. We provide full tax transparency to tax authorities. As regulations are enacted, Sage may re-examine its approach to CbCR.

3 Voluntary disclosures and metrics: The reporting frameworks for voluntary disclosures are continuing to gain buy-in. This year, Sage reports in line with the GRI 2016 Standards 'Core' option and with the SASB Sustainability Accounting Standard for the Software and IT Services Industry.

4 Investor expectations: Our tax transparency roadmap will integrate the growing investor expectations on ESG across geographies.

Whilst regulatory requirements are still relatively limited, internal and external stakeholders want to know how our approach to tax reporting reflects our values and purpose. Our tax strategy supports our business strategy and therefore supports genuine commercial activity. Sage undertakes tax planning only where it supports genuine commercial activity, is consistent with Sage values, takes due consideration of our brand and reputation, and is compliant with all relevant tax laws and practices. We do not operate in low tax jurisdictions unless there is genuine commercial activity in that territory.

Sage policies



Anti-Bribery and Corruption policy	Explains the key principles of applicable anti-bribery laws and sets out Sage's commitment to combat bribery and corruption in its organisation and among its 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 and thereby constitute a form of illicit bribe. 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 suspected 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 its third-party relationships.
Sanctions policy	Explains and outlines Sage's commitment to comply with key international sanctions regimes and colleagues' responsibilities in support of internal processes to ensure that we do so in how and with whom we do business.
Competition Law policy	Outlines Sage's commitment to comply with applicable EU, UK, US, and other 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 every day, including when developing new products, and 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 its supply chain.

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Governance and business ethics



Risk management

GRI 102-30, GRI 201-2

In 2021, ESG was included as one of our 12 Principal Risks, with a clear strategic alignment to two of our business priorities—“Build the small business engine”, and “Learn and disrupt”. We also defined the ESG risk appetite at Sage, which is tracked and monitored through the Global Risk Committee (GRC), in accordance with the current Enterprise Risk Framework. This governance and the supporting mitigation plans put in place, support Sage to manage our ESG risk profile.

For further detail on our TCFD work and the identification of climate-related risks and opportunities, please refer to pages 50–67 in our 2022 ARA.



Risks are identified through a series of techniques including interviews, workshops, research, and analysis. ESG risks and opportunities are identified using the materiality approach described on page 7–8.

Our Group-wide Enterprise Risk Management Framework helps Sage manage strategic, operational, commercial, financial, compliance, change, and emerging risks, and enables a consistent approach to the identification, management, and oversight of risks. ESG risks, including the associated climate related risks, are managed and assessed as part of our Principal-Risk assessment process, aligned to our Enterprise Risk Management Framework.

Sustainability risks and opportunities are channelled through the GRC, which reports to the Executive Leadership Team, and escalates matters to the ARC, where required. The Board has delegated authority to the ARC to ensure appropriate oversight of ESG risks and oversee the processes and controls in place to ensure the integrity of disclosures.

Our Sustainability and Society strategy

Our Sustainability and Society strategy was launched in June 2021 with three key pillars.



Elisa Moscolin

Executive Vice President,
Sustainability and Foundation

Watch video ▶



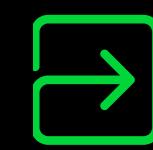
Protect the Planet

Tackling the climate crisis, powering sustainable business models.



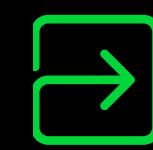
Tech for Good

Tackling digital inequality for innovation, enterprise, and progress.



Fuel for Business

Tackling economic inequality by supporting under-represented groups.



ESG Fundamentals ▶

Our people ▶

Economy and society ▶

Our progress to date

Looking forward



Our commitments

Protect the Planet



See more on pages 15–19

We will get Sage to net zero by 2040 and align our targets to the Science Based Targets Initiative.

FY22 progress highlights

- In addition to submitting our Science Based Target in June 2022, we developed a broader climate strategy backed up by robust plans and disclosures that will ensure we make progress. This includes our updated Sustainable Supply Chain strategy and updated Supplier Code of Conduct which now include sustainability as a core principle, asking our suppliers to deploy measures to prevent and reduce harm to the environment.
- We also signed up to the United Nations Global Compact ‘Business Ambition for 1.5°C’ and the United Nations Climate Change ‘Race to Zero’.

We will support SMBs on the road to net zero.

- We acquired Spherics (re-branded Sage Earth), a carbon accounting software solution that enables SMBs to estimate their carbon footprint.

We will advocate for enabling policy and disclosure for SMBs.

- We partnered with Oxford Economics and the International Chamber of Commerce and conducted research on the economic and environmental impact of SMBs. This helped us identify a number of recommendations for governments and policy makers to empower SMBs to transition to Net Zero.

Tech for Good



See more on pages 20–24

We will continue to support our customers in developing confidence with regards to data security.

- We launched a user-friendly platform called the Trust and Security Hub, to help SMBs navigate complex security and data privacy topics. [The Trust and Security Hub](#) will help SMBs improve their ability to manage risks, withstand cyber-attacks, and thrive in an increasingly digital economic landscape.

Data for Good: We will provide trend insights to help address the challenges faced by SMBs such as economic recovery, skills gaps, and sustainable growth.

- Sage has partnered with Smart Data Foundry and the Office of the Small Business Commissioner, to provide data and inform an empirical analysis on the issue of the impact of late payments on SMBs. Historically, information available on late payments has been mostly anecdotal. The analysis aims to facilitate better policy decisions and Government support to address the issue and help SMBs thrive.
- The research with Oxford Economics and the International Chamber of Commerce mentioned above, was underpinned by our data and market research of 4,000 SMBs in the UK and South Africa. This is one example of where we used our data for good, putting it at the service of our planet.
- Sage Business Cloud Accounting: SBCA KPI Benchmarking Tool, to report comparative performance indicators, is under design and is planned to launch in the second half FY23.

Product accessibility: Our cloud products will be accessible to people with disabilities by meeting Web Content Accessibility Guideline criteria by 2025.

- We have employed an Accessibility Auditor to perform automated and manual accessibility tests for our products and website.
- We have also tested various options to deliver on our accessibility roadmap and have concluded that investing in our own technology is the best approach for us to deliver. This will be our priority in FY23.

Our progress to date continued

Looking forward

Fuel for Business



See more on pages 25–27

Through Sage Foundation we will increase access and inclusion to entrepreneurship, actively seeking out partnerships that increase our ability to make an impact.

- Through our Sage Foundation Kiva partnership, we supported 13,418 entrepreneurs in developing countries as well as 20 social enterprises. We are providing \$500,000 capital to entrepreneurs and local field partners, and support for technological upgrades to Kiva's social enterprise platform.
- We sponsored the BOSS Network Impact Fund, through which we provided \$10,000 in grants to 35 Black female business owners, which surpassed our original target of supporting 25 women.
- Through our ACE partnership, we supported 58 underrepresented small business owners in Atlanta with \$2.9m in loans leveraged by Sage Foundation's interest rate buy down and 1,400 hours of training and support.

ESG fundamentals



See more on pages 28–34

Our People: We commit to no more than 60% of any one gender, in any leadership team, anywhere at Sage, by the end of FY26.

- We have made good progress on this target during FY22, and currently 33% of leadership teams are reaching this target from a starting point of 19% at the beginning of FY22.

Compliance and Governance: We will continue to strengthen our approach to decision making, reporting and ethical behaviours across Sage.

- We have integrated ESG as a Principal Risk and as part of our Long Term Incentive Plan targets. We have appointed an EVP for Sustainability and Foundation and established a team of ESG subject matter experts.
- We established cross-functional working groups for each of the strategic priorities and reported progress to our Sustainability and Society Steering Committee every two months.

Stakeholders and Communications: We will build internal and external awareness and drive engagement of our ESG strategy, positioning ourselves as thought leaders and support SMBs to embark on this journey.

- We strengthened our reporting against regulatory and voluntary frameworks (GRI 2016 Standards Core option and SASB, TCFD reporting, UN SDGs). This work is helping us be more transparent and engage with our stakeholders about the ESG impacts of our business.

Our progress to date continued

Our commitments	FY22 progress
<h3>Protect the Planet</h3>  <p>We will get Sage to net zero by 2040.</p> <p>We will support SMBs on the road to net zero and align our targets to the Science Based Targets Initiative.</p> <p>We will advocate for enabling policy and disclosure for SMBs.</p>	<ul style="list-style-type: none">In addition to submitting our Science Based Target in July, we have updated our Supplier Code of Conduct to obtain more accurate carbon data from our suppliers. We have updated our Supplier Code of Conduct to include suppliers to deploy measures to prevent and reduce harm.Signed up to the United Nations Global Compact ‘Business Climate Change ‘Race to Zero’.We have updated our Supplier Code of Conduct to include suppliers to deploy measures to prevent and reduce harm. <ul style="list-style-type: none">We acquired Spherics (re-branded Sage Earth), a carbon management company, to estimate their carbon footprint.We partnered with Oxford Economics and the International Chamber of Commerce to conduct research on the economic and environmental impact of SMBs. This research will inform governments and policy makers to empower SMBs to succeed.
<p>See more on pages 15–19</p> <h3>Tech for Good</h3>  <p>We will continue to support our customers in developing confidence with regards to data security.</p> <p>Data for Good: We will provide trend insights to help address the challenges faced by SMBs such as economic recovery, skills gaps, and sustainable growth.</p> <p>Product accessibility: Our cloud products will be accessible to people with disabilities by meeting Web Content Accessibility Guideline criteria by 2025.</p>	<ul style="list-style-type: none">We launched a user-friendly platform called the Trust and Security Hub, to help SMBs navigate complex security and data privacy topics. The Trust and Security Hub will help SMBs improve their ability to manage risks, withstand cyber-attacks, and thrive in an increasingly digital economic landscape.Sage has partnered with Smart Data Foundry and the Office of the Small Business Commissioner, to provide data and inform an empirical analysis on the issue of the impact of late payments on SMBs. Historically, information available on late payments has been mostly anecdotal. The analysis aims to facilitate better policy decisions and Government support to address the issue and help SMBs thrive.The research with Oxford Economics and the International Chamber of Commerce mentioned above, was underpinned our data and market research of 4,000 SMBs in the UK and South Africa. This is one of the examples of where we used our data for good, putting it at the service of our planet.Sage Business Cloud Accounting: SBCA KPI Benchmarking Tool, to report comparative performance indicators, is under design and is planned to launch in the second half FY23. <ul style="list-style-type: none">We have employed an Accessibility auditor to perform automated and manual accessibility tests for Sage Active. We have also tested various options to deliver on our accessibility roadmap and have concluded that investing in our own technology is the best approach for us to deliver. This will be our priority in FY23.

Looking forward +

- Our sustainability strategy is the beginning, not the end, of the journey. Sustainability risks and opportunities keep changing. We will continue to deliver on our commitments, while we evolve our strategy to ensure it responds to our most material issues.
- In 2022, we conducted a Peer Benchmarking and Best Practice Review and a gap analysis, which helped us identify our strengths and weaknesses. On this basis and building on the work done so far, we are advancing our strategy to ensure it continues to respond to our stakeholders' expectations and delivers value for the business, society, and the planet.

For the purpose of this report, we disclose our performance against the commitments we made in 2021. You will be able to read more about our evolving agenda and direction in our 2023 Sustainability and Society Report.

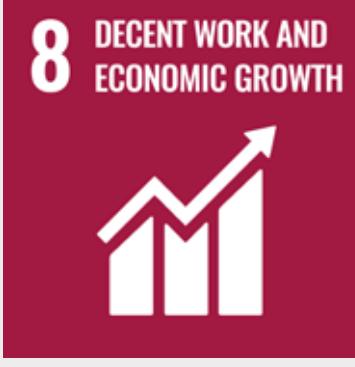
Our approach to the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs), set and signed by all member states of the United Nations, represent an urgent call to action and shared plan for restoring and replenishing our planet and its inhabitants. In order to assess how Sage contributes to these goals, we conducted a mapping exercise between our material topics and the UN SDGs.

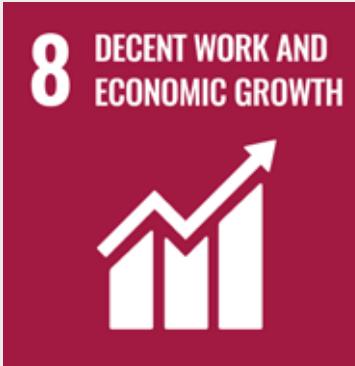
In the table below, we have highlighted the relevant SDGs, targets and the material issues to which they are aligned.

Material topics key

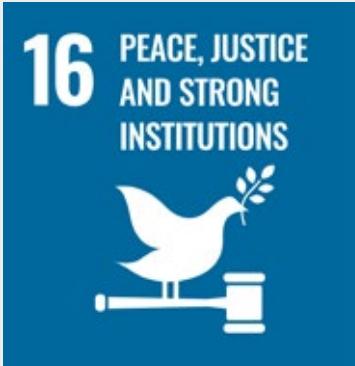


SDGs	Definition of SDG	Topic boundary	Target and our response	Strategic pillars	Material topics
 5 GENDER EQUALITY	Gender equality Achieve gender equality and empower all women and girls.	Sage Group	<p>The best-practice benchmark for businesses is achieving gender balance at all levels of management by 2030.</p> <p>This supports target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life.</p>	Fuel for Business ESG Fundamentals	7 20 22
 10 REDUCED INEQUALITIES	Reduced inequalities Reduce inequalities within and among countries.		<p>At Sage we have a target of no more than 60% of any one gender, in any leadership team, anywhere at Sage, by the end of FY26. We are also working to reduce ethnic and gender pay gaps and continue to promote equality through our DEI strategy.</p> <p>Creating teams with a wide range of backgrounds is a further commitment of Sage's DEI strategy.</p>		
 8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.	Sage Group Local communities	<p>The best-practice benchmark for businesses is to have 100% of colleagues earning a living wage.</p> <p>Other relevant targets are 8.3, 8.5, and 8.6, which support job creation, entrepreneurship, and access to financial services; decent work for all and equal pay for equal work; and reducing the proportion of youth not in employment, education</p>	Tech for Good Fuel for Business	3 17 22

Our approach to the UN Sustainable Development Goals continued

SDGs	Definition of SDG	Topic boundary	Target and our response	Strategic pillars	Material topics
 8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	Sage Group Local communities	<p>The best-practice benchmark for businesses is to have 100% of colleagues earning a living wage.</p> <p>Other relevant targets are 8.3, 8.5, and 8.6, which support job creation, entrepreneurship, and access to financial services; decent work for all and equal pay for equal work; and reducing the proportion of youth not in employment, education, or training.</p> <p>Sage is also an accredited Living Wage Foundation employer, meaning we pay the real Living Wage to all colleagues in the UK, and contract with suppliers who pay the real Living Wage to all regularly contracted staff who are not employees.</p> <p>Our Sage Foundation partnerships focus on access and inclusion for entrepreneurship and inspiring young people to a future with STEM learning, see page 34.</p> <p>As part of our DEI strategy, we have a commitment to provide mentoring, financial, and digital support for individuals from under-represented groups who want to start businesses, and to create opportunities for young people from all backgrounds to learn life-changing digital skills.</p>	Tech for Good Fuel for Business ESG Fundamentals	
 13 CLIMATE ACTION	Climate action <p>Take urgent action to combat climate change and its impacts.</p>	Sage Group Our suppliers Our customers	<p>The best-practice benchmark is for businesses to commit to science-based emissions reduction in line with a 1.5°C pathway.</p> <p>Sage has a roadmap to achieve a 50% reduction across its Scope 1, 2, and 3 emissions by 2030 and net zero by 2040, including through helping and enabling SMBs in its value chain reduce their emissions. It has submitted its carbon reduction targets to the Science-Based Targets initiative (SBTi) and signed up to the United Nations Global Compact Business Ambition for 1.5°C and the United Nations Climate Change Race to Zero.</p> <p>Sage is investing in buildings and vehicles that are low-carbon energy as well as fully aligning to the recommendations of the TCFD. Sage's Sustainability Hub and carbon accounting solutions for SMBs support carbon reduction throughout its value chain.</p>	Protect the Planet Fuel for Business	

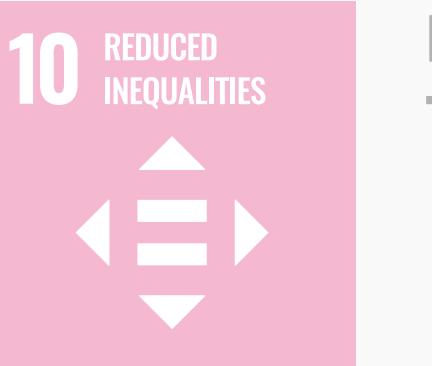
Our approach to the UN Sustainable Development Goals continued

SDGs	Definition of SDG	Topic boundary	Target and our response	Strategic pillars	Material topics
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Peace, justice and strong institutions <p>Business thrives in peaceful environments with effective institutions where operating costs are predictable and working environments are stable.</p>	<p>Sage Group Our customers</p>	<p>The best-practice benchmark is for businesses to have zero incidences of bribery.</p> <p>Corruption encompasses a wide range of activities that include bribery as an important subset. In addition to impeding economic growth as well as distorting market competition, bribery has a disproportionate impact on individuals in poor communities.</p> <p>Our group-wide principles go beyond complying with laws and regulations to include mandatory training for all colleagues on our Code of Conduct. Sage has a governance structure that is strengthened by its clear roles and responsibilities across the organisation, demonstrating how oversight, challenge and assurance are provided alongside business activities, including ethical conduct.</p> <p>When used responsibly, technology, tools and solutions can help strengthen organisations, increasing accountability and transparency, and driving a more inclusive decision-making process.</p> <p>At Sage, unlocking the power of data to help address problems facing SMBs is important to us. As part of our commitment to sustainability and knocking down barriers, we want to provide data-driven insights that make it easier for businesses to thrive.</p>	<p>ESG Fundamentals</p>	6

Our approach to the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs), set and signed by all member states of the United Nations, represent an urgent call to action and shared plan for restoring and replenishing our planet and its inhabitants. In order to assess how Sage contributes to these goals, we conducted a mapping exercise between our material topics and the UN SDGs.

In the table below, we have highlighted the relevant SDGs and targets and the material issues to which they are aligned.

