

Modern Slavery Statement FY23

Introduction

This Statement has been prepared for The Sage Group plc. (“Sage”), in accordance with section 54(1) of the Modern Slavery Act 2015 (“MSA”) in respect of financial year ending 30 September 2023 (“FY23”). It sets out the steps taken by Sage during FY23 to assess and mitigate the potential risk of modern slavery within our operations and supply chain. This Statement is made on behalf of all subsidiaries (including Sage (UK) Ltd and Sage Global Services Limited, incorporated in the UK) within the Sage group of companies (the “Sage Group”) and was approved by the Board on 20 November 2023.

This is Sage’s ninth MSA Statement, previous statements can be accessed from the [Sage Group website](#).

Like all businesses we run the risk of modern slavery within our direct operations and supply chain. As a software business, our sector generally carries a limited risk of modern slavery compared to other industries. However, we recognise our responsibility in managing our business and supply chains responsibly, to mitigate and where necessary remediate, the risks of modern slavery.

There were no concerns or instances relating to modern slavery raised to us through our due diligence processes during FY23.

Our business and supply chain

Sage was born in the North-East of England over 40 years ago and is now a leader in accounting, financial, HR and payroll technology for small and medium businesses (“SMBs”). Customers trust our finance, HR and payroll software to make work and money flow. By digitising business processes and relationships with customers, suppliers, colleagues and governments, our digital network connects SMBs, removing friction and delivering insights. Our ambition is to be the trusted network for SMBs – an integrated experience of digital and human connections.

Our years of experience mean that our colleagues and partners understand how to serve our customers and communities through the good, and more challenging times. Sage serves millions of customers around the world across North America, Northern Europe and other regions including France, Iberia, Central Europe, Africa and APAC. A list of all the countries in which we operate can be found in our [Annual Report](#).

In FY23, we spent approximately £548m with third parties. Of this figure, £405m was with third party suppliers, 74% of which was with suppliers based in the UK and the US. All our spend commitments are made using written contracts or purchase orders and we do not pay cash for services. Our strategic suppliers are large multinational companies who have their own ethical standards of behaviour in place.

Modern Slavery Statement FY23

Our Policies and Governance

Our Code of Conduct (the “Code”) and suite of other policies including the Supplier Code of Conduct (the “Supplier Code”), Procurement Policy, Whistleblowing Policy, Health and Safety Policy and Wellbeing Policy set out the context within which Sage can operate effectively to meet the expectations of internal and external stakeholders by defining how we go about our business and support our overall commitment to managing modern slavery risk.

Our policies are supported by processes and learning to ensure Sage remains a safe, compliant, and competitive workplace. This includes a fair and compliant hiring process, inclusivity policies and practices, competitive benefits and wellbeing offerings, enhancing what our colleagues are entitled to by law.

Our commitment to do the right thing by our customers, colleagues and communities comes first at Sage - and the Code is one way in which we put this value into practice. The Code applies to all Sage colleagues and is a mandatory training with re-certification every two years, which sets out clear expectations on how Sage:

- promotes ethical business practices and conducts business in accordance with applicable laws and regulations;
- behaves fairly towards colleagues, customers, partners and suppliers;
- contains dedicated sections on modern slavery, worker treatment and human rights; and
- provides a safe route for colleagues to raise concerns.

Colleagues are encouraged to speak up about any potential or suspected wrongdoing, either through internal reporting or via an independent and anonymous helpline which is available 24 hours a day, seven days a week. The helpline is accessible online via email as well as by telephone. Reports made to the helpline are monitored by our General Counsel & Company Secretary and investigated by our Risk or People teams. Reports on concerns raised through the helpline are made available to the Board on a regular basis. We also measure mandatory training compliance on key policies on a regular basis too and report on this as part of our wider risk-reporting processes to the Global Risk Committee and the Board.

Sage also operates a Policy Approval Committee (“PAC”) which includes Executive Leadership Team members and senior management. PAC oversees the policy governance framework which is in place to administer the review process and ensure effectiveness of policies and to ensure they reflect current legislation (where applicable), best practice and Sage operations. Our policies are accessible to colleagues via Sage’s intranet and all global policies are translated into French and German, as well as additional local languages where the need is identified. E-learning and awareness activities are

Modern Slavery Statement FY23

supported with the aim of embedding Sage’s policies across all parts of our business. In addition, colleagues in Sage’s Procurement function receive targeted awareness learning and development and have undertaken the CIPS Ethical Procurement and Supply e-Learning Course in FY23. We invest over 40,000 hours in core policy education every two years.

Our evolved Sustainability and Society management committee (the “Committee”) comprising ELT members and chaired by our Chief People Officer, Amanda Cusdin has also been set up to formally include discussions on issues or performance related to human rights and modern slavery.