SDGs	Definition of SDG	Topic boundary	Target and our response	
 5 GENDER EQUALITY	Gender equality Achieve gender equality and empower all women and girls.	Sage Group	<p>The best-practice benchmark for businesses is to have 50% gender balance at all levels of management by 2025.</p> <p>This supports target 5.5: Ensure women's full and equal participation and equal opportunities for leaders at all levels of decision making in political, economic and public life.</p>	3 Attracting and retaining talent 4 Energy efficiency and low carbon operations 5 Innovation to support customers 6 Business ethics 7 Diversity, equity and inclusion of the workforce 8 Tax transparency 9 Ethical technology 10 Carbon accounting solutions for SMBs 11 Emissions from use of Sage products 12 ESG enablement and support for SMBs 13 Employee development 14 Risk management processes 15 Repurpose, reuse and recovery of electronics waste 16 Non product related emission in the supply chain 17 Tackling digital inequality 18 Intellectual Property 19 Collective bargaining and labour rights 20 Supporting local communities and philanthropy 21 Board composition 22 Supporting entrepreneurship and empowering SMBs
 10 REDUCED INEQUALITIES	Reduced inequalities Reduce inequalities within and among countries.		<p>At Sage we have a target of no more than 60% representation of men, women, or nonbinary people in any leadership role from the Board to Executive Leadership Team members (this means the target applies to the Board, the Executive Leadership Team and four reporting lines below them) by the end of FY26. We are also working to reduce ethnic and gender pay gaps and continue to promote equality through our DEI strategy.</p> <p>Creating teams with a wide range of backgrounds is a further commitment of Sage's DEI strategy.</p> <p>Sage is also working to promote female entrepreneurship and STEM education for women and girls through our Business strategy.</p>	3 Attracting and retaining talent 4 Energy efficiency and low carbon operations 5 Innovation to support customers 6 Business ethics 7 Diversity, equity and inclusion of the workforce 8 Tax transparency 9 Ethical technology 10 Carbon accounting solutions for SMBs 11 Emissions from use of Sage products 12 ESG enablement and support for SMBs 13 Employee development 14 Risk management processes 15 Repurpose, reuse and recovery of electronics waste 16 Non product related emission in the supply chain 17 Tackling digital inequality 18 Intellectual Property 19 Collective bargaining and labour rights 20 Supporting local communities and philanthropy 21 Board composition 22 Supporting entrepreneurship and empowering SMBs
 8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.	Sage Group Local communities	<p>The best-practice benchmark for businesses is to have 100% of colleagues earning a living wage.</p> <p>Other relevant targets are 8.3, 8.5, and 8.6, which support job creation, entrepreneurship, and access to financial services; decent work for all and equal pay for equal work; and reducing the proportion of youth not in employment, education,</p>	3 Attracting and retaining talent 4 Energy efficiency and low carbon operations 5 Innovation to support customers 6 Business ethics 7 Diversity, equity and inclusion of the workforce 8 Tax transparency 9 Ethical technology 10 Carbon accounting solutions for SMBs 11 Emissions from use of Sage products 12 ESG enablement and support for SMBs 13 Employee development 14 Risk management processes 15 Repurpose, reuse and recovery of electronics waste 16 Non product related emission in the supply chain 17 Tackling digital inequality 18 Intellectual Property 19 Collective bargaining and labour rights 20 Supporting local communities and philanthropy 21 Board composition 22 Supporting entrepreneurship and empowering SMBs

Protect the Planet

Our Protect the Planet pillar is our commitment to fight climate change. We are delivering on it by halving our own emissions by 2030 and becoming net zero by 2040, supporting SMBs to get to net zero and by advocating for regulatory frameworks to support the transition to a low-carbon economy.

Material topics

- ④ Energy efficiency and low-carbon operation >
- ⑪ Emissions from use of Sage products >
- ⑫ ESG enablement and support for SMBs >

Linked UN SDGs



Our Protect the Planet strategy

GRI 103-1, GRI 103-2, GRI 103-3

At Sage, we are committed to fight climate change and protect the planet by doing three things:

- Getting Sage to net zero—halving our own emissions by 2030 and achieving net zero by 2040;
- Supporting SMBs to get to net zero; and
- Advocating for enabling policies and standards that support the transition to a low-carbon economy.



Getting Sage to net zero

Our net zero strategy sets out a range of actions to deliver a reduction pathway in line with our proposed Science Based Target. Our primary focus is to achieve our 50% emissions reduction target through direct reductions rather than through offsetting. To achieve this, we have segmented our strategy into four focus areas:

- 1 Sustainable Supply Chain**
- 2 Sustainable Property**
- 3 Sustainable Colleagues**
- 4 Sustainable Products**

We submitted our Science Based-Target for validation in June 2022, committing Sage to a 50% reduction in Scope 1, 2, and 3 emissions by 2030 against a 2019 baseline. We also signed the “Business Ambition for 1.5°C” pledge, aligning our target to the most ambitious aim of the Paris agreement.

We are also committed to reducing carbon emissions throughout our value chain. For example, Sage announced the acquisition of Spherics, a carbon accounting solution. This acquisition will accelerate climate awareness and action across SMBs. We have signed up to the CDP Supply Chain programme and have updated our Supplier Code of Conduct to reflect emissions-related requirements.

1 Sustainable Supply Chain (SSC) Strategy

GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3, GRI 305-3

Sage spends approximately £462m with 4,700 suppliers around the world per year to reach our own and our customers' needs. 64% of spend is with suppliers in the UK and US.

42% of Sage's carbon footprint is caused by our supply chain, primarily our purchases of IT, Marketing, and Corporate Services.

Our FY22 focus has been on developing our Sustainable Supply Chain Strategy, which will support our net zero commitments and will be implemented during FY23.

In addition to our focus on reducing supply chain carbon emissions, our Sustainable Supply Chain (SSC) Strategy will also cover the full scope of ESG topics related to procurement, to ensure that sourcing is carried out in a sustainable and responsible way.

The Procurement Policy is being updated currently to reflect the SSC Strategy, and KPIs are also in development. A new role has been created for an ESG Sustainable Supply Chain Manager to support the strategy, and we have signed contracts with a sustainability assessment provider, CDP, and an ESG rating solution to provide resources to support the strategy.



CDP Supply Chain membership

Sage joined the CDP Supply Chain Programme to track climate impacts in the supply chain and identify collaborative decarbonisation opportunities with suppliers.

Sustainability at the heart of Procurement's purpose

Creating value across a sustainable supply chain is at the heart of Sage Procurement's revised purpose.

We expect our suppliers to hold similar values to us, to promote ethical business practices, and conduct their business in accordance with applicable laws and regulations.

We share these standards through the Supplier Code of Conduct, which sets out the key principles such as anti-bribery and corruption, as well as standards to ensure the fair treatment of workers, including health and safety, diversity and inclusion, and combatting modern slavery and human trafficking. Suppliers commit to comply with this Code in contracts and during the Enterprise Resource Planning (ERP) onboarding process.

We have enhanced our tender materials to gather more detailed ESG information, both for new suppliers and when choosing to renew with existing suppliers, to ensure their ability to meet our standards is assessed along with quality, cost, and the ability to deliver. We are also updating our standard supplier contracts to include expanded ESG wording.

We recognise that SMBs might not be as advanced in their ESG journeys as larger companies and therefore we have decided not to apply a formal weighting for ESG in our tender process, to ensure SMBs have an equal opportunity of selection. Any SMB selected to provide services for Sage will be expected to commit to align to Sage's targets, which Sage would support them to achieve.

Supply chain emissions

Our initial goals are to obtain more accurate carbon emissions data, start monitoring supplier progress to reduce carbon emissions, and start assessing the whole supply chain's ESG performance.

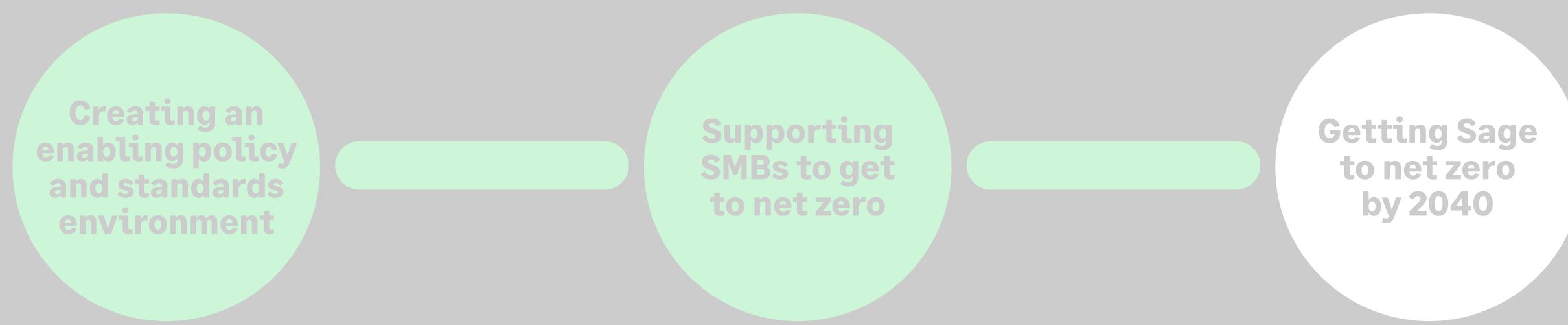
We will start with those suppliers with the highest emissions—27 suppliers account for 52% of our supply chain carbon emissions. We will be asking those in this group who don't already do so to report their environmental data through CDP so we can collect accurate carbon emissions data.

Our Protect the Planet strategy

GRI 103-1, GRI 103-2, GRI 103-3

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We will start with those suppliers with the highest emissions—as per FY21, 27 suppliers accounted for 52% of our supply chain carbon emissions. We will be asking those in this group who don't already do so to report their environmental data through CDP so we can collect accurate carbon emissions data. Our procurement team has also been trained on the importance of Scope 3 emissions as part of our SSC Strategy.

In addition to the top 27 suppliers, we will be asking other strategic suppliers to complete a sustainability assessment to enable us to evaluate, monitor, and manage supplier sustainability performance and carbon emissions. Finally, we will use an ESG rating solution to gain high-level ESG risk data for new suppliers across the supply chain.



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Protect the Planet

2 Sustainable Property

GRI 103-2

Our global portfolio of properties evolves with the needs of our business and colleagues with a mix of Sage and landlord-managed properties. Although our property-related emissions represent a small percentage of our overall carbon footprint, by working with landlords and partners, this is an area where we can make a direct impact on our emissions in the short to medium term.

Since 2019, we have reduced Scope 1 and 2 emissions by 75%. This was achieved through transitioning our Sage managed properties over to certified renewable energy and simplifying our property portfolio.

Over the past 3 years, electricity from certified renewable sources has increased from 27% to 45% of total electricity consumption.

Our Sustainable Property strategy will continue to improve the energy efficiency of our buildings, whilst transitioning to clean low-carbon sources of energy. As at the end of FY22, 24 out of 49 office locations are on renewable energy contracts, accounting for 45% of our total electricity consumption. Where we are in landlord-managed properties, we are engaging with landlords and requesting more action on energy efficiency. We recognise these limitations with regard to our landlord-managed estates, and as a result we have not set a specific target for renewable energy provision across these properties, beyond a requirement for all locations to continue investigating the opportunity of transitioning to renewable forms of energy.

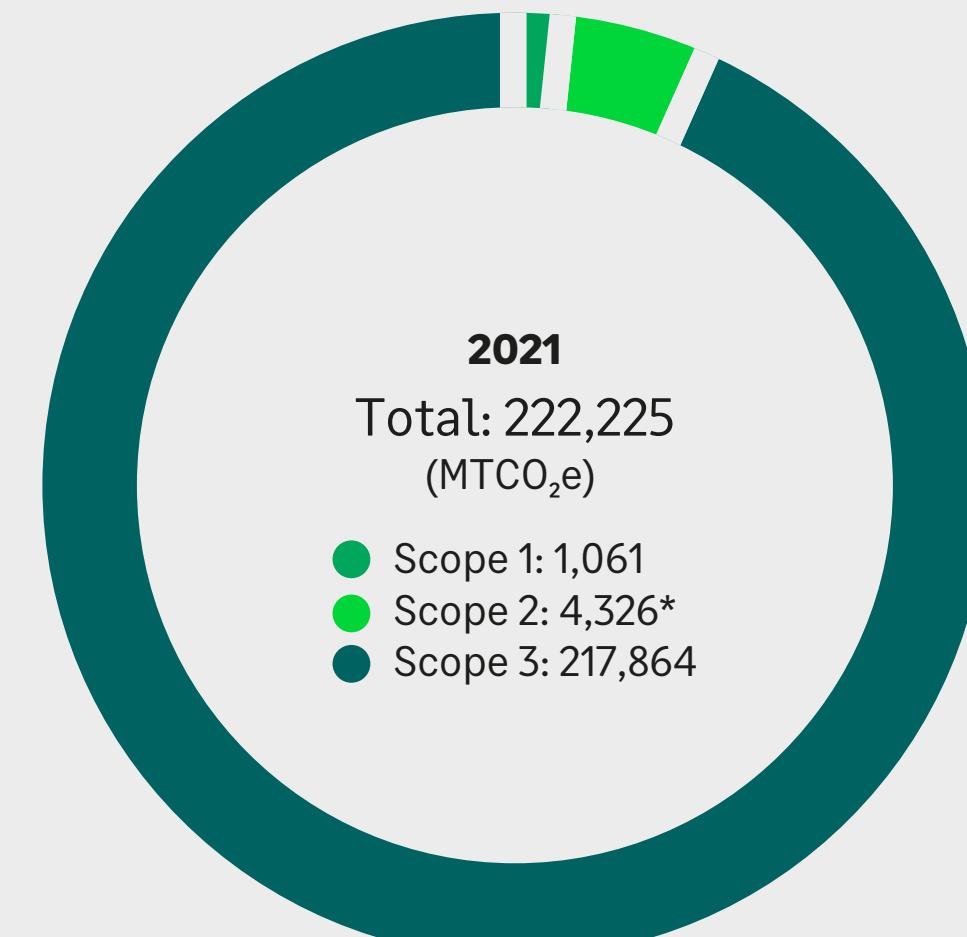
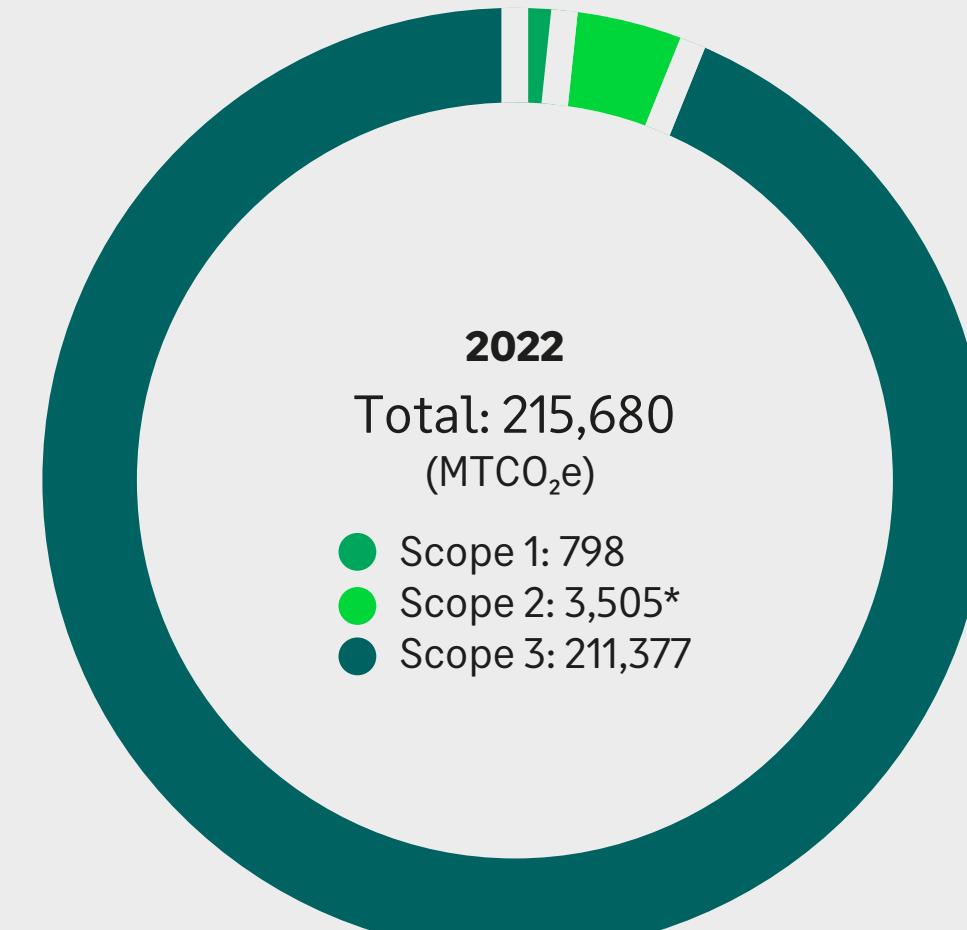
45%

of our FY22 total electricity consumption is sourced from certified renewable sources

49%

of our offices now run on renewable energy

GHG emissions breakdown



* Location based emissions

For more information see the ESG appendix, page 35

3 Sustainable Colleagues

GRI 103-2

Enabling our colleagues to make informed sustainable choices will be critical to our net zero commitments. Emissions influenced by our colleagues cover home working, commuting, and business travel, which accounted for 8.4% of our 2022 emissions.

Our Sustainable Colleague strategy will drive climate awareness and enable our colleagues to take positive climate action across their day-to-day decisions. Our plans for the short, medium, and long term include campaigns, incentives, and support for colleagues who make choices that reduce emissions.

8.4%

Emissions influenced by our colleagues cover Home Working, Commuting, and Business Travel

Supporting Sustainable Colleagues

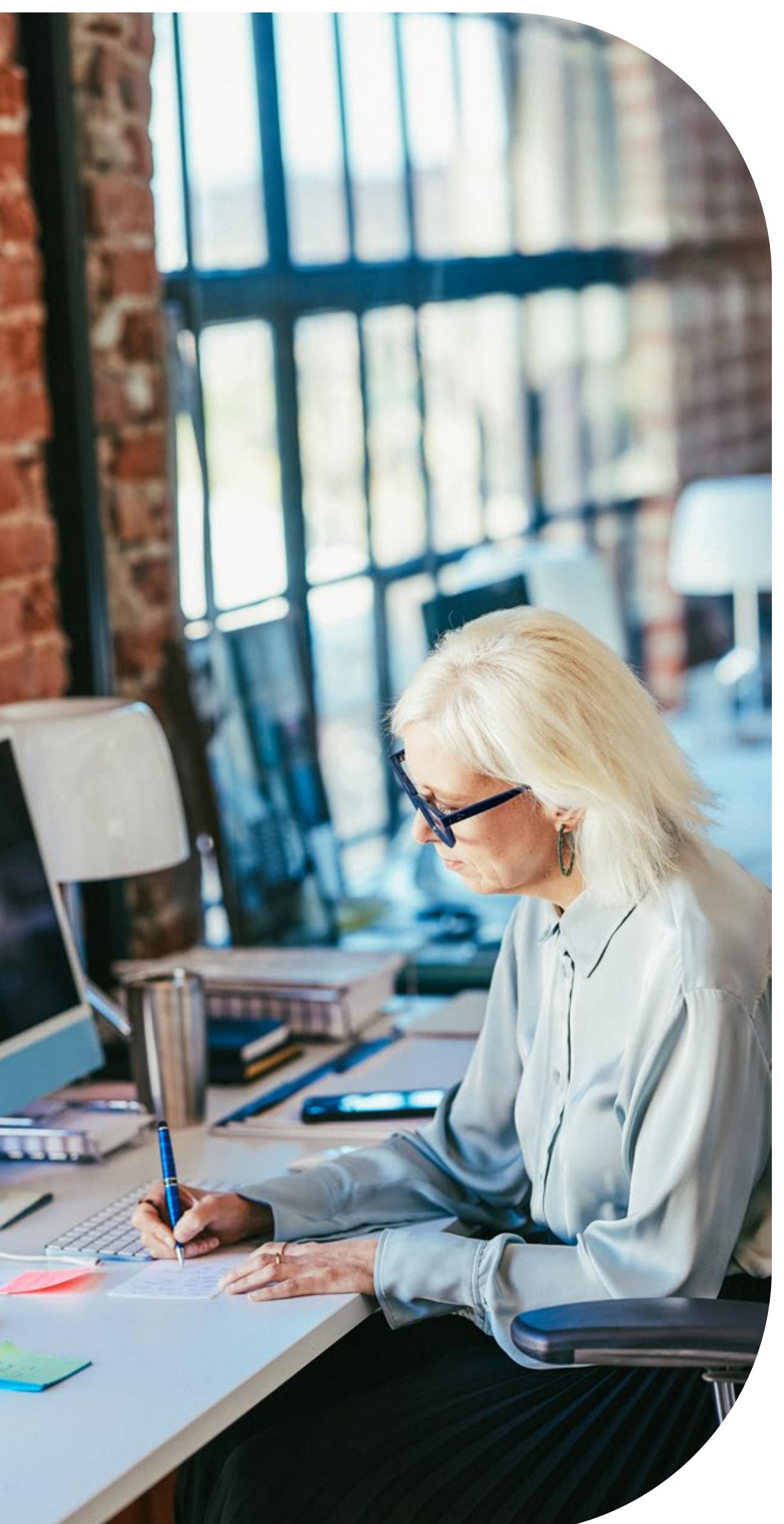
During 2022, Sage introduced an Electric Vehicle (EV) Salary Sacrifice Scheme, giving UK colleagues the opportunity to drive a fully electric or hybrid EV for a two-or five-year period. This is the first project supporting our Sustainable Colleagues Strategy.

Sage colleagues can select from a range of vehicles, with over 60 ordered since the launch in July 2022.



4 Sustainable Products

GRI 103-2, GRI 305-3



The indirect carbon emissions related to the use of our products account for an increasing proportion of our carbon footprint. For the first time in FY22, we estimate that 47% of our total emissions are caused by the Use of Sold Products-related emissions (Scope 3—Category 11). Although not within our direct control, we estimate that 95% of this emissions category is caused by customers running Sage solutions on their hardware and premises.

Our Sustainable Product strategy will educate our customers on the environmental benefits of hosting our products and services within efficient cloud environments, driving a transition from on-premise, less efficient hosting environments. We will additionally provide our customers the information and tools to understand the carbon impact of our products, enabling our customers to make sustainable choices.

47%

of our 2022 total emissions
are caused by the use of Sold
Products-related emissions

Supporting SMBs to achieve net zero

GRI 103-2, GRI 305-3



CASE STUDY

**Sage Earth: Helping
SMBs measure and cut
their carbon emissions**

SMBs face significant barriers to decarbonising, such as lack of time, significant costs, overly complex reporting and guidance, and uncertainty about quantifying emissions. We are committed to helping SMBs overcome these challenges and embark on their journey to net zero.

This is why we recently acquired Spherics, now branded **Sage Earth**, a carbon accounting software solution that enables SMBs to estimate their carbon footprint using data from their accounting solution, and to identify emission hotspots in their activities and supply chains.



"We know that SMBs care about the impact they have on the environment, and our research shows that they want to work with suppliers and partners that can help them understand and address it."

Amaya Souarez
EVP Cloud Operations, Sage

Looking forward, we want to explore how to combine Sage Earth with Sage's digital network and connect businesses with their customer and supplier emissions data, to enable easy and collaborative climate action across value chains.

Sage Earth allows a customer to track the evolution of their carbon footprint over time, so that they can see the impact of any emission reduction strategies that they are taking. The solution applies carbon emission factors to procurement categories (such as postage, accommodation, electricity and travel) to estimate the associated carbon footprint of a transaction. This approach is widely used and aligns with the Greenhouse Gas Protocol, the globally agreed standard for measuring carbon emissions. This acquisition marks the beginning of Sage's ESG product offering.

Advocating for enabling policies and standards

GRI 103-2

At Sage, we know that we have a role to play as a company in reducing our own emissions, but even more importantly, as a technology provider to SMBs in supporting them on their own net zero journey.

To increase our reach and impact, we joined the World Business Council for Sustainable Development (WBCSD), in order to work with like-minded leaders across the globe.

As a member of WBCSD our aim is to provide a voice for SMBs and ensure the global policy frameworks take into consideration the particular opportunities and challenges that SMB's face in becoming more sustainable.

WBCSD Carbon Transparency Pathfinder Project

Sage has signed on as a technology partner for the WBCSD Carbon Transparency Pathfinder (PACT) Project, an initiative dedicated to enabling the widespread exchange of primary carbon emissions data. The initiative brings together leading technology companies and other organisations from across global supply chains to bring transparency to Scope 3 emissions, by developing the methodology (global best practices and policies) and the open source solutions to measure and share data on Scope 3 emissions.

Our focus is on providing the SMB perspective, ensuring that both the policy framework and technology solution works for and brings benefit to SMBs across global supply chains.

In FY23 we will continue to engage with WBCSD, contributing to the Climate Policy Working Group, PACT Project and the Climate Accounting and Standards working group, supporting the development of quality business-friendly standards and guidance that are consistent with a 1.5°C pathway.



Sage has signed on as a tech partner for the WBCSD Carbon Transparency Pathfinder Project, an initiative dedicated to enabling the widespread exchange of primary carbon emissions data.



CASE STUDY

Advocating for SMBs on climate

GRI 103-2

According to [a recent report](#) by the Organization for Economic Cooperation and Development (OECD) SMBs make up 99% of businesses, and many do not have access to the expertise and resources required to take impactful action on climate change. They need support from governments and larger companies to help them with their transitions.

Sage partnered with Oxford Economics and the International Chamber of Commerce (ICC) to quantify SMBs' economic and environmental footprint in the UK and South Africa. This new analysis put forward recommendations and incentives that empower SMBs to transition into more sustainable business models, as well as policy levers that will enable SMBs to take action.

44%

In the UK, SMBs Scope 1 emissions accounted for 44% of non-household emissions in 2021

The report was launched in November 2022 at COP27 in Egypt, and builds on learnings from the "Think Small First Report" launched at COP26, which highlighted that governments and bigger companies must help SMBs take climate action.

Find out more at [our website](#).



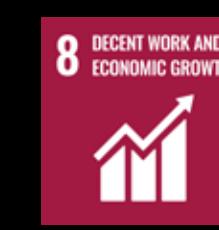
Tech for Good

We are committed to building a trusted and inclusive digital network. Through our Tech for Good pillar we want to ensure everyone has equal opportunities to access powerful data and technology, while championing data protection, security, and the ethical use of customer data.

Material topics

- 1 Data protection and security >
- 2 Proper use of customer data >
- 5 Innovation to support customers >
- 9 Ethical technology >
- 17 Tackling digital inequality >
- 20 Supporting local communities and philanthropy >

Linked UN SDGs



Data protection and security

Data is empowering people across the globe to run businesses, develop skills, and thrive. We're knocking down barriers to ensure everyone has equal opportunities to access powerful data and technology. At the same time, we are seeking to take a leading approach to key material topics such as data protection, security, and the ethical use of customer data.

The work we do under our Tech for Good strategy is also in direct support of a number of our most material topics such as Innovation to Support Customers. This means supporting SMBs and wider communities by developing new products and functionalities based on their needs, helping them to adapt to rapidly changing environments.



GRI 103-1, GRI 103-2, GRI 418-1

Data protection, security, and the ethical use of data are some of the most important ESG topics to emerge from our materiality assessment. Key areas of interest to our stakeholders are data protection and cyber security practices, vulnerability to potential data breaches, and transparency of reporting on data security and ethical data use matters.

Data security is a key business priority for Sage: we take the privacy and security of our customers' data very seriously and adopt a range of robust and well-established protective measures, based on industry best practice.

Sage has several dedicated teams relating to cyber security and data privacy management who are responsible for monitoring risk and compliance.

Data protection and security

GRI 103-2, GRI 103-3

Sage's approach to cyber security is iterative and under continual review to match the ever-changing nature of threats to data protection and security.

Sage's Global Security Team is responsible for overall information security and is led by the Global Chief Information Security Officer. A Chief Information Security Officer report and dashboard with key metrics is submitted to every Board meeting, with oversight by the General Counsel and CEO.

The dedicated team is supported by a training and awareness programme for all colleagues, as well as a network of Security Champions. This industry best-practice approach to achieving "Secure by Design" in software development involves Security Champions sitting within technical teams, dedicating 10% of their time to security activities by influencing security decisions, culture, and practices.

Key elements of our approach to data protection and security include:

1 Access restriction

We restrict access to customer data to authorised individuals with a specific need. Colleagues with access to customer data are trained and supervised on data processing. We also ensure that the data centres we use are secure, access controlled, and resilient.

2 Monitoring and engagement

We adopt leading-edge tools to detect, diagnose, and respond to security risks. This includes continual monitoring of security effectiveness through our 24/7 Cyber Defence Operations Team and proactive and structured security testing services of Sage's systems, networks, products, and individuals.

3 Understanding and limiting data processing
We can reduce risks to personal data by understanding the characteristics of the data we handle, and the applications, hardware, and IT systems that we use to handle it. We ensure processing of personal data is kept to the necessary minimum and we complete data protection impact assessments where data processing may potentially involve higher risks.

Data protection, governance, and ethical use of data

GRI 103-1, GRI 103-3

Data presents a tremendous opportunity for Sage, our customers, and society. Maintaining trust and doing the right thing will allow us to maximise the potential value of data and use data for everyone's benefit.

As such, we have continued to address data ethics and principles in line with our values, together with applicable laws and regulations, standards, and the requirements of our customers.

We want our customers to know their data will be safe with us, and handled in a fair and transparent manner, allowing them to buy with confidence because they have a deeper understanding of Sage's product security and data protection compliance.

As the markets we operate in have evolved, we've invested in data compliance and governance, and data ethics. This has included strengthening our Chief Data Protection Officer's data privacy function, and developing a data protection accountability framework to ensure compliance with applicable laws, such as the EU and UK General Data Protection Regulations (GDPR). We want SMBs to thrive through adopting digitised business processes, while maintaining data compliance.

Data protection and security continued

GRI 103-3

In June 2022, we appointed our first Chief Data Officer, supported by a central Data Office, and a network of leaders across the business, to provide a central point of focus and alignment for all our data colleagues and activities across Sage. Under their leadership and building on our position as a trusted network for SMBs, we have engaged a trusted third party with subject matter expertise, to review and assist us in evolving and formalising our current data and Artificial Intelligence (AI) ethics and principles, and related governance frameworks, in the first half of FY23.

This includes the ethical use of customer data in products, data from critical business areas such as Finance and People, and exchange of data with third-party relationships. In particular, as AI and Machine Learning (ML) become more prominent in our product strategy, we are committed to moving forward in a responsible manner that puts people first, and we will continue to evolve our data ethics and principles as part of this.

We believe we have a role to play in driving improvements and good policy on the ethical use of data across the tech sector. As part of this, and given this field is still relatively new, we're engaging with regulators, think tanks, standard setters, and public policy makers on AI and data ethics policy that's important to us, our customers, and our network.

The key elements of Sage's data protection compliance programme include:

1 Governance and training

Our policy is to ensure a "privacy by design" approach, including data protection impact assessments to ensure that adequate measures and standards exist to process personal data fairly and mitigate risks appropriately. We provide personal data protection training and awareness campaigns to colleagues to ensure awareness and understanding of our obligations, including specific training for teams which process sensitive or higher volumes of personal data.

We also maintain an internal accountability framework and Personal Data Protection Policy which covers all EU and UK GDPR principles, and other related procedures and guidance, to ensure that, with regular training, all Sage colleagues understand requirements under the GDPR and other applicable data protection laws.

We undertake regular risk-based assessments of Sage's compliance with personal data protection requirements both internally and through the engagement of external consultants.

2 External engagement

We maintain external facing privacy notices and cookie policies for sage.com and Sage products, services, other websites, and applications. We also ensure that our agreements with customers, third-party vendors, and service providers contain appropriate data protection provisions.

If a personal data breach does occur, we respond effectively and in a timely manner, notifying relevant data protection authorities, individuals and/or customers where required under data protection laws and/or our contractual obligations. We endeavour to respond promptly to individual rights requests, including the right of access; the right to erasure; the right to rectification or limitation; and the right to object to processing in certain circumstances (subject to applicable limitations and exemptions).

The key policies which govern data protection and security compliance risk at Sage include:

1. Acceptable Use Policy
2. Business Continuity Policy
3. Data Classification and Handling Policy
4. Incident, Emergency, and Crisis Management Policy
5. Information Security Policy
6. IT Systems Policy
7. Personal Data Protection Policy
8. Whistleblowing Policy



CASE STUDY

Trust and Security Hub



Sage is supporting SMBs by offering a user-friendly platform to help SMBs navigate complex security and data protection topics. The Trust and Security Hub will help SMBs improve their ability to manage risks, withstand cyber-attacks, and thrive in an increasingly digital economic landscape. A 2021 UK Government survey¹ found that cyber security was a high priority for 77% of small businesses, with 38% having experienced a cyber-attack or data breach in the last year alone.

The Trust and Security Hub will enable customers to easily find relevant information which meets their security needs and helps them to understand our data protection compliance framework and fulfil their own data protection obligations. It will empower customers to self-serve, speeding up their ability to meet their security and data protection requirements. For example, customers will be able to exercise their data protection rights promptly and efficiently. This may include requests to access personal data, erase and correct data, or opt out of marketing communications. Likewise, customers will be enabled to easily locate information to support their own third-party due diligence reviews before sharing personal data with Sage.

A 2021 [UK Government survey](#) found that cyber security was a high priority for 77% of small businesses, with 38% having experienced a cyber-attack or data breach in the last year alone.

The Trust and Security Hub is being delivered in phases and, following the launch of Phase 1, Phase 2 will provide simple, targeted security advice and guidance to SMBs to demystify cyber security and provide practical and actionable information to help them protect their businesses and data. Phase 3 will include security technology services for customers to help them secure their businesses. In the future, the Hub will also provide important information and guidance regarding AI, ML, and the ethical and responsible use of other emerging technologies.

38%

of UK SMBs have experienced a cyber-attack in the last year

Supporting a more diverse tech industry

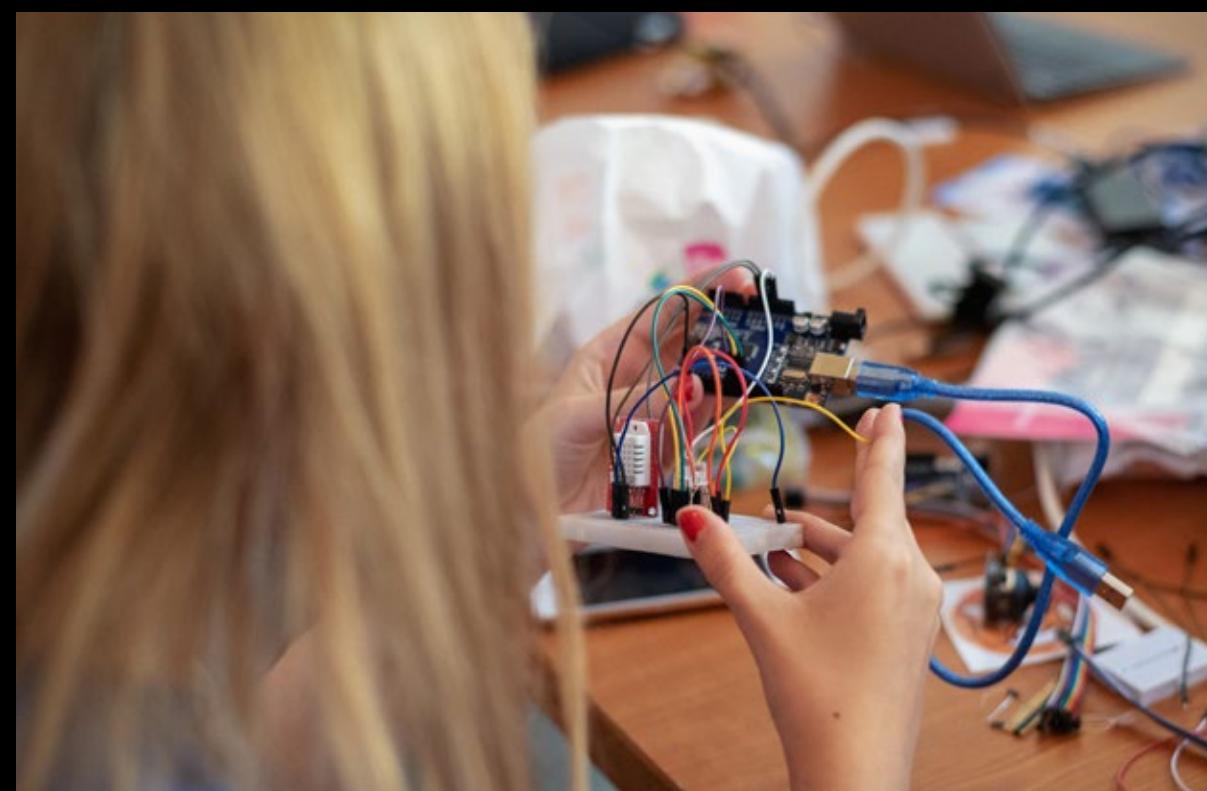
GRI 413-1

If we want to see a more diverse tech industry tomorrow, we must help young people in underserved communities develop foundational STEM skills today, offering not only opportunities but also resources, guidance, and inspiration.



FIRST® LEGO® League

Last year, Sage Foundation partnered with The Institute for Engineering and Technology (IET) to extend the FIRST® LEGO® League in the UK and Ireland through a programme that challenges young people aged 4–16 to build robots and create innovative projects using LEGO® bricks and components. The simple formula of play and learning helps to break stereotypes and assumptions about who can engage with STEM and has led to FIRST® LEGO® League becoming one of the largest STEM challenges in the world, operating in 110 countries globally.



Impact in FY22

- Sage Foundation supported 4,750 students in deprived areas across the North East of the UK with STEM learning and resources.
- 6,464 teams participated in this year's season, equating to just over 34,000 students in three age divisions from across the whole of the UK and Ireland.
- FIRST® LEGO® League Discover* (ages 4–6) saw 1,000 new teams joining the programme.
- 79 Sage colleagues have volunteered at events and provided mentorship in schools, giving students real-world role models that are accessible and inspirational.

Next year, Sage Foundation will fund kits for an additional 4,500 students, with the goal of helping 14,000 school children from the most deprived areas of the North East region gain access to STEM education over the course of the three-year programme.



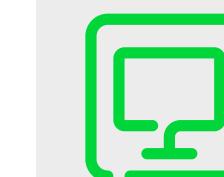
Making technology accessible to all

We are working to make our business and our products accessible to people of all abilities. We want to build an equitable future by knocking down barriers experienced by customers and employees. We recognise that driving accessibility starts with us, and as such, we have employed an Accessibility Auditor to perform automated and manual product accessibility tests to ensure we stay at the expected level.

The Accessibility Auditor tests different live situations and scenarios—for example colour contrast in relation to conditions such as colour blindness as well as ensuring that our products and website are usable with keyboard only, avoiding use of the mouse which can present additional challenges.



Web Content Accessibility Guidelines (WCAG) is the global benchmark for designing and coding web content that is accessible to all. Sage has made a commitment that all of our cloud products will achieve full WCAG 2.1 grade AA by 2025, ensuring that our products and platforms can be used by everyone, whilst aiming to become a recognised industry leader in this space.



Raising awareness: how we present accessibility through sage.com

We aim to integrate accessibility considerations into the way we operate on a day-to-day basis, internally and externally, across business units. By viewing this topic as an opportunity, rather than a constraint, we are better able to analyse the potential impacts, risks and costs to select and implement the right strategy. This approach helps us to identify and pursue a variety of potential solutions, seeking out User Interface (UI) and User Experience (UX) technological advancements to help us achieve our goals.

An Accessibility section has been created on sage.com which will feature our latest updates and offer easy access to related information. Longer-term plans to evolve this section include new studies, project evolutions, and features highlighting accessibility day events such as Global Accessibility Awareness Day.

Data for Good

GRI 103-2

Data is empowering SMBs and governments not only to make better business decisions, but also to address broader social and economic challenges. Together with trusted third parties, our Data for Good programme will enable them to make more informed data-driven decisions and policies by:

- Stepping up as a voice for SMBs;
- Addressing the challenges SMBs face to help them thrive; and
- Empowering individuals and businesses with data that is accessible and trustworthy.

We continue to invest in scalable technology infrastructure and architecture that enables timely sharing of data insights with our customers.