Understanding Risk

Like many businesses with global supply chains, we consider the risk of modern slavery in our supply chain is low compared to other industries. However, we recognise our responsibility to respect human rights across our business and are committed to strengthening our due diligence processes.

In FY23, we implemented our Sustainable Supply Chain Strategy which supports Sage’s broader Sustainability and Society strategy. We partnered with EcoVadis and have asked our top suppliers by emissions to complete the EcoVadis sustainability assessment. This assessment covers ESG performance including environmental management, carbon emissions, human rights, labour rights and health and safety. In addition, the reporting suite allows our Procurement team to see a range of supplier performance KPIs covering a huge amount of key information, including for example, whether the vendor has a Modern Slavery Statement and/or an Anti-Bribery & Corruption Policy.

Due Diligence Processes

During FY23, we implemented Environmental, Social and Governance (“ESG”) screening of new suppliers into our supplier onboarding process and all new suppliers with anticipated spend exceeding £25,000 (or local currency equivalent) are screened with a specific focus on human rights abuses and labour relations. It should be noted that as the data in the tool is drawn from publicly available sources, scoring of these criteria is not available for suppliers in all geographies.

Alongside the introduction of EcoVadis, we have also enhanced our sustainability requirements at ‘Request for Proposal’ (“RFP”) stage. We ask specific questions around labour and human rights policies, monitoring and training and have embedded sustainability clauses in our standard procurement contracts for both new contracts and renewals. These are in addition to provisions requiring suppliers to comply with anti-slavery and human trafficking legislation (including the MSA where applicable) which have been included in our supplier contracts for a number of years.

Modern Slavery Statement FY23

We continue to roll these out more broadly across the business where existing contracts come up for renewal. Our procurement sign-off process includes a control to ensure that negotiated contracts include a requirement for suppliers and their sub-contractors to adhere to our Supplier Code and agree to our modern slavery clauses.

In 2023, we continued with our focus on targeted due diligence on territories based on the Global Slavery Index, which involved asking modern slavery questions of our suppliers based in Africa and India. This included a request for the suppliers to confirm that their workers are not required to hand over passports, ID cards or work permits as a condition of employment and they must be free to leave their employment on giving reasonable notice. The questionnaire also includes a request for confirmation for any malpractices that have been detected within their own supplier chain.

During FY23 we expanded this further to look at category spend and industry profiles detailed by the Gangmasters and Labour Abuse Authority as being of potentially higher risk to modern slavery. We conducted additional engagement sessions with vendors, including our facilities management providers. This engagement will continue into FY24 and has been a collaborative approach with suppliers, recognising the importance of implementing effective due diligence processes.

All new suppliers are required to sign up to our Supplier Code, giving us reassurance that they understand the importance we place on these issues right from the start of our relationship with them. Their agreement is confirmed through an automated process which operates across Sage, and if they do not confirm their agreement, they are unable to pass through to the final onboarding process. There are a small number of countries where this remains a manual process (on account of systems not being compatible with existing Sage technology), which are monitored by the Sage Procurement team.

Suppliers are encouraged to speak up about any suspected wrong-doing and the Supplier Code sets out clearly how suppliers can raise concerns. Suppliers are able to report concerns directly to Sage or through the whistleblowing hotline. Concerns are reviewed by the General Counsel & Company Secretary, investigated by the Risk team and reported to the Board.

Modern Slavery Statement FY23

FY23 Progress and effectiveness

We continue to review policies and practices to ensure our response to modern slavery remains effective, recognising this is a process of continuous improvement.

Objective	Performance	Status
Strengthen supply chain due diligence process	Additional checks with suppliers at potential higher risk of modern slavery based on industry category. Please refer to pages 3-4 for information on our Due Diligence Processes	✓
Introduce systems to support with Sustainable supply chain strategy implementation	Onboarded EcoVadis as a core platform to assess supplier ESG performance, including carbon emissions and human rights. Please refer to pages 3-4 for information on our Due Diligence Processes	✓
Continue to upskill colleagues on modern slavery	In addition to the mandatory e-learning we launched specific training for the Procurement team. Please refer to page 3 for information on our Policies and Governance	✓

During FY24 we are committed to:

- Review modern slavery and broader human rights impacts across Sage's value chain;
- Assess Sage's human rights commitment to ensure policies and procedures remain effective; and
- Continue to strengthen due diligence processes in relation to our vendor relationships, focusing on those suppliers at potentially higher risk of modern slavery.

Our Modern Slavery Statement 2023 is available on our website on Sage.com/investors and on the Modern Slavery Act Statement registry at www.gov.uk.



Steve Hare

CEO 20 November 2023