By leveraging Sage customer data along with external data, we will help Sage SMBs thrive through insights (financial and non-financial), predictive modelling and early interventions. We will be working with Product teams to ensure alignment with product strategies so that Data For Good is an integral aspect of our product management. By leveraging evidence-based data insights, we can drive meaningful conversations with public policy makers, businesses, and the general public. We will also build external industry, government, and academic partnerships to improve SMBs' financial and environmental health.



Providing data-driven insights through benchmarking

When it comes to environmental outcomes, SMBs face significant challenges in addressing climate change. In the second half of FY23, we will launch a new benchmarking tool to start to offer Sage customers the ability to compare their financial and environmental metrics against their competitors and provide actionable insights to improve their performance.

This capability is key to levelling the economic playing field for SMBs. Comparing their financials against similar companies can help our customers understand where they excel, where they can improve, and how competitive they are in their business. The benchmarking tool will be enhanced to include carbon emissions data, enabling us to help our customers tackle climate issues and drive down their carbon usage. By augmenting available data with external data along with external partnerships, Sage will provide unique insights to our SMBs while keeping our customers' data anonymous and secure.



CASE STUDY

Delivering better outcomes for SMBs: reducing the impact of late payments

According to the Department of Business, Enterprise and Industrial Strategy (BEIS), in 2021, SMBs accounted for three-fifths of employment in the UK, approximately 35% of all private sector turnover, and constituted 99.9% of all businesses in the economy so when they are consistently paid late, it's an issue that has a profound impact on the whole economy. Sage has partnered with Smart Data Foundry, which is a mission-led organisation that unlocks the power of financial data, and the Office of the Small Business Commissioner, which was set up to tackle the issue of late payments in the private sector.

Historically, information available on late payments has been through surveys or is anecdotal. Through this collaboration, we provide an empirical analysis of the issue to facilitate well-informed policy decisions for Government. Going forward, we plan to collaborate to produce:

- A Phase 2 report with a more in-depth analysis of how late payments impact SMB financial health;
- A report outlining the impact of increasing inflation/energy costs on SMBs; and
- A quarterly report with an up-to-date financial health analysis of SMBs.

An anonymised analysis from 110,000 SMBs and 58 million sales invoices over the period from 2010 to 2022, showed that the average time for an invoice to be paid reduced by 55% from 81 days in 2010 to 36 days in 2020–2021. However in 2020 some 40% of credit invoices were still not paid on the agreed terms and between 2020–2021, then a SMB was owed on average £22,000 in late payments at any point in time.

“Late payments can have a devastating impact on SMBs’ financial health and stability. Partnering with the Smart Data Foundry, we want to deliver the data that both SMBs and the UK Government need to make meaningful decisions to address late payments.”

Aaron Harris
Sage Chief Technology Officer

Fuel for Business

Our Fuel for Business pillar is our approach to tackling economic inequality by supporting underrepresented groups. It supports programmes that inspire and empower a generation of entrepreneurs, providing access and inclusion to entrepreneurship and encouraging successful businesses across our communities.

Material topics

- 20 Supporting local communities and philanthropy**
- 22 Supporting entrepreneurship and empowering SMBs**

Linked UN SDGs



Our Fuel for Business Partnerships

GRI 413-1

Starting and growing a business is a proven route to long-term employment and high job satisfaction as well as wealth creation, but many people lack the confidence, skills, and financial support to seize this opportunity. Sage provides strong digital and financial foundations for businesses and start-ups run by underrepresented groups to help tackle economic inequality.



Our work in this area is carried out by Sage Foundation, which is committed to making a difference through business mentoring, advice, and support for businesses run by, or supporting, under represented groups. By engaging with a wide range of societal groups, we can help to address inequalities and build sustainable communities. We aim to help those who need it the most, in both local and wider communities, through programmes that knock down the barriers that drive inequality.

Sage Foundation is committed to increasing access and inclusion to entrepreneurship, actively seeking out partnerships that increase our ability to make an impact.

We continue to learn from our partnership experiences. In FY22, we determined that our partnership with Connectr, an online mentoring platform, wasn't creating the intended impacts, so we jointly agreed to draw this programme of work to a close. We will review learnings from this collaboration and generate new ideas for how best to identify the barriers that exist for potential entrepreneurs in the UK, with a focus on underserved communities.



CASE STUDY

ACE—USA: Giving businesses the chance to thrive

GRI 413-1

SMBs and entrepreneurs need access to a variety of credit sources and finance. Yet many small businesses cannot access the finance they need, whether for the day-to-day management of cash flow, or for capital investments. In addition, disparities exist in business credit approval for underrepresented entrepreneurs, and those in low- and moderate-income communities.

ACE (Access to Capital for Entrepreneurs) is a non-profit and community development financial institution (CDFI) that closes these gender and racial wealth gaps, particularly for African American and Latino communities, providing affordable loans, coaching, and connections for entrepreneurs in North Georgia and Metro Atlanta.

Sage awarded a \$350,000 grant to ACE in FY22, which was used in part to buy down interest rates and make loans more affordable for small business owners. Sage's grant helped ACE to close 58 loans deploying almost \$3m in capital.

In addition, through Sage's funding, ACE provided 1,450 hours of Business Advisory Services (BAS) to the 58 beneficiaries at an average of 25 hours per loan. This includes one-on-one coaching from ACE, online learning using ACE's Initiate platform, and ACE assisting clients throughout the loan application and underwriting process.

- 92% of the beneficiary businesses reported increases in capacity, including improved business knowledge and skills, expanded products and services, new sales channels, and more.
- Based on client-reported estimates, Sage funding is helping support the direct creation of 223 jobs and helped to retain over 2,900 jobs.
- Mid-year, Sage increased our investment with ACE by \$100,000 (40%) due to the large number of loans being sought by small business owners in Metro Atlanta following the challenges of the Covid-19 pandemic economic impacts.

223

Sage funding is helping support the direct creation of 223 jobs

92%

beneficiary businesses reported increases in capacity, including business skills, expanded products and services, new sales channels

Our Fuel for Business Partnerships continued



The BOSS Network—USA

GRI 413-1

We are currently in year one of our three-year partnership with the BOSS (Bringing Out Successful Sisters) Network, who “promote and encourage the small business spirit and career development of women of colour.”

Sage funding supported 35 Black female entrepreneurs, each of whom received a \$10,000 grant to help grow their business, alongside wrap-around business advisory services through BOSS Business University webinar trainings co-hosted by Sage experts and mentorship. Sage is also the Sponsor of BOSS Network’s annual Ladies that Lead conference, a one-day virtual event highlighting influential women of colour, and inspiring other women to share their journey.



Grant winners’ testimonials

“This grant is an encouragement and affirmation to keep working for myself. Receiving these funds will free up my time and energy to create more inclusive and supportive programs for my clients. I plan to use this grant for my general operating costs and pay-what you can program.”

Josie Santiago
Akili Well

“A huge take away from the training was, ‘Price does not come from your cost, it comes from your value.’ That statement inspired me and reminded me to reflect my value in my prices, which is extremely important in making sure that I am financially secure.”

Nijalon Jackson-Causey
Afredanz

Kiva and Ashoka—Global

GRI 413-1

Supporting entrepreneurs through partnerships with Kiva and Ashoka has allowed us to expand our financial and advisory support to small businesses lacking access to capital and to social enterprises who are impacting their communities via their purpose-driven ventures.

Getting access to opportunities through crowdfunding

Kiva.org is a crowdfunding platform that creates a sustainable pipeline of direct capital deployed to entrepreneurs to start, grow, or maintain their businesses. 84% of Kiva’s borrowers are women. Our partnership supports entrepreneurs in developing countries over a three-year period through the Kiva Credits programme, which allows colleagues, partners, and customers to make a Kiva loan using Sage Foundation funds.

In FY22, Sage Foundation’s \$500,000 contribution has impacted 13,871 entrepreneurs directly (87% women) with loan funds. Sage also funded improvements to Kiva’s technology that increased and improved lending capacity to 20 social enterprises. Additionally, 4,460 Sage colleagues used their Sage Kiva credit, funding \$172,605 in loans as part of our overall funding.

Through our partnership with Ashoka, a non-profit working to advance the field of social entrepreneurship, Sage is supporting 9 Ashoka fellows to drive innovative and lasting social change. The fellows are located in the UK, US, Canada, India, Spain, Portugal, France, South Africa, and Indonesia. We’re creating changemakers within Sage too, with 858 Sage colleague engagements with Ashoka to learn more about their work transforming inequalities and co-leading solutions for the common good.

858

Sage colleague engagements with Ashoka to learn more about their work transforming inequalities

Cerrito

Kiva’s first direct loan in Paraguay, Cerrito is one of three of Fundación Paraguaya’s self-sufficient agricultural high schools. Cerrito’s cheese factory trains rural students in cheesemaking and allows them to learn procedures aligned with top dairy manufacturers’ requirements. Cerrito’s graduates experience an average income increase of 300%, with a monetary value of increased earnings averaging US \$1,200 annually.

Sage’s \$100,000 direct loan enables Cerrito to double the production capacity of its cheese factory and incorporate modern technologies and procedures. The expansion will generate additional resources, allowing Cerrito to provide education to 30 additional students per year.

Solar Sister

The woman-led direct sales network brings clean energy technology to remote communities in rural Africa. Since its founding in 2009, Solar Sister has impacted 3.4 million people through its network of over 6,000 women.

Sage’s \$200,000 loan enables over 500 female solar entrepreneurs to deploy electricity and clean cookstoves to off-grid communities in Tanzania and Nigeria.

3.4 million

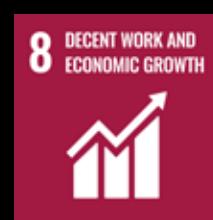
Solar Sister has impacted 3.4 million people through its network of over 6,000 women

ESG Fundamentals

Material topics

- 3 Attracting and retaining talent >
- 7 Diversity, equity, and inclusion > of the workforce
- 17 Tackling digital inequality >
- 22 Supporting entrepreneurship > and empowering SMBs

Linked UN SDGs



Attracting, developing, and retaining talent

GRI 103-1, GRI 103-2, GRI 103-3

Our Sustainability and Society strategy is underpinned by our ESG fundamentals, which include our People strategy. Our colleagues are at the heart of our business and critical for Sage to succeed. Indeed, the ability to attract and retain talented and motivated colleagues has emerged as one of our top material issues.

Our People strategy focuses on attracting, developing, and retaining the talent we need today, and in the future, to achieve sustainable long-term success. We believe the most effective way to attract and retain the best talent is by creating a culture and environment that people want to be part of. For Sage, this means creating outstanding colleague experiences, developing everyone to their full potential, and creating a purpose and environment that enables colleagues to do the best work of their lives.

4.2

In FY22, we amplified our employer brand with colleagues as our biggest advocates, maintaining a competitive Glassdoor score of 4.2

5th

Sage is now ranked 5th in the Rate my Apprenticeship Top 100 employers of choice in the UK

45

Colleagues recruited via our Pathways programme—targeting groups facing barriers to employment such as people with a disability and the returner community in the UK, US, South Africa, India and Spain

Attracting the best talent

Our employer value proposition is designed to attract the best talent, who align to our values, are inspired by our purpose, and reflect the vast diversity of our customers. In FY22, we amplified our employer brand with colleagues as our biggest advocates, maintaining a competitive Glassdoor score of 4.2.

We use a direct sourcing model to find new hires, and in FY22 continued to expand entry routes into Sage and build out our emerging talent pools. This includes global graduate, apprentice and internship programmes that welcome early career hires and equip them with the skills, confidence and network to accelerate into future leaders—an initiative that will continue to grow in the years ahead. Sage is now ranked 5th in the Rate my Apprenticeship Top 100 employers of choice in the UK.

Diverse pools of talent

We create pools of talent from underrepresented groups to ensure that our colleague community reflects the diversity of our customers and partners. We are continuing to grow our global Pathways programme, which helps those facing barriers to employment, such as people living with a disability or returning to work after a career break, to achieve work readiness and access employment opportunities at Sage. 45 colleagues were recruited via our Pathways programme this year.

Graduates, apprentices, and interns

We expanded the global “Sage IGNITE” graduate programme in FY23, which equips Product and Technology graduates with the skills to grow and accelerate into future leaders within Sage. As a result, we hired 281 early careers roles in FY22, with 105 colleagues being accepted onto our graduate programme. Graduate recruitment will continue to be a focus for Sage in FY23, widening our demographics, improving our future leader pipeline, and bringing more diversity of thought.

Within the early careers roles, we also hired 132 interns globally. In the UK, apprentice salaries were reviewed and increased to ensure that roles remain competitive. Entry criteria were also minimised where possible to open opportunities to a wider talent pool.



CASE STUDY

“The recruitment process for the graduate programme at Sage is brilliant! The process allows your personality to shine through in the initial video interview stage and throughout the assessment centre stage. I have felt highly valued as a Sage colleague from day one, and never felt like my opinions are less regarded as a graduate.

I have been super supported within my core team, within the Cloud Operations Department, and within Sage in general. The past year has been incredible and I could not imagine myself in another role!”

Zanouska Murphy
Graduate Cloud Operations Specialist

Attracting, developing, and retaining talent continued

GRI 103-2

Developing everyone's potential and enhancing performance

GRI 404-2

To create a future-fit workforce and heighten our performance culture, we must continually reinvest in our people to provide them with the tools and environment to achieve their full potential.

In FY22, we evolved our Learning and Development strategy to create more strategically aligned and targeted learning opportunities for all colleagues. This has increased our focus on internal talent mobility, succession planning, and targeted development, for example through our new Learning Academies, such as the Cloud Academy for our product development teams.

We are developing innovation skills through scaling and iterating our “10X innovation” movement, which focuses on design thinking and innovative ways to solve business challenges.

We also equip colleagues to develop DEI skills and do the right thing through our mandatory trainings, such as Preventing Workplace Harassment in North America and Personal Data Protection for all colleagues.

Our leadership development programmes include:

Senior Leadership Programmes
for VPs and Directors

An Accountability and Transparency Programme
for the Executive Team in year one,
now rolling out to the broader organisation

A Sage Leadership Conference
focused on developing human skills in relation to our new brand and values

Manager and Director essentials, and allyship training

We've launched Sage internal Talent Marketplace, to increase talent mobility, enhance workforce agility, and grow a skills-based workforce that supports our future business strategy. After a successful pilot in FY22, soon all colleagues will have access to this online tool to better understand their skills, values, and aspirations, then match these to internal opportunities, tailored learning programmes, and mentorship.

GRI 404-1

5.7

The average number of learning days per colleague in FY22 (against a target of 5, FY21: 4.1)

For further detail on training per gender and employee category, please refer to the data table on page 48

Making Sage a great place to work

Flexible human work

Flexible working is about more than just where you work at Sage. Our vision is to empower our colleagues to make the most of how, where, and when they work so that they can do the best work of their lives. On the next page is the framework against which we measure our success. In FY23, we will be refreshing our approach to hybrid working, elevating “team agreements” to bring more colleagues into the office to connect and collaborate on shared days. For further detail on how we are making Sage a great place to work, please refer to our FY22 ARA pages 38–43.

Our vision is underpinned by three forms of flexibility:

Work mode:

How we work, such as from the office, at home, a blend of both, and what we call flex mode;

Work location:

The geographic location where we work, including working away from our home country for up to 10 weeks in a year; and

Work time:

The hours we work, including variable, part-time, or job share.



Attracting, developing, and retaining talent continued

GRI 103-2

Our flexible human work framework



Customer-centric performance

High performance for our customers directs our approach to flexibility.



Human connection

We build strong and connected relationships, no matter what.



Fairness and trust

We take an approach that is built on trust and applied fairly to everyone.



Courageous experimentation

We have the courage to experiment, learn, and adapt.

Our commitments

- High performance is driven by working smarter, not harder.
- Ways of working will adapt to meet changing customer needs.
- Care for colleagues and customers is imperative for high performance.

- Our culture is built for everyone and values all working styles.
- We are all accountable for fostering a culture of connection and inclusion.
- We are purposeful about carving out time for face-to-face connection.
- Flexibility is not a reward, but rooted in the trust of colleagues.
- Trade-offs require us all to compromise and be accountable.
- Teams capture and apply lessons learnt from experimentation.

How we work



Team agreements:

Understanding how work gets done to balance flexibility with sustainable performance.



Flexibility vision:

Outlining the full potential of flexibility for individuals, teams, and Sage.

How we'll enable this

- | | | | | |
|-----------------------|---------------------|------------------------|---------------------|-----------------------|
| Trusted relationships | Continuous learning | Established boundaries | Adaptable to change | Hybrid-ready managers |
|-----------------------|---------------------|------------------------|---------------------|-----------------------|

Measures of success

- | | | | | | |
|----------------------|--------------------------|-------------------------|-------------------|-----------------------|-------------------|
| Colleague engagement | Attraction and retention | Inclusion and wellbeing | Customer outcomes | Greater collaboration | Empowered leaders |
|----------------------|--------------------------|-------------------------|-------------------|-----------------------|-------------------|

Wellbeing

GRI 403-6

Sage is committed to creating an inclusive culture where our colleagues feel confident and safe to discuss their wellbeing, knowing that they will receive the appropriate support, free of stigma and bias. Putting colleague wellbeing first helps us attract talent and increase inclusivity, and drives sustainable high performance. Our wellbeing approach and pillars are outlined in our FY22 ARA page 41.

In FY21, we appointed a dedicated Senior Wellbeing Manager, responsible for driving our wellbeing strategy. In FY22, we introduced a Wellbeing policy designed to promote a culture of care and openness, outline our commitments, and set out the services available to colleagues.

Healthy Mind coaching

67

We have Healthy Mind coaches across 5 countries with 67 volunteer coaches

Healthy Mind Coaches are colleague volunteers who have received external training from a certified mental health first aid provider. They are available to listen, non-judgementally and confidentially, and to guide colleagues to appropriate support. They also proactively reach out to colleagues who they see are struggling. Any health-related information disclosed by a colleague during discussions with managers, Healthy Mind Coaches, the People function, or an occupational health service provider will be treated as confidential, with specific exceptions.

Supporting colleagues going through menopause

According to a recently published guide from CIPD and Bupa, almost a million women have left the workplace due to menopausal symptoms, impacting gender parity significantly. With 55% of the UK and Ireland female population at Sage falling into the age range typically impacted by menopause, and many other regions

following a similar trend, we recognised we needed to do more. Sage launched its first UK and Ireland Menopause Policy, with an accompanying Manager's Support Guide, and a Yammer Community to foster an understanding and supportive environment for colleagues experiencing or impacted by menopause. We believe this demonstrates what it means to us to be "human" and is an important first step towards a healthier and more equitable future.

Parental Leave Policy—US

In July 2022, we launched a new parental leave policy, providing extended paid time off to parents as they welcome a child into their lives. The policy offers 18 weeks of paid parental leave for the birth, adoption, or commissioning of a surrogacy of a child. It is available to all eligible new parents regardless of gender, and Sage will provide 100% of colleagues' regular base pay during the leave. This substantially exceeds the average parental leave policy in the US. We have also provided a Manager's Guide to facilitate roll out of the policy across all teams.

Finding innovative ways to support parents globally

Sage engaged Cleo, an app-based platform that provides free, personalised guidance for prospective and current parents as a colleague benefit. After a successful trial period, Sage launched the benefit globally in June this year. 297 colleagues have signed up for this tool so far.

Health and Safety Policy

The health and safety of our colleagues is paramount, and Sage continues to set standards that meet and exceed those set by regulatory bodies in the countries in which we operate.

Our Health and Safety Policy, supported by our Health and Safety Management Framework, is designed to ensure that we promote a positive health and safety culture throughout the business and provide a safe and healthy working environment conducive to good mental health and wellbeing. Our management framework includes targets and Key Performance Indicators (KPIs) to monitor and measure progress.

Diversity, equity, and inclusion



GRI 103-1, GRI 103-2

As a global company, we must reflect the diverse world we work in. We are committed to an inclusive workforce that fully represents the many different cultures, backgrounds, and viewpoints of our customers, our partners, and our communities. DEI in the workforce was rated as a top priority for many stakeholders in our materiality assessment.

In December 2021, we published our three-year global DEI strategy, creating a solid foundation with strong governance and business support at all levels. The strategy rests on three interconnected pillars.

Our DEI pillars

Diverse Teams

Ensure we have as wide a range of voices, backgrounds, and experiences as possible, so leaders can leverage differing perspectives to make the right decisions at pace, for our customers, colleagues, and communities.

Equitable Culture

Create an equitable and inclusive culture where everybody is comfortable sharing their insights, ideas, and innovations, and is valued for being the unique individual that we all are.

Inclusive Leadership

Build an intentionally inclusive leadership who are curious to learn, have the courage to experiment, and are comfortable knowing they don't have all the answers, whilst building teams that offer different perspectives and making sure the right questions are being asked.

Committed to doing better

GRI 103-3

Our strategy is underpinned by our six commitments, which will help us advance diversity, equity, and inclusion at Sage, and foster a stronger sense of belonging.

1



Commitment

We will have a zero-tolerance approach to discrimination of any kind. We will listen to our colleagues and communities, and act accordingly on what they tell us. We know it has never been acceptable to say or do nothing.

Response

Sage seeks to support this commitment through leader and colleague education, and regular communication on how discrimination shows up societally and in the workplace. In addition to a global policy that shares the formal processes for investigating and taking action on discrimination, Sage has in place a number of mechanisms to ensure colleagues receive support and can have their voice heard, such as the externally supported whistleblowing service.

Key initiatives

Remove bias from and drive equity across the candidate/colleague/leaver, and reward lifecycle

Increase diversity in leadership

Expand educational outreach to attract diverse talent

Focused delivery on specific dimensions of diversity

Targeted DEI learning and development

Increase data capture participation

Committed to doing better continued

2 ◀ ▶

Commitment

We will work hard to make sure everyone is given an equal chance. Our workforce will reflect the diversity of the communities in which we work and live, at every level of our organisation.

Response

Over the last year, Sage has piloted a new campaign to increase self-disclosure of colleague diversity characteristic data in the UK and Ireland through our All About Us form which invites colleagues to voluntarily share more about themselves, covering topics such as gender identity, sexual orientation, neurodiversity, and underlying health conditions. This resulted in an increase to a 69% self-declaration rate in the UK, which means that we can now monitor representation data against external demographic data to focus development on specific processes and education within the colleague and candidate lifecycles.

4 ◀ ▶

Commitment

We know that everyone is different and that we all learn, develop, and respond to experiences differently. We will seek out and remove any barriers that we find, so we can give everyone the same opportunity for success.

Response

Our global communications approach now includes a greater focus on accessibility, ensuring that recorded content includes subtitles and closed captions. Our FY23 Kick-off event for UK and Ireland colleagues also included signing for the first time this year, following colleague feedback.

3 ◀ ▶

Commitment

We will strive to create an inclusive culture which embraces wide-ranging opinions. Our leaders will seek out alternative or conflicting perspectives, from people with differing viewpoints to their own.

Response

In order to enable a two-way communication between the Board and colleagues, the Board continued with its chosen alternative approach to workforce engagement through the Board Associate programme. The programme plays a crucial role in strengthening the colleague voice in the Boardroom and educating colleagues on the role of the Board at Sage. This leads to more informed decision making by the Board in consideration of colleagues' sentiments.

5 ◀ ▶

Commitment

We will drive diversity, equity, and inclusion by educating ourselves on the world and the people around us, then asking questions, listening to the answers, and hearing what we are told.

Response

Over the last three years, Sage has evolved a global hiring approach entitled “Pathways” to reach people who face barriers to finding a job or making the most of their skills. The programme, supporting candidates before, during, and after the recruitment stage, has expanded from a focus on women returners to include other intersections of people’s identities such as disability, educational background, age, and veteran status. To date, it has supported over 200 people with work readiness.

Committed to doing better continued

6



Commitment

We will share our diversity, equity, and inclusion strategy, and be open about where we are on our journey. Our progress will be ongoing, and we will hold ourselves accountable when we get things wrong, and celebrate when we get things right, but we will learn from both.

Response

Our Global Head of Diversity, Equity, and Inclusion runs quarterly global Yammer Live sessions to share progress against the strategy and goals to all colleagues. This is supported by quarterly reviews as part of the role of the DEI Accountability and Advisory Board. This year Sage ran its first Colleague Success Network Summit for the leads of all our global DEI business resource groups—sharing learnings, successes, and focus for the year ahead.

Diversity, equity, and inclusion continued

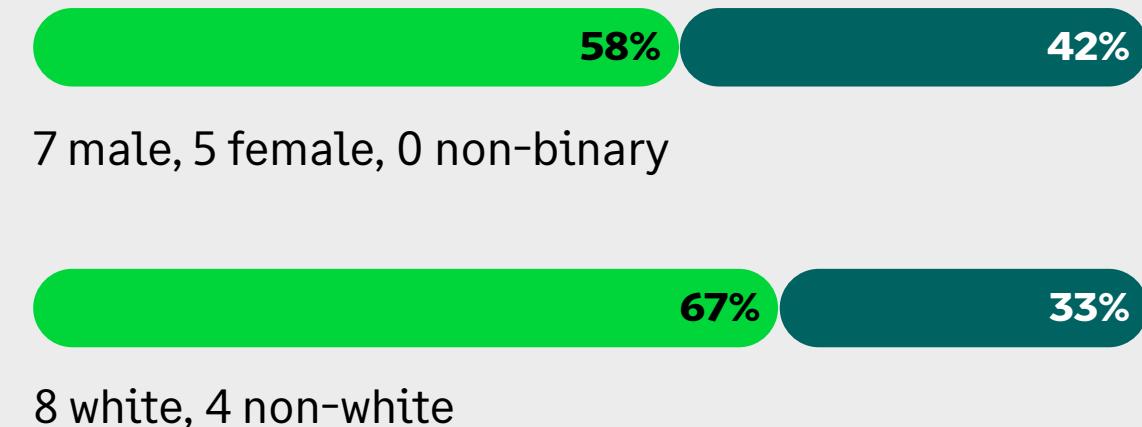
DEI governance

GRI 103-3, GRI 405-1

We have a robust framework in place to deliver on our DEI commitments. The DEI strategy is governed by the Vision Statement and our DEI commitments, and delivery is led by our Global Head of Diversity, Equity, and Inclusion. Further detail on our DEI governance mechanisms can be found in our FY22 ARA pages 42–43 and 134.

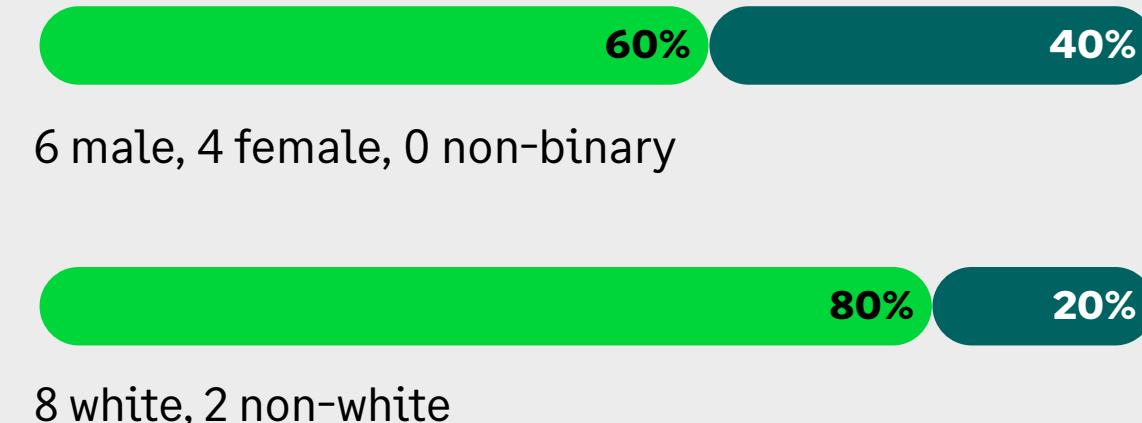
DEI Advisory Board

12 members



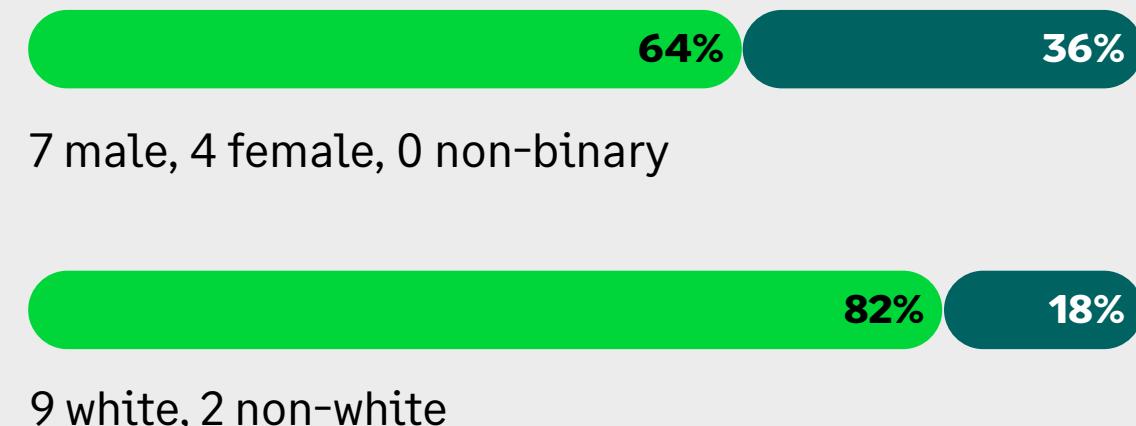
Executive Leadership Team (ELT)

10 members



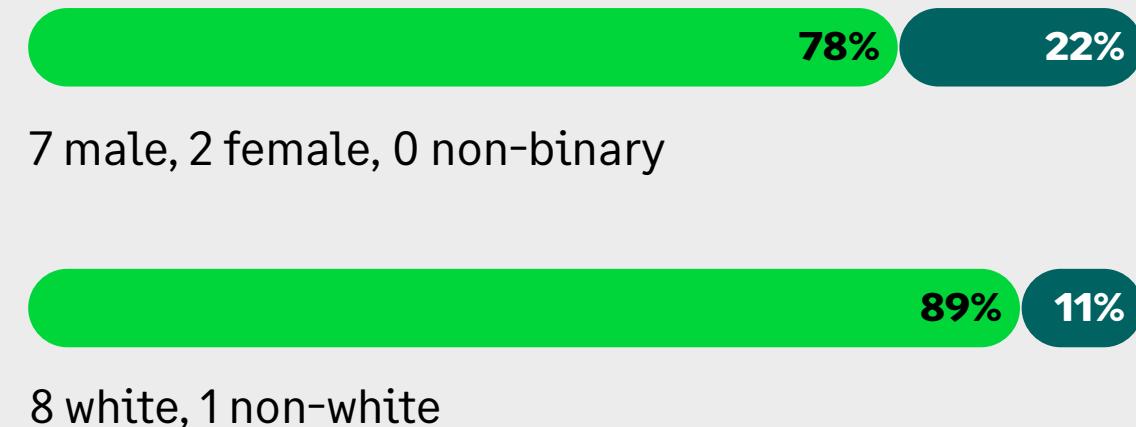
DEI Accountability Board

11 members



Board

9 members



Gender diversity for Executive Team (ET)

75 members



For further detail on GRI 405-1, 405-2, and 406-1-related data, please refer to the Data tables on pages 37–43.

Performance

GRI 103-3

In FY22, we made significant progress on our commitment to increase the transparency of DEI Data.

Target:

We commit to no more than 60% of any one gender, in any leadership team, anywhere at Sage, by the end of FY26.

FY22 achievement:

We have made good progress on this target during FY22 and currently 33% of leadership teams are hitting this target from a starting point of 19% at the beginning of FY22.

In FY22, we increased “All About Us” participation to 43% (FY21: 11%), allowing us to better understand the impact of our systems and processes so we can create a more equitable experience for all.

Also, in FY22 14% of colleagues were engaged with our Colleague Success Networks (FY21: 4%), commonly known as Employee Resource Groups. These are groups organised by colleagues to increase inclusivity and belonging, help colleagues come together to provide support, education, and deliver feedback to the business.

Our inaugural [DEI Impact Report](#), published in December 2022, shows our progress against the DEI targets that are outlined in the strategy, and highlights what has worked, what has not worked, what we have learnt, and what we are going to do differently as a result.



Sage Foundation

GRI 413-1

Key milestones and achievements

13,871

entrepreneurs and 20 social enterprises supported in developing countries

9 social

entrepreneurs

supported with Sage Foundation funding during the incubation stage of their social enterprises, which are all tackling sustainability issues

687 teens

inspired to explore futures in tech through collaborative, hands-on learning

4,750

number of young people that received STEM learning resources in disadvantaged schools across the North East, UK

58

underrepresented small business owners supported with \$2.9m in loans leveraged by Sage's interest rate buy down and 1,400 hours of training and support

35 Black female entrepreneurs

each awarded \$10,000, software and mentorship to help grow sustainable businesses

\$1,044,665

raised for global non-profits in FY22, with a longer-term target of \$5 million by 2030

149,409 hrs

volunteered by Sage colleagues, partners, family, and friends in FY22. 59% colleague participation

569

non-profit leaders, colleagues, trustees, and volunteers across the UK and South Africa received training and support through the NPO Success programme benefiting 490 non-profits

£650,000

In response to the humanitarian crisis in Ukraine, Sage Foundation launched a match-funding campaign where our colleagues, partners, and customers raised more than £650,000 to support relief efforts

Sage Foundation

GRI 413-1

Established in 2015, Sage Foundation's purpose is to knock down barriers in our communities, mobilising our colleagues, partners, and customers through impactful and innovative programmes. And through our strategic partnerships, Sage Foundation is supporting underrepresented groups to grow sustainable businesses, giving young people access to STEM skills and knocking down barriers to entrepreneurship in the developing world, which you can read more about on page 23.

Sage Foundation gives every colleague five days' paid volunteering leave every year to spend time knocking down barriers locally, supporting causes that are important to them. Sage Foundation also offers discounted software and free financial management tools and training to qualifying non-profit organisations and social enterprises.



ESG Appendix



About this report

GRI 102-46, GRI 102-54, GRI 102-56

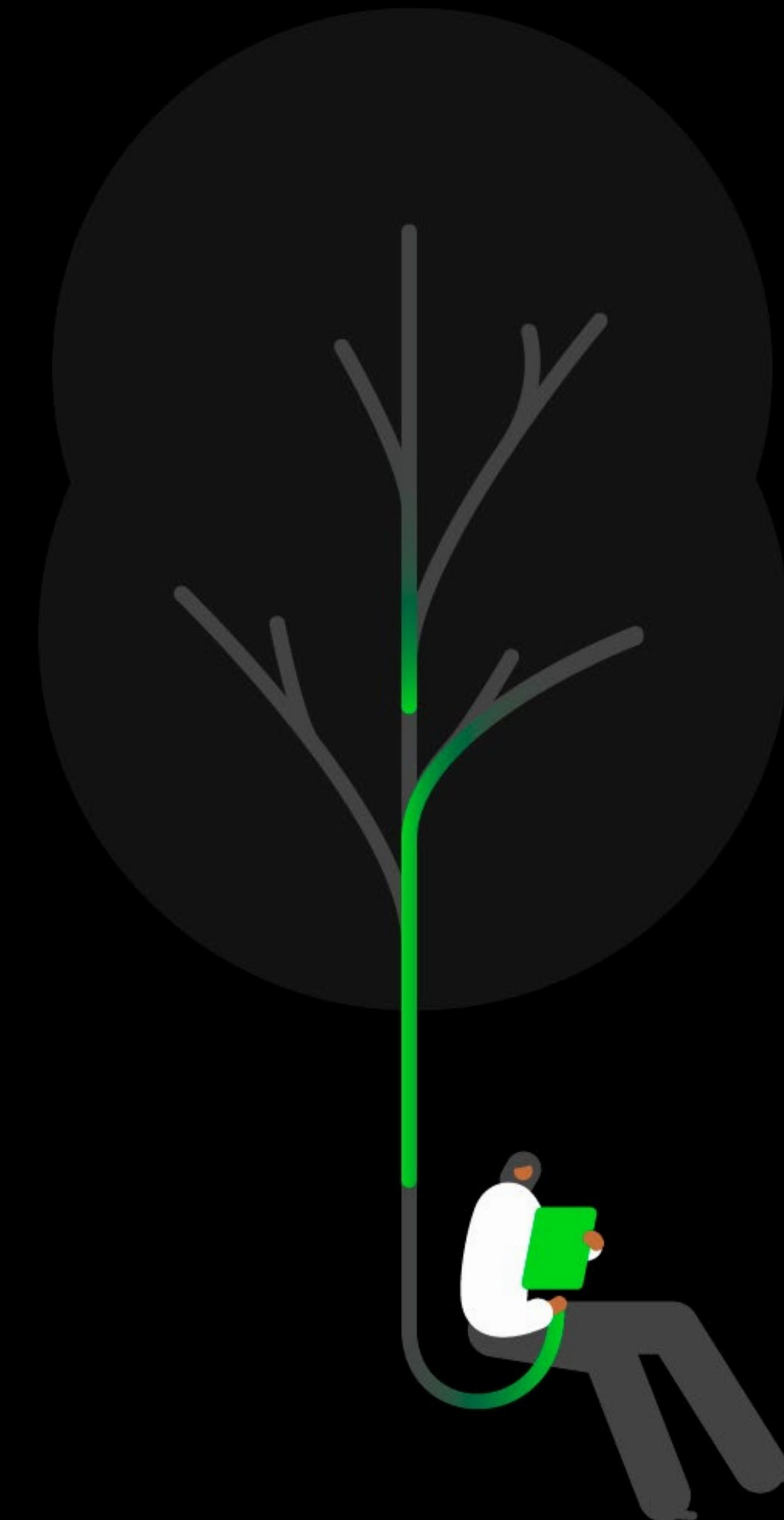
The report has been prepared in accordance with the GRI 2016 Standards: Core option, as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Software and IT Services Industry. We believe that these two frameworks provide the structure we require to present our most important sustainability information with a high degree of transparency.

We acknowledge that the GRI Standards were updated in 2021 and the new set of Standards will be effective from January 2023. We welcome the proposed changes and the aim to strengthen transparency across multiple interlinked areas: business purpose, business model, value creation, impacts across the value chain, due diligence, and stakeholder engagement.

Our GRI Content Index and SASB reporting direct the reader to content included in this report, on the Sage Group website, and in the 2022 Sage Group ARA. Together, these sources set out our sustainability approach and performance for the stated reporting period.

Guided by the GRI Standards principles of reporting, the content has been defined through various internal and external processes, including materiality assessment (see pages 7–8), stakeholder engagement (see pages 69–77 in the 2022 ARA), and risk management (see pages 21–22 and pages 90–103 in the 2022 ARA).

Sage does not currently externally assure the non-financial information included in this report. All data is collected and reviewed internally. However, as our strategy continues to evolve, we are currently preparing to undertake a pre-assurance readiness assessment to understand the completeness, accuracy, and reliability of our systems and evaluate existing controls. To ensure we continue to improve our disclosures management, we are also engaging our Internal Audit function and undertaking a review in parallel with a third-party readiness assessment.



Further information

GRI 102-53

For further information regarding the contents of this report, please contact sustainability@sage.com

GRI 102-55

GRI Standard	Disclosure	Page/Information	Omissions				
			Requirement(s) omitted	Reason	Explanation		
GRI 101: Foundation 2016							
General Disclosures							
GRI 102: General Disclosures 2016	Organizational profile						
	102-1 Name of the organization	Useful links, page 2 Back cover					
	102-2 Activities, brands, products, and services	Our business model, page 6					
		Annual Report: Our products, pages 16–19					
	102-3 Location of headquarters	Annual Report: Back cover					
	102-4 Location of operations	Annual Report: About Sage, pages 4–5					
	102-5 Ownership and legal form	Annual Report: Major shareholdings, page 184					
	102-6 Markets served	Annual Report: About Sage, pages 4–5					
	102-7 Scale of the organization	Our business model, page 6					
		Annual Report: About Sage, pages 4–5 Financial review, pages 82–86 Employees and Directors, page 220 Called-up share capital, page 287					
GRI 102: General Disclosures 2016	102-8 Information on employees and other workers	Data tables, Information on employees and other workers, page 46					
	102-9 Supply chain	Sustainable Supply Chain Strategy, page 16					
	102-10 Significant changes to the organization and its supply chain	There have been no significant changes to the scope of Sage nor to its supply chain, or the capital structure during FY22. We completed some small disposals and acquisitions in the period but these have not changed the core exposures of Sage.					
	102-11 Precautionary Principle or approach	Sage recognises ESG as a Principal Risk and has integrated it within its Enterprise Risk Management Framework. In line with its TCFD disclosure, Sage has identified climate risk mitigation and adaptation actions, and will continue to integrate climate-related risks and opportunities into existing Risk Management framework, business planning and decision making.					
		Annual Report: TCFD disclosure, pages 50–67 Principal Risks and uncertainties, page 103					

GRI Standard	Disclosure	Page/Information	Omissions				
			Requirement(s) omitted	Reason	Explanation		
GRI 101: Foundation 2016							
General Disclosures							
GRI 102: General Disclosures 2016	Organizational profile						
	102-12 External Initiatives	Global Partnerships: • Business Disability Forum • Business In The Community • Change the Race Ratio • Stonewall • Valuable 500					
		UK Partnerships • Neurodiversity in Business					
		UK Initiatives • Race at work charter					
		USA Partnerships • CEO Action for Diversity and Inclusion					
	102-13 Membership of associations	• CBI • TechUK • AMETIC in Spain • Vercida					
		Strategy					
	102-14 Statement from senior decision-maker	Leadership message, pages 3–4					
		Ethics and integrity					
	102-16 Values, principles, standards, and norms of behaviour	Our Purpose and Values, page 5					
GRI 102: General Disclosures 2016	102-17 Mechanisms for advice and concerns about ethics	Business ethics, page 10					
		Governance					
	102-18 Governance structure	Sustainability and Society strategy oversight, governance and responsibility, page 9					
		Annual Report: Our governance framework, pages 114–115					
	102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainability and Society strategy oversight, governance and responsibility, page 9					
	102-21 Consulting stakeholders on economic, environmental, and social topics	Annual Report: Stakeholder engagement, pages 69–77					
		Effectiveness of risk management processes					
	102-30 Effectiveness of risk management processes	Risk management, page 11					

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
Stakeholder engagement					
102-40 List of stakeholder groups		Stakeholder engagement, page 7 Annual Report: Stakeholder engagement, pages 69–77			
102-41 Collective bargaining agreements		Around 23% of our global workforce—predominantly those in Austria, Belgium, France and Spain—are covered by collective bargaining agreements.			
102-42 Identifying and selecting stakeholders		Annual Report: Stakeholder engagement, pages 69–77			
102-43 Approach to stakeholder engagement		Stakeholder engagement, page 7 Annual Report: Stakeholder engagement, pages 69–77			
102-44 Key topics and concerns raised		Other key insights distilled from the stakeholder engagement process, page 8 Annual Report: Stakeholder engagement, pages 69–77			
Reporting practice					
102-45 Entities included in the consolidated financial statements		Annual Report: Group undertakings, pages 275–279 (covers all entities)			
102-46 Defining report content and topic Boundaries		Materiality assessment, pages 7–8 About this report, page 1, page 36			
102-47 List of material topics		Materiality assessment, page 8			
102-48 Restatements of information		No restatements of information made.			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
102-49 Changes in reporting		Our 2021 materiality assessment identified 22 material topics out of which eight were identified as the most material for the business. The report's content is largely developed to reflect the importance of these most material topics. Previous content is still included but it has been clustered and reorganised to reflect the material topics. Definitions for the eight material topics are also included. We feel this approach better reflects our material topics and avoids duplications.			
102-50 Reporting period		About this report, page 1			
102-51 Date of most recent report		About this report, page 1			
102-52 Reporting cycle		About this report, page 1			
102-53 Contact point for questions regarding the report		About this report, page 1 About this report, page 36			
102-54 Claims of reporting in accordance with the GRI Standards		About this report, page 1 About this report, page 36			
102-55 GRI content index		GRI content index, pages 37–43			
102-56 External assurance		About this report, page 36			
Material Topics					
Data Protection and Security and Proper Use of Customer Data					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Data protection and security and Data protection, governance and ethical use of data, page 21			
	103-2 The management approach and its components	Data protection and security and Data protection, governance and ethical use of data, pages 21–22 SASB content index, Data Privacy and Freedom of Expression, page 44			
	103-3 Evaluation of the management approach	Data protection and security, pages 21–22 Data protection, governance, and ethical use of data, pages 21–22			

GRI Standard	Disclosure	Page/Information	Omissions			
			Requirement(s) omitted	Reason	Explanation	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SASB content index: Data Security, page 44	418-1 a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies.	Confidentiality	Sage does not generally disclose this information for reasons of customer and commercial confidentiality unless required by law. Qualifying incidents would be reported to the relevant regulators (e.g. the Information Commissioner's Office in the UK) and impacted individuals, where we are legally required to do so and within the timeframes mandated. To the extent that any relevant regulator should find fault with our data breach management and/or data security practices, they will publish their findings/sanctions. There were no such findings or sanctions in FY22.	
Attracting and Retaining Talent						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Attracting, developing, and retaining talent, page 29	103-2 The management approach and its components	Attracting, developing, and retaining talent, pages 29–31	103-3 Evaluation of the management approach	Attracting, developing, and retaining talent, page 29
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Annual Report: Directors' Remuneration Report, pages 152–153 Remuneration Policy 2022, pages 158–162 Pension and benefits, pages 174–179 Post-employment benefits, pages 244–246				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Data tables, New employee hires and employee turnover, page 47				

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Wellbeing, page 31			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Data tables, Average hours of training per year per employee, page 48	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Retention and Development, page 30	
	404-3 Percentage of employees receiving regular performance and career development reviews	Sage advocates for all colleagues to actively participate and invest in performance management. Everyone at Sage sets goals at the beginning of the year, which are captured on our internal performance development system, Sage People. We then encourage all managers and colleagues to hold performance development reviews each quarter—assessing progress against goals and reviewing any that need to change. How a colleague performs against their goals will determine what they receive for the personal element of their Sage Bonus Plan, if eligible, and any changes to their reward package for the following year. To enhance performance and execute on strategy, we introduced Objectives and Key Results (OKRs) at the end of FY22. The Executive Leadership Team shared their OKRs with all colleagues which will help them to better connect their contribution to Sage's strategy, focus on what matters, and increase performance through greater accountability.			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
Innovation to support customers					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our business model, page 6 Sage to Net Zero, page 13 Sustainable Supply Chain Strategy, page 16 Sustainable Products, page 18 Annual Report: CEO Review, pages 12–15 Our products, pages 16–19 Strategic priorities, pages 24–35			
	103-2 The management approach and its components	Sustainable Supply Chain Strategy, page 16 Sustainable Products, page 18 Supporting SMBs to get to Net Zero, page 18 Data for Good, page 24 Annual Report: Our products, pages 16–19 Strategic priorities, pages 24–35			
	103-3 Evaluation of the management approach	Sustainable Supply Chain Strategy, page 16 Annual Report: Measuring our progress, pages 36–37			
Diversity, Equity, and Inclusion of the Workforce					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Diversity, equity, and inclusion, page 32			
	103-2 The management approach and its components	Diversity, equity, and inclusion, page 32			
	103-3 Evaluation of the management approach	Committed to doing better, page 32 DEI Governance, page 33 Performance, page 33			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	DEI Governance, page 33 Information on employees and other workers, page 48 Race and ethnicity representation by region FY22, page 48 Annual Report: Board composition, page 135			
	405-2 Ratio of basic salary and remuneration of women to men	Ratio of basic salary and remuneration of women to men, page 49			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Reports of discrimination, page 49			
Energy Efficiency and Low Carbon Operations					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sage to Net Zero, page 16 Annual Report: TCFD disclosures, pages 50–67			
	103-2 The management approach and its components	Sage to Net Zero, page 16			
	103-3 Evaluation of the management approach	Sage to Net Zero, page 16 Annual Report: TCFD disclosures, pages 50–67			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management, page 11 Annual Report: TCFD disclosures, pages 50–67			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Data tables, Total energy consumption, page 51 Sage fuel use data, page 51 Sage total electricity consumption, page 51 Energy consumption within the organisation, page 51 Carbon footprint methodology and assumptions, page 52 SASB content index: Environmental Footprint of Hardware Infrastructure, page 43 Annual Report: TCFD disclosure, pages 50–67			
	302-3 Energy intensity	Energy intensity, page 51 Types of energy included in the intensity ratio: Fuel and purchased electricity			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
GRI 303: Water and Effluents 2018	303-5 Water consumption	Water consumption is collected from a combination of metered supply. Where metered data was not provided, extrapolations have been conducted. For further reference see: Data tables, Sage three-year total water usage, page 51 SASB Content index: Environmental Footprint of Hardware Infrastructure, page 43			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sage carbon emissions, page 49 Carbon footprint methodology and assumptions, page 53			
	305-2 Energy indirect (Scope 2) GHG emissions	Sage carbon emissions, page 49 Carbon footprint methodology and assumptions, page 53 All GHG are included in the calculation.			
	305-3 Other indirect (Scope 3) GHG emissions	Sustainable Supply Chain Strategy, page 16 Sustainable Products, page 18 Carbon footprint methodology and assumptions, pages page 53			
	305-4 GHG emissions intensity	Sage carbon emissions, page 49 All GHG are included in the calculation.			
	305-5 Reduction of GHG emissions	Emission reductions have taken place across individual Scope 1, 2 and 3 categories. Scope 2 can be identified through our market based reporting. All carbon calculations align to GHG accounting standards. All GHG are included in the calculation.			
GRI 306: Waste 2020	306-3 Waste generated	Data tables, Sage three year total waste generated, page 51			
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	We have received no significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations.			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
		Business Ethics			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Business ethics, page 10			
	103-2 The management approach and its components	Business ethics, page 10			
	103-3 Evaluation of the management approach	We maintain mandatory Code of Conduct training and Anti-bribery and Corruption training (each of which reference our anti-bribery and corruption policy, gifts and hospitality policy and conflicts of interest policy) for all employees, which is subject to certification every two years. We monitor and report on the completion of our mandatory Code of Conduct training and Anti-bribery and Corruption training for all Sage employees.			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	We risk-assess our business partners and customers located in high-risk jurisdictions for corruption related risks. We have also conducted an internal audit of our anti-bribery and corruption policy which has resulted in further enhancements to our anti-bribery and corruption compliance processes across our various regions and commercial operations.			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
205-2	We maintain mandatory Code of Conduct training and Anti-Bribery and Corruption training (each of which reference our anti-bribery and corruption policy, gifts and hospitality policy and conflicts of interest policy) for all employees, which is subject to certification every two years. We monitor and report on the completion of our mandatory Code of Conduct training and Anti-bribery and Corruption training for all Sage employees.				
	Sage communicates its compliance requirements to its business partners by way of a Partner Code of Conduct, which includes (among other items) content on anti-bribery and corruption compliance. Partners are required to adhere to the Partner Code of Conduct at all times.				
	Business ethics, page 10				
	Annual Report 2022: Ethics and governance, page 68				
	Risk culture, page 94				
	Principal risks and uncertainties, page 101				
205-3 Confirmed incidents of corruption and actions taken	Sage communicates its compliance requirements to its business partners by way of a Partner Code of Conduct, which includes (among other items) content on anti-bribery and corruption compliance. Partners are required to adhere to the Partner Code of Conduct at all times.	205-3 d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	Confidentiality		
	Annual Report: Ethics and governance, page 68				

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There have been no legal proceedings associated with anticompetitive behaviour in FY22. At Sage, we are committed to promoting open and fair competition. We work in compliance with the applicable competition laws in the countries where we operate.			
		SASB content index: Intellectual Property Protection and Competitive Behaviour, page 45			
GRI 415: Public Policy 2016	415-1 Political contributions	Annual Report: Political donations, page 183			
Tax Transparency					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Tax Transparency, page 10			
	103-2 The management approach and its components	Tax Transparency, page 10 Tax governance, control, and risk management, page 10 Stakeholder engagement and management of concerns related to tax, page 10			
	103-3 Evaluation of the management approach	Tax governance, control, and risk management, page 10			
GRI 207: Tax 2019	207-1 Approach to tax	Tax Transparency, page 10			
	207-2 Tax governance, control, and risk management	Tax governance, control, and risk management, page 10			
	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder engagement and management of concerns related to tax, page 10			
	207-4 Country-by-country reporting	Key developments that impact our Tax Transparency Roadmap, page 10			

GRI Standard	Disclosure	Page/Information	Omissions		
			Requirement(s) omitted	Reason	Explanation
Local Communities and Philanthropy					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Reporting on this disclosure has been completed by taking all countries into account that Sage operates in.			
	202-2 Proportion of senior management hired from the local community, hired from the local community	Proportion of senior management hired from the local community, hired from the local community page 47			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Supporting a more diverse tech industry, page 23 Fuel for Business, pages 25–27 Sage Foundation, page 34			

Sustainability Accounting Standards Board

Topic	Code	Accounting metric	FY22 performance	FY22 further information
GRI 302-1 Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) Total GJ of energy: 48,749 (2) Percentage grid electricity, 100% (3) % Renewable Electricity-45%	Total energy consumption relates to Sage's global office portfolio and is captured under Scope 1 and 2, as per the GHG Reporting Protocol. Total energy consumed comprises natural gas and electricity. All purchased Renewable Energy comes with the appropriate certification for guarantees of origin.
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) Zero, (2) 21 megalitres, less than 1% is consumed in regions with High or Extremely High Baseline Water Stress	Sage does not currently collect data on water use related to hardware infrastructure, including out third party infrastructure providers. The above figures relate to total water usage across Sage operations. Sage has a number of serviced offices where landlords do not meter for the Sage office area hence we use estimated data. Sage uses regional intensity rates when estimating water consumption. Approx 65% of Sage's water consumption calculation is extrapolated.
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data centre needs	Sage production environments are hosted on a combination of leased co-location and public cloud providers. During FY22, Sage completed an assessment of climate risk across our "data centre" estate, the outputs of which will inform business continuity plans. Work has continued throughout FY22 to enhance the environmental reporting from our data centre providers, including the modelling of primary carbon emission data across our core providers. In FY23, working alongside our Sustainable Supply Chain programme we will integrate this primary data into our GHG reporting processes, to allow a transition away from spend based to primary data reporting. Cloud-Operations: Sage production environments are hosted on a combination of leased co-location and public cloud providers, with targets to reduce leased co-location utilisation. Environmental considerations when planning for data centre needs include the risk of natural disasters, as well as energy use and associated CO ₂ e emissions added in FY22. During FY22, Sage completed an assessment of climate risk across our "data centre" estate, the outputs of which will inform business continuity plans. In FY22, Environmental Sustainability was added to the Global Scale initiative of Cloud Operations, which is focused on achieving economies of scale as well as reduced CO ₂ e emissions on a per product and per customer basis. Data was obtained from public cloud providers and the largest leased co-location that is mainly aggregated data. Cloud Operations at Sage is working to understand the impact on a product-by-product basis during FY23, by improving the reporting at a granular level, as well as setting targets for specific products.	

Sustainability Accounting Standards Board continued

Topic	Code	Accounting metric	FY22 performance	FY22 further information
GRI 103-2 Data Privacy & Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioural advertising and user privacy	At Sage, we commit to do the right thing for our customers, colleagues, partners, and investors. As part of this commitment, we treat people fairly and openly, and apply inclusivity principles. We recognise individuals' rights to privacy and to control their own personal data. We maintain a data protection accountability framework to ensure our customers and colleagues, and other individuals, are able to trust Sage to process their personal data responsibly, and risks are appropriately identified and controlled, with data privacy identified as a Group Principal Risk.	Information on how and why Sage processes personal data can be found in our privacy notices: https://www.sage.com/en-gb/trust-security/privacy/
Data Privacy & Freedom of Expression	TC-SI-220a.2	Number of users whose information is used for secondary purposes	Sage is committed to data protection and user privacy. We process personal data in accordance with our privacy policies and ensure we have a lawful basis for processing, whether in respect of the original purpose for which we have obtained that data or for any secondary purpose(s).	
Data Privacy & Freedom of Expression	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	There have been no monetary losses as a result of legal proceedings associated with user privacy during FY22.	Legal proceedings resulting in material monetary losses are disclosed in Sage's Annual Report (https://www.sage.com/investors/financial-information/annual-report/).
Data Privacy & Freedom of Expression	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	From time to time we may receive law enforcement requests in certain jurisdictions. We will respond to or support those requests in circumstances where the relevant law enforcement body has provided us with satisfactory evidence of the legal or regulatory requirement compelling us to do so.	
Data Privacy & Freedom of Expression	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Sage is not aware of any such current country-specific restrictions on its products and services. In countries where products and services are offered by Sage, any applicable local legal and regulatory requirements are respected and adhered to.	

Topic	Code	Accounting metric	FY22 performance	FY22 further information
GRI 418-1 Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Sage does not generally disclose this information for reasons of customer and commercial confidentiality unless required by law. Qualifying incidents would be reported to the relevant regulators (e.g. the Information Commissioner's Office in the UK) and impacted individuals, where we are legally required to do so and within the timeframes mandated. To the extent that any relevant regulator should find fault with our data breach management and/or data security practices, they will publish their findings/sanctions. There were no such findings or sanctions in FY22.	
Data Security	TC-SI-220a.5	Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards	Sage is committed to maintaining and continually improving its data security programme. Cyber security is a Group Principal Risk, and a Global Security Committee has been established for internal governance. The Global Security Committee provides oversight and direction to all aspects of cyber and information security within Sage. This includes advising management on Sage's current cyber and information risk exposure, and ensuring that the appropriate technical and organisational measures are in place. Security Improvement Programmes report into the Committee.	

Sustainability Accounting Standards Board continued

Topic	Code	Accounting metric	FY22 performance	FY22 further information	Topic	Code	Accounting metric	FY22 performance	FY22 further information
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	% foreign nationals = 4.2% % located offshore = less than 0.7% (Footnote 1)	Having a global resource pool is key to Sage's growth agenda, enabling the right person to be placed in the right role. Sage employs a robust Talent Acquisition process, and a comprehensive Global Mobility framework is under development to manage the compliance and governance of risks associated with having colleagues reside in countries which are not their own, such, as for example, immigration, tax, and employment law. Sage also partners with external specialist advisors to oversee and provide counsel. The procedures within the framework ensure parity across the colleagues and locations, and the management information enables accurate and timely reporting.	Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical colleague, and (3) all other employees	See People Data tables, pages 103–113 (Footnote 2)	Sage's global DEI strategy is underpinned by our DEI commitments and supported by the global DEI Policy and Governance Structure. This includes our DEI Accountability and Advisory Boards, chaired by our Chief Executive Officer and our Chief People Office, respectively. This provides a framework for Sage to measure and publish progress against our representation targets and continue to drive the programmes that will ensure we are reflective of the communities in which we are located, and the customers we serve. The key programmes include supporting the development of allyship competencies throughout our leadership teams, continuing to grow and evolve our Colleague Success Networks, focusing on opportunities to increase equity and inclusivity within our recruitment process, and executing on projects aligning to external charter commitments for Race, Ethnicity, Disability, LGBTQ+, Neurodiversity, and Social Equity.
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.2	Employee engagement as a percentage	+28 employee net promoter score (eNPS) +79 employee satisfaction % (eSAT)	Employee engagement is calculated using eNPS methodology, asking colleagues to score in response to the statement "I would recommend Sage as a place to work to friends and family" on a scale of 0–10. A final score between -100 and +100 is calculated based on percentage of promoters minus percentage of detractors. Colleagues are asked for voluntary feedback, at least twice a year, following which aggregate feedback and action plans are agreed at levels across the business by manager, and at a function and region/country level. We are transparent with our results and share these with colleagues to support ideas generation for improvements. eSAT is used as an additional measure of colleague engagement. eSAT represents Engagement and Satisfaction. eSAT scores range from 0 (worst) to 100 (best), and reflect the average response to the question: "How happy are you working at Sage?" This question is proven to have the highest correlation with drivers of engagement, along with outcomes such as retention and productivity. The eSAT question is asked with every employee engagement "Pulse" survey so that we can track engagement continually.	GRI 206-1 Intellectual Property Protection & Competitive Behaviour	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour in FY22.	There have been no monetary losses as a result of legal proceedings associated with anti-competitive behaviour in FY22.	At Sage, we are committed to promoting open and fair competition. We work in compliance with the applicable competition laws in the countries where we operate.
				Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions and (3) total customer downtime	SLA performance of the global product portfolio, excluding Sage Intacct, achieved 99.974% availability, with the last 7 months of the year achieving 99.99%. 155 products achieved 100% availability for the year. Sage Intacct is separately tracked and reported. The 12-month rolling availability at the end of FY22 was 99.946% for Sage Intacct, which is viewable at https://www.sageintacct.com/system-status .		
				Managing Systemic Risks from Technology Disruptions	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	All outages, planned and unplanned, of Sage products are reported on https://status.sage.com . Incident management is in place across all products. Onboarding processes for acquisitions require products to be onboarded to global incident management with the highest priority and no longer than 6 months from acquisition deal close.		

Topic	Code	Accounting metric	FY22 performance	FY22 further information
	TC-SI-000.A	(1) Number of licences or subscriptions, (2) percentage cloud based	Penetration Subscription: penetration 77%, +5pts year on year Sage Business Cloud: penetration 75%, +8pts year-on-year (Footnote 3)	Sage considers subscription penetration and Sage Business Cloud penetration rates to be key performance indicators for measuring progress in our strategy to transition from licence sales and professional services implementations to subscription and cloud revenue.
	TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	Data processing capacity is not tracked in this manner, however the vast majority of capacity is outsourced to public cloud providers (namely Azure/AWS). The majority of Sage Intacct processing (90%) is insourced via contracted co-location facilities. Overall, the data processing capacity is estimated to be 80% outsourced across the Sage landscape.	
	TC-SI-000.C	(1) Amount of data storage, (2) percentage outsourced	Data storage capacity is not tracked in this manner, however the vast majority of storage capacity is outsourced to public cloud providers (namely Azure/AWS). The majority of Sage Intacct storage capacity (90%) is insourced via contracted co-location facilities. Overall, the storage capacity is estimated to be 80% outsourced across the Sage landscape.	

Footnotes

1. TC-SI-330a.1 Foreign nationals: employee's entity is not the same country/region as their nationality.
Located offshore: Colleagues temporarily assigned to territories other than their normal location. It does not include those who have permanently relocated.
Undisclosed: There are certain territories in which we are not permitted to hold information on colleagues' nationalities, e.g. Germany due to Works Council rules. Therefore the % stated do not include this data element.
A Sage region may include multiple countries i.e. Sage Technology Ltd entity is set up across UK and Ireland.
2. TC-SI-330a.2 Management: People manager; a colleague with direct reports.
Technical: colleagues in Product Delivery and ISV, IT, Global Information Security and CTO (excluding People managers previously identified)
Ethnicity: Through the "All About Us" colleague self identification project, Sage is currently at the 18 month point of data capture in relation to this report's time span, of colleagues sharing their race and ethnicity information in regions where capture is legally and culturally appropriate.
Race and Ethnicity information is now being shared by colleagues in UK, Ireland, US, Canada (Indigenous and Visible Minority) and South Africa.
As the data builds our analysis will become more granular, comparing our data to the external working age population census data in regions where it exists and reviewing our data by our role levels and types. Ensuring that our programmes and interventions are data informed is key to our sustained approach to drive equity into our processes and practices.
We expect to report on race and ethnicity against the categories of management, technical and other in our FY22 report.
Participation rates are currently low and so the data does not depict Sage's current position accurately when analysed by the categories defined. For transparency the following information shares our current position by reporting region.
3. TC-SI-000.A % Subscription Penetration: Organic software subscription revenue as a percentage of organic total revenue.
% Sage Business Cloud Penetration: Organic recurring revenue from the Sage Business Cloud (native and connected cloud) as a percentage of the organic recurring revenue of the Future Sage Business Cloud Opportunity.
% Cloud Native Penetration: Cloud Native recurring revenue as a percentage of Sage Business Cloud (Portfolio 1) recurring revenue.

Data tables

Information on employees and other workers

GRI 102-8

- Total number of employees by employment contract (permanent and temporary), by gender.
- Total number of employees by employment contract (permanent and temporary), by region.
- Total number of employees by employment type (full-time and part-time), by gender
- Whether a significant portion of the organization's activities are performed by workers who are not employees.
If applicable, a description of the nature and scale of work performed by workers who are not employees.
- Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).
- An explanation of how the data have been compiled, including any assumptions made

Question part	Answer	
	Permanent	Temporary
a.	Male Female Undisclosed	6,442 111 4,700 132 102 87
b.	Africa and Middle East Asia and Australia Central Europe North America Northern Europe Southern Europe	944 95 636 4 808 24 2,554 49 3,516 113 2,786 45
c.	Male Female Undisclosed	6455 4310 188 55.77 37.24 1.62 98 522 1 0.85 4.51 0.01
d.	Full time Part time Colleague Contractor	11,242 218 2 112
e.		No significant variation is in place within the organisation.
f.		Data is compiled using the workforce headcount figures from September month end. The FTE field is used to determine whether the person is full or part time (if less than 1 then part time). We recognise that gender is not binary but in this report we are reporting on gender derived from the "sex assigned at birth" field, whilst we continue to promote and increase the self-declaration rates for gender identity.

Local communities and philanthropy

Proportion of senior management hired from the local community

GRI 202-2

- a. Percentage of senior management at significant locations of operation that are hired from the local community.
- b. The definition used for ‘senior management’
- c. The organization’s geographical definition of ‘local’
- d. The definition used for ‘significant locations of operation’.

Question part	Answer
a.	100%
b.	Anyone within the organisation who is part of the ET (ELT, EVP and selected key roles)
c.	The employees resident country is the same as the team members employment country.
d.	This has been interpreted as any country that Sage as a company operates in (as unable to determine significant without values) so all countries will be used.

Attracting and retaining talent

New employee hires and employee turnover

GRI 401-1

Assumption : reporting period is 12 months (financial year) some countries do not declare their gender and these are treated as undisclosed. Several hires do not yet have birth dates so are N/A

Age Group	Number of new hires	Rate of hire
n/a	228	19 per month
≤25	479	40 per month
26–35	1,246	104 per month
36–45	805	67 per month
46–55	345	29 per month
≥56	94	8 per month

Gender	Number of new hires	Rate of hire
Female	1,084	90 per month
Male	1,374	115 per month
Undisclosed	743	62 per month

Region	Number of new hires	Rate of hire
Asia and Australia	133	11 per month
Africa and Middle East	319	27 per month
Central Europe	90	8 per month
North America	898	75 per month
Northern Europe	143	120 per month
Southern Europe	325	27 per month

b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

Assumption : reporting period is 12 months (financial year)

Age Group	Number of leavers	Attrition rate
≤25	141	18.4%
26–35	627	20.4%
36–45	401	11.6%
46–55	171	6.8%
≥56	128	10.4%

Gender	Number of leavers	Attrition rate
Female	524	12.3%
Male	786	14.2%
Undisclosed	18	22.2%

Region	Number of leavers	Attrition rate
Asia and Australia	119	19.3%
Africa and Middle East	118	10.6%
Central Europe	147	15.9%
North America	425	18.4%
Northern Europe	443	13.7%
Southern Europe	217	7.5%

Parental leave

GRI 401-3

- a. Total number of employees that were entitled to parental leave, by gender.
- b. Total number of employees that took parental leave, by gender.
- c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.
- d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.
- e. Return to work and retention rates of employees that took parental leave, by gender.

Assumption : reporting period is 12 months (financial year)

Caveat: Some countries do not provide parental leave figures so this is based on part of the Company (Spain, France, UKI, Poland and Africa).

Question part	Number of people	
	Male	Female
a.	3,957	3,153
b.	234	273
c.	243	259
d.	176	238
e.	93%	77%

Average hours of training per year per employee

GRI 404-1

		Training hours	Count	Average learning hours
Gender				
Female		168,246.6	4,699	35.80
Male		288,574.1	6,591	43.78
Undisclosed		27,936.8	900	31.04
Bands				Average
Middle Management		34,633.88	1,783	19.42
Others		447,215.44	10,315	43.35
Senior Leadership		2,908.08	144	20.195

Note: Total count of employees includes leavers throughout the year.

Equity, diversity and inclusion of the workforce

Information on employees and other workers¹

GRI 405-1

		Permanent	Temporary
Gender	Male	6,442	111
	Female	4,700	132
	Undisclosed	102	87
Region	Africa and Middle East	944	95
	Asia and Australia	636	4
	Central Europe	808	24
	North America	2,554	49
	Northern Europe	3,516	113
	Southern Europe	2,786	45
Colleague type	Full-time	10,839	114
	Part-time	621	0
Contract type	Colleague	11,242	218
	Contractor	2	112
Colleague type by gender	Male	Female	Undisclosed
	Full-time	6,455	4,310
	Part-time	98	522
			1

1. No significant variation is in place within the organisation. Data is compiled using the workforce headcount figures from September month end. The FTE field is used to determine whether the person is full- or part-time (if less than 1 then part-time). Gender is derived from the sex at birth field.

Race and ethnicity representation by region FY22

GRI 405-1

Ethnicity	AME	APAC	Central Europe	North America	Northern Europe	Southern Europe
Asian	10%	0%	0%	7%	8%	0%
Black/African/Black S.African/Caribbean/ Black British/African American	44%	0%	0%	8%	2%	0%
I do not wish to self identify my race or ethnicity	0%	0%	0%	9%	1%	0%
Indigenous	0%	0%	0%	0%	1%	0%
Multiple Ethnic Groups	7%	0%	0%	2%	2%	0%
Other Ethnic Group	0%	0%	0%	3%	0%	0%
White	36%	0%	0%	33%	66%	0%
Non participation/"All About Us" not activated in region for race and ethnicity capture	3%	100%	100%	38%	20%	100%

Race and ethnicity information is now being shared by colleagues in UK, Ireland, US, Canada (Indigenous and Visible Minority), and South Africa.

As the data builds, our analysis will become more granular, comparing our data with the external working-age population census data in regions where it exists and reviewing our data by our role levels and types. Ensuring that our programmes and interventions are data informed is key to our sustained approach to drive equity into our processes and practices.

We report on race and ethnicity against the categories of management, technical, and other in our FY22 DEI Impact Report.

Participation rates are currently low and so the data does not depict Sage's current position accurately when analysed by the categories defined.

Data tables continued

Ratio of basic salary and remuneration of women to men

UK Gender Pay Gap Report 2020/2022¹

GRI 405-2

Reward gaps	April-20	April-21	April-22	Year on Year
Mean pay gap	7.6%	7.3%	9.2%	1.86%
Mean bonus gap	9.2%	8.6%	10.8%	

UK Ethnicity Pay Gap 2021/2022²

Reward gaps	April-21	April-22	Year on Year
Mean pay gap	7.8%	0.60%	(7.20)%
Mean bonus gap	19.8%	18.8%	

1. We set a goal in our Group Diversity, Equity, and Inclusion strategy to have no more than 60% of any one gender in the Executive Leadership Team, Executive Team, and all management teams by the end of FY26, and we continue to deliver against the long-term initiatives we have set out in previous Gender Pay Gap reports. At the time of reporting, Sage had 2,724 colleagues across several entities in the UK. Only two of those entities exceed the reporting threshold of 250 colleagues—Sage UK and Sage Global Services UK. This table shows our overall Gender Pay Gap data for all our UK-based colleagues in both entities, as well as employees in entities below the 250 limit as of the snapshot date of 4 April 2022. It also shows Bonus Pay data for bonuses paid in the year.

2. This year we can publish the Ethnicity Pay Gap based on a statistically significant data sample. Last year we shared our gap which was representative of 35% of our UK colleague population who has share their ethnicity. This year it is more than 80% following an internal "All About Us" self-identification campaign.

Reports of discrimination*

GRI 406-1

Total number of incidents of discrimination* reported within Sage	Total number of incidents of discrimination* reviewed by Sage in the last year	Number of incidents with remediation plans currently being implemented (active)	Number of remediation plans that have been implemented, with ongoing follow up to check that all remains well	Number of Incidents closed and no longer being monitored
10	10	3	1	6

Discrimination incidents by region

Region	Total number of incidents of discrimination* reported within Sage
Northern Europe	4
Central Europe	0
Southern Europe	0
North America	6
Africa and ME	0

*Definition of “discrimination”

Discrimination in the workplace is based on certain prejudices and occurs when a colleague is treated unfavourably because of sex, gender identity, pregnancy and maternity, race, ethnicity, sexual orientation, disability, religion or veteran status.

Sage has a global DEI policy which states its zero tolerance approach to discrimination and commits to treating all colleagues with care and dignity, regardless of colleagues' characteristics, background, and experiences. This is supported by local country anti-bullying and harassment procedures.

The data presented here has been derived from the grievances reported by colleagues into our regional People teams. The reporting is not yet standardised across all regions and relies on templates set up internally to record cases. Standardised data capture, reporting and an exploration of what other sources of data exist to understand how discrimination shows up and is addressed, will be a focus over the next financial year.

Energy efficiency and low-carbon operations

GRI 305-1, GRI 305-2, GRI 305-4

Sage carbon emissions*

Emission data by activity	Activity	FY20-tCO ₂ e	FY21-tCO ₂ e	FY22-tCO ₂ e
Direct (Scope 1)	Natural Gas	1,172.8	812.8	303.9
	Refrigerants	167.3	187.6	187.2
	Fuels (Diesel, Kerosene, LPG)	N/A	8.3	186.0
	Company-owned vehicles	1,643	52.0	121.2
	Subtotal	2,985	1,060.7	798.3
Indirect (Scope 2)	Location-based emissions	7,107	4,326.3	3,505.1
	Market-based emissions	6,250	3,300.2	2,431.1
	Subtotal (location based)	7,107	4,326.3	3,505.1
	Cat.1—Purchased Goods and Services	87,768	92,613.0	88,851
	Cat. 2—Capital Goods	1,767	7,974.7	100.7
	Cat. 3—Energy-Related Activities (T&D/WTT)	1,740	1,624.8	1,098.4
	Cat. 4—Upstream Transport and Distribution	380	493.5	390.3
	Cat. 5—Waste	246	107.6	116.5
	Cat. 6—Business Travel	6,364	411.3	6,080
	Cat. 7—Employee Commuting and Homeworking	8,808	14,734.3	11,746.2
	Cat. 11—Use of Sold Products (Direct)	2,058	2,113.9	2,131
	Cat. 11—Use of Sold Products (indirect)	95,308	97,736	100,828.7
	Cat. 15—Investments	30	35.0	35
	Subtotal	204,555	217,864	211,377.4
	Carbon intensity ratio: Location-based CO ₂ e emissions per total GBP £1,000,000 revenue (Scope 1, 2 and 3) (tonnes/revenue)	113	121	111
	Total Gross Emissions Market-based (tCO ₂ e)	213,789	222,225	214,607
	Total Gross Emissions Location-based (tCO ₂ e)	214,646	223,251	215,680.8

* We have restated FY2020 and FY2021 figures, this is due to the expansion of reporting to include Category 11—Use of Sold Products and Category 15—Investments.

FY22 emissions data

Sage recognises the importance of reporting against Scopes 1, 2, and 3 emissions, and we committed to continually review our data collection processes across global operations to enhance the Sage carbon footprint.

As with most companies, Scope 3 indirect emissions from our value chain account for the largest proportion (~98%). Within Scope 3, the two largest categories of total emissions accounting for over 90% are Category 1—Purchased Goods and Services emissions (42% of the total carbon footprint) and Category 11—Use of Sold Products (both direct and indirect emissions from our cloud, on-premise and desktop products), which accounts for 47% of our total carbon footprint.

We are working hard to address data gaps in Scope 3 reporting, including joining CDP as a Supply Chain member and using established methodologies to fill data gaps to ensure our carbon footprint is always credible. In FY22, for the first time, we used primary emissions data provided by CDP for 46 suppliers to provide a more accurate underlying picture of our supply chain emissions.

Additionally, we have extended our Scope 3 emissions reporting to include Category 11—Use of Sold Products and Category 15—Investments. We re-stated emissions for FY20 and FY21 with the newly calculated categories. In FY23, we intend to further develop our methodology as part of our data improvement efforts in pursuit of primary data.

Sage secured third-party assurance and verification for its carbon footprint in 2021 and plans to complete another verification for the 2022 footprint.

Narrative on percentage change of Scopes 1, 2, and 3 emissions

In FY22, total gross location-based emissions decreased by 3%. The main reasons behind the increase are Scope 3 emissions from Purchased Goods and Services (Category 1) and Business Travel (Category 6).

This reporting year, unlike FY20 and FY21, has seen a return to more normal working practices as we transition out of the global Covid-19 pandemic.

Our colleagues have been working flexibly within a combination of home and office working, hence a reduction in emissions from employee commuting and homeworking (Category 7, -20%).

The Scope of our footprint will change as we continually develop our data collection processes; therefore, each year we may have additional data to include that was previously unattainable.

Deep dive into Scopes 1, 2, and 3 emissions

In FY22, total location-based emissions from all Scopes were 215,681 tCO₂e.

Scope 1 emissions covered direct emissions from natural gas, refrigerants, other fuels, and company cars and were 798 tCO₂e (less than 1% of emissions). Scope 2 location-based emissions from electricity were 3,505 tCO₂e (3% of emissions) and Scope 3 indirect emissions were 211,377 tCO₂e and therefore the principal source of emissions (98%).

Sage's Scope 3 emissions currently include all upstream categories as defined by the Greenhouse Gas Protocol (Categories 1–7). We have also included Category 11—Use of Sold Products and Category 15—Investments following additional work to understand these areas in FY22.

Category 1—Purchased Goods and Services was the main source of emissions, accounting for 42% of total emissions, a large proportion of which stems from the emissions associated with our media and platforms expenses. The emphasis on Category 1 was expected and is in line with previous years' emissions for the business.

Category 11—Use of Sold Products was introduced in FY22 to recognise the indirect emissions related to the use of our products, recognising that a proportion of our products are hosted and managed outside of our Sage managed environments. The model is at an early stage but is providing good insight into our downstream impact. We expect this model to further evolve in accuracy in FY23 as we engage with partners and customers to understand how our software is managed within their environments.

The third largest category (5% of emissions) is Employee Commuting and Homeworking. Employees continue to work from home and from the office in line with Sage's flexible working policy. Emissions from this category are calculated using a Homeworking Emissions Tool created by our partner consultancy. The tool calculates emissions used in employees' homes relating to electricity (home office set up, lighting and air conditioning) and natural gas based on country-specific data and full-time employee numbers.

Within our calculations, where primary data was unavailable, we have used The Greenhouse Gas Protocol's data hierarchy to extrapolate for missing regions. The hierarchy favours primary data where possible. Where primary data is incomplete, extrapolations use existing data to fill gaps. Where primary data was unavailable, extrapolations were made using regional intensities based on floor area or full-time employees (depending on which is most relevant to the emissions source). Due to our reporting cycle, data is missing for some months within the final quarter of the year. These gaps vary per site and emissions source. Missing data is extrapolated based on the hierarchy described.

We continually review data management processes across our global operations to better capture voluntary Scope 3 data such as water, waste, and travel information.

Supplier-specific data

As we continue to improve the data from our carbon footprint, we endeavour to increase the quantity of supplier-specific data within our calculations. In FY22, we engaged with CDP to obtain the carbon data from our top 80 most material suppliers by spend. This data was reviewed and included within our Purchased Goods and Services calculation where of adequate quality. This signifies an improvement in data maturity which we will continue to improve in subsequent years where we require our suppliers to complete the CDP Supply Chain questionnaire.

Emissions reduction initiatives**Business travel:**

- Air travel is the highest source of emissions within business travel. A travel hierarchy will be embedded in each region to ensure the most sustainable mode of transport is considered, e.g. controls and governance will be increased when booking travel to ensure the optimal sustainable travel mode is used, encouraging train over air transportation wherever possible and as the default method of transport, flying direct and considering the travel class when booking.
- Our Business Travel policy was updated during FY22 to align to our 2030 carbon reduction targets.
- We have created a carbon emissions travel dashboard which will be rolled out in FY23, to engage and build awareness with colleagues across our functions and geographical regions.

Homeworking:

- We are working with the Energy Saving Trust to roll out carbon education to our colleagues.
- We are also introducing an app during FY23 to help colleagues understand their own personal impact by calculating their carbon footprint and giving tips on how everyday actions can be amended to be more sustainable.

Data tables continued

Sage's Electric Vehicle Salary Sacrifice Scheme:

We believe our colleagues are passionate about fighting climate change, so we are looking for practical ways to help them contribute to our goal to be Net Zero by 2040. Sage's Electric Vehicle Scheme is a great example: colleagues drive a brand new Ultra Low Emission Vehicle (ULEV), paid for via their salary.

Supply chain

Purchased Goods and Services accounts for 42% of the Sage carbon emissions in FY22, and our top 27 suppliers accounted for 52% of our supply chain carbon emissions. It's only right that we treat this as a high priority:

- We have developed an ESG evaluation process for new suppliers.
- We will design a supplier engagement programme for existing suppliers to support Sage's ambition to reduce GHG emissions within our current supply chain.
- We are transitioning to primary data, to improve the quality of our supplier chain emissions dataset.
- We are engaging with our value chain partners to understand their Scope 1 and 2 impacts. This involves understanding our ambitions, workshops, questionnaires, advice, and guidance.

Energy consumption within the organisation^{1,2}

GRI 302-1

In GJ	2020	2021	2022
Total energy consumption			
Electricity	85,243	65,848	48,749
Gas	62,281	49,872	42,755
Sage fuel use data (tCO₂e)			
Liquid Petroleum Gas	2,020	–	3
Diesel	0.68	882	3,009
Petrol	945	–	195
Unknown	604	–	1,104
Total	1,885	882	4,311
Sage total electricity consumption data			
Electricity from Certified Renewable sources	13,231	16,981	19,380
Electricity from Non-Renewable Sources	49,050	32,891	23,375
Total Electricity Consumption	62,281	49,872	42,755
Renewable %	27%	35%	45%

1. Source of conversion factors used.

2. Standards, methodologies, and/or calculation tools used.

Energy intensity

GRI 302-3

	2020	2021	2022
Revenue (GBP £m)	1,903	1,846	1,949
Energy Used (MWh)	23,679	18,291	13,541
Energy Intensity (MWh/Revenue)	12	10	7

Other

Sage three-year total water usage data

GRI 303-5

Water usage ¹ Megalitres	2020	2021	2022
42	19	21	

1. Water consumption is from Sage office portfolio. Office closure due to Covid-19 pandemic is having an impact on water reduction and is captured in Scope 3, Cat 1.

Sage three-year total waste generated data

GRI 306-3

Waste generated Metric Tons	2020	2021	2022
669	298	446	

Emissions methodology

GRI 302-1, GRI 305-1, GRI 305-2, GRI 305-3

Scope of carbon reporting

The Greenhouse Gas Protocol recommends that emissions are calculated, where possible, from the reporting organisation's activity data. In the case of Sage, this means emissions data from global operations including Australia, Austria, Belgium, Canada, France, Germany, India, Ireland, Israel, Malaysia, Morocco, Poland, Portugal, Romania, Singapore, South Africa, Spain, the UK, and the US.

Emissions sources included in the operational footprint are energy and fuel consumption, water usage, waste generated from activities, and the impacts of its business travel, whether from distance travelled or fuel used.

Sage additionally calculates Scope 3 indirect emissions for all upstream emissions sources including Upstream Logistics, Employee Commuting and homeworking, Use of Sold Products, and Investments.

Control approach

Carbon footprints are calculated according to a control approach which can be defined in either financial or operational terms.

The operational control approach is used in this footprint. Under this approach, we have accounted for 100% of the GHG emissions from operations over which Sage has control.

The UK Government emissions factors for company reporting (published by BEIS) have been used. The most recent International Energy Agency (IEA 2021) international conversion factors were applied for non-UK electricity.

For FY22, BEIS have stopped publishing WTT factors for overseas electricity. The BEIS methodology previously relied on applying a ratio of direct/indirect (WTT) emissions for UK electricity and applying this to the rest of the world. In the absence of BEIS data, EcoAct (an international climate consultancy who verifies our environmental data) have developed a methodology to calculate WTT emissions based on the specific fuel mix of each country's electricity generation. This relies on less assumptions than the BEIS methodology and is also more specific to the country and so may result in some changes compared to previous years. However, this will track more accurately to each country's grid decarbonisation over time, instead of relating to the UK only.

Scope 3 emissions sources apply a combination of the Comprehensive Environmental Data Archive (CEDA version 6) and UK Government factors depending on the data provided, for example, expense data or primary data. Where supplier specific data was used, this was obtained from the CDP database.

The table that follows provides a full list of assumptions and methods used within the carbon footprint for FY22.

GRI 302-1, GRI 305-1			
Emission data by activity	Activity	Methodology	
Direct (Scope 1)	Natural Gas	Data received: annual consumption values of gas per site. Approach: Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis.	
Refrigerants	Where raw data was not provided, extrapolations have been conducted in line with the following: <ul style="list-style-type: none"> Where no primary data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. For sites in regions with no regional intensity due to no actual data, a global intensity has been applied. For sites requiring extrapolation which were opened/closed during the reporting year, the extrapolated value has been adjusted to reflect the months that the site was open. Data received: refrigerant leakage top up in the reporting year. Approach: Used primary data where available. Where primary data was not provided, extrapolations have been conducted in line with the following: <ul style="list-style-type: none"> Where no primary data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. For sites in regions with no regional intensity due to no actual data, a global intensity has been applied. For sites requiring extrapolation which were opened/closed during the reporting year, the extrapolated value has been adjusted to reflect the months that the site was open. 		

GRI 305-1

Emission data by activity	Activity	Methodology
Direct (Scope 1) continued	Fuels (Diesel, Kerosene, LPG)	<p>Data received: Diesel consumption in litres per site.</p> <p>Approach: Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis.</p> <p>Where primary data was not provided, extrapolations have been conducted in line with the following:</p> <ul style="list-style-type: none"> Where no data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. Where regional intensities are not available due to lack of actual data, the global average intensity has been applied. For sites requiring extrapolation which were opened/closed during the reporting year, the extrapolated value has been adjusted to reflect the months that the site was open.
Company-owned vehicles		<p>Data received: Global mileage per fuel type and vehicle size for Oct 2021-Sep 2022.</p> <p>Approach:</p> <ul style="list-style-type: none"> The data covered the whole reporting period therefore there was no need for extrapolations Calculated the emissions using the mileage by fuel type or vehicle size. <p>Assumptions—LPG up to 1400cc—used average car size as notes suggest there are no small LPG cars with engine sizes up to 1.4 litre engines.</p> <p>Well to tank emissions included in line with best practice.</p>

GRI 302-1, GRI 305-2

Emission data by activity	Activity	Methodology
Indirect (Scope 2)	Electricity	<p>Data received: Annual consumption values of electricity per site.</p> <p>Approach: Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis. Where primary data was not provided, extrapolations have been conducted in line with the following:</p> <ul style="list-style-type: none"> Where no data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. For sites in regions with no regional intensity due to no actual data, a global intensity has been applied. For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.

GRI 305-3

Emission data by activity	Activity	Methodology
Scope 3	Cat.1—Purchased Goods and Services	<p>Category 1 used a combination of supplier-specific data from the CDP supply chain and spend data where CDP data was not available or verified.</p> <p>The methodology for the CDP supply chain data is as follows:</p> <p>Data received: CDP supplier download provided by Sage—this includes the top 80 suppliers by spend.</p> <p>Approach: Emissions from suppliers are included if the following statements are true: Scope 1 figures are provided and verified—where Scope 1 figures are not provided, if there is a justification of ‘relevance’ ONLY such as no Scope 1 emissions exist, companies have been included. Scope 2—market-based figures are provided and verified—where Scope 2 market-based figures are not provided, if there is a justification of ‘relevance’ ONLY such as no Scope 2 emissions exist, companies have been included. Scope 2 market-based accounting figures are used over Location-based figures as Sage reports market-based figures and is using a market-based approach to track against their science-based target (SBT). Where Scope 2 market-based figures are not provided or not verified, Scope 2 location-based figures are used (if verified)</p>
	Cat. 2—Capital Goods	<p>Scope 3 figures are included for categories 1–8 (upstream only). As verification is less established for Scope 3 emissions, all Scope 3 categories are included where figures are provided if verified or not. Therefore, excluded suppliers are suppliers without verified Scope 1 and 2 emissions.</p>

Emission data by activity	Activity	Methodology	Emission data by activity	Activity	Methodology
	Scope 3 continued	<p>Cat.1— Purchased Goods and Services continued</p> <p>Apportionment methodology using revenue Revenue for the reporting period relating to the emissions data (listed in CDP) is used. The revenue used is in line with the following: The CDP revenue is looked up from the database—this is included in the intensity question and therefore relates to the correct reporting period. Where CDP intensities are not using revenue (e.g. FTE), EcoAct have used desk-based research to look up the revenue based on the reporting period listed in CDP in order to match the emissions.</p> <p>Emissions are allocated to Sage by using the spend by supplier Where revenue appears inaccurate the desk-based research into revenue is used. The excluded suppliers were included within the spend calculation using the purchase ledger level 3 and emissions factors are from CEDA v6.</p> <p>The methodology for the spend data is as follows: The methodology includes Category 1 (spend only), 2 and 4 Sage provided EcoAct with spend data for the reporting period Oct 2021 to Sept 2022. This was reviewed and the same assumptions applied as 2021. Spend is multiplied by emissions factors from CEDA v6. Spend categories are excluded where they are accounted for elsewhere in the footprint—this was based on the same assumptions as the 2021 footprint. E.g., waste expenses removed as accounted for in Category 5. Local data on postage was received for Johannesburg, Bangalore and the UK therefore this has been calculated separately for inclusion in Category 4. Water emissions were calculated using primary data on the consumption of water in each office (m^3). Where primary data was not available, EcoAct have undertaken extrapolations on a regional basis by floor area.</p>	Scope 3 continued	Cat. 4— Upstream Transport and Distribution	<p>Category 4 includes both spend data from Sage's purchase ledger and some primary data from offices including letters and parcels for Bangalore, Newcastle and Johannesburg. Category 1 includes the methodology for spend data. The methodology for the letters and parcels is below:</p> <p>Sage provided data on the number of letters and parcels that were delivered during 2022 on an office basis. For international parcels and letters, we have used the International Post Corporation's Sustainability Management Proficiency Report which gives an emissions factor per parcel and per letter. https://www.ipc.be/services/sustainability/smms/group-results For national parcels in the UK only—we have used the Royal Mail's intensity of carbon per parcel and per letter. https://www.royalmail.com/sustainability/environment/net-zero</p>
	Cat. 2— Capital Goods continued		Cat. 5—Waste		<p>Data received: Annual waste generated per site categorised by waste disposal method and waste type where known.</p> <p>Approach: Where primary data was not provided extrapolations have been conducted in line with the following: Where no primary data was available, extrapolations were made using regional intensities based on FTEs. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. Where regional intensities were not available due to lack of actual data the global average intensity has been applied. Desk based research into country specific waste recycling rates was undertaken using publicly available resources to categorise waste estimations into landfill and recycled waste based on national recycling rates For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open. For sites reporting landfill waste with no indication of waste type this has been assumed as the commercial/industrial emissions factor from the UK Government (BEIS 2022).</p>
	Cat. 3— Energy- Related Activities (T&D/WTT)	<p>Data received: Primary data from the Scope 1 and 2 footprint was used to calculate this emissions category. E.g. kWh of electricity, gas and consumption of fuel. The calculation includes the emissions from electricity and fuel and includes the emissions from upstream generation, well to tank, well to tank (T&D) and T&D losses. For 2022, BEIS have stopped publishing WTT factors for overseas electricity. The BEIS methodology previously relied on applying a ratio of direct/indirect (WTT) emissions for UK electricity and applying this to the rest of the world. In the absence of BEIS data, EcoAct have developed a methodology to calculate WTT emissions based on the specific fuel mix of each country's electricity generation. This relies on less assumptions than the BEIS methodology and is also more specific to the country and so may result in some changes compared to previous years. However, this will track more accurately to each country's grid decarbonisation over time, instead of relating to the UK only.</p>	Cat. 6— Business Travel		<p>Primary data was provided for air travel, hotel stays, taxis, train and grey fleet. This was a combination of mileage and spend data. Where mileage was provided, we have used BEIS 2022 factors. Where spend data was provided, we have used CEDA V6. Additional data on Dialaflight was provided in 2022. This was previously unavailable and has been provided as part of data improvements.</p>

Emission data by activity	Activity	Methodology	Emission data by activity	Activity	Methodology
Scope 3 continued	Cat. 6—Business Travel continued	<p>The calculations are based on the following assumptions:</p> <p>Flights: For UK flights, the “to/from UK” emission factors have been used For non-UK flights, the “international to/from non-UK” emission factor has been used Where no flight class information was provided, the “average passenger” emission factor has been used Where mileage was not provided by Sage, mileage was calculated using our partner consultancy’s Flight distance calculator delivery tool (a data base of flight distances between airports). Flight haul was determined following DEFRA’s logic: > Short haul (to/from UK): Up to 3700km > Long-haul (to/from UK): Over 3700 km</p> <p>Hotel stays: Number of nights was received by country and multiplied by BEIS 2022 emissions factors.</p> <p>Taxis: Spend data was received and multiplied by CEDA v6 emissions factors.</p> <p>Trains: If the train journey was UK based, use the “national rail” emission factor If the train journey was non-UK based, use the “international rail” emission factor Mileage data was multiplied by BEIS 2022 emissions factors.</p> <p>Grey fleet: Mileage by fuel type and car size was provided and multiplied by BEIS 2022 factors.</p> <p>Hire cars: Data received was expense data. Extrapolations for the final missing month of September were calculated based on the daily averages of hire car usage per region and scaled up for the remaining missing days in the year. <ul style="list-style-type: none"> Where local data (mileage data from specific country data systems) was provided, this was used. </p>	Scope 3 continued	Cat. 7—Employee Commuting and Homeworking continued	<p>Approach: Commuting methodology:</p> <ul style="list-style-type: none"> Data received includes the number of FTEs in each region and the number of working days (assumed 240 for a 5 day week). The tool includes average commute times by region from DALIA research into extensive transportation surveys worldwide covering 52 countries in 2017. Data for the average speed of modes of transport was taken from a published paper, which has taken data from the Mobility in Cities Database. Data was available from the European Commission on Transport statistics for the EU compared to several world countries. This data was used to calculate the comparative proportion of car, bus, rail, and tram/metro journeys taken. This was done by summing the car, bus, rail, and tram + metro categories to work out a percentage usage for each region. Annual distances by transport type are multiplied by BEIS factors. This additionally includes the Well to Tank emissions associated with each transport type in line with best practice. <p>Work From Home (WFH) Methodology:</p> <ul style="list-style-type: none"> Data from Sage includes the FTE per region and the % of employees WFH in each region. WFH data was provided where available—where this data was unavailable e.g. for the 2 remaining months of the year—this is extrapolated based on the previous 3 months of data. For certain sites with missing months in the same region, we have extrapolated the percentages based on countries in the same region or the same country. Where sites were closed—this assumes that 100% of employees are WFH. Emissions from home working include office equipment, lighting, heating energy (natural gas and electricity) and cooling energy (where air-conditioning in homes is appropriate based on desk-based research). The tool assumed 240 working days per year. This can be amended on a regional basis if working days differ by region. We have assumed a standard 5-day, 40hr week (8hr/day). Incremental energy should not be calculated for periods of annual leave, therefore the UK’s statutory 28-days (4- weeks) of annual leave entitlement is deducted from the base case calculation of working hours: 240 working days Office equipment—assumes that all employees use the same office equipment. The average “in use” power load per desk has been calculated in CIBSE Guide F (2012) as 140W- laptop, PC, monitor, phone and printer. Lighting is based on the assumption of 10 watts for lighting throughout the year. Wattage multiplied by the FTE by month. Location based grid factors from BEIS and the IEA.
	Cat. 7—Employee Commuting and Homeworking	<p>EcoAct have used the Homeworking and Commuting tool which we developed with industry partners. Emissions are calculated using the % of employees who worked from home in each month of the year provided by Sage. The following assumptions are based on best available information at the time of tool creation. Where possible, data should be validated using employee surveys or other client specific information available.</p> <p>Represents ‘average’ country conditions and does not take into account business type (e.g. service based corporate vs manufacturing) and the impact this may have on commuting. See whitepaper on homeworking for full methodology.</p>			

Emission data by activity	Activity	Methodology
Scope 3 continued	Cat. 7—Employee Commuting and Homeworking continued	<ul style="list-style-type: none"> Heating energy—natural gas, typical homes heating energy. Ofgem said in 2020 typical gas usage was 12,000kWh and that the heating is on 10 hours a day on average. Heating is restricted to the northern hemisphere from October to March. Cooling energy—air conditioning is included where regionally appropriate—based on desk based research of the regions with air conditioning within homes. Emissions factors are from the IEA (for non-UK) and BEIS (for the UK).
	Cat. 11—Use of Sold Products	<p>Data received: Data was modelled taking into account 3 variables:</p> <ol style="list-style-type: none"> Number of customer accounts by country and product type (Cloud Native, Desktop, and On-Premises). A standard energy consumption assumption was applied across each product type. Local emission factors were applied to the energy consumption to derive a carbon emission estimate. <p>We recognise that the modelling of product emissions is a complex undertaking and will continue to evolve our modelling approach during FY23 to provide more granular data and insight.</p>
	Cat. 15—Investments	<p>Data received: A minority investment percentage (%) and latest revenue were used, combined with relevant industry/country emission factors to determine an apportionment of carbon emissions.</p>

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