

## 1. Introduction

This Modern Slavery Act Statement (the “**Statement**”), relating to the year ending 30 September 2022 for The Sage Group plc. (“**Sage**”) (the “**Company**”), is made pursuant to section 54(1) of the Modern Slavery Act 2015 (“**MSA**”) and outlines the steps we have taken to assess our operations and supply chain and mitigate the risks of slavery and human trafficking. It is also made on behalf of all subsidiaries (including Sage (UK) Ltd, incorporated in the UK) within the Sage group of companies (the “**Sage Group**”) who may be required to make a statement pursuant to the MSA. This Statement was approved by the Board on 14 November 2022.

Sage is committed to doing business the right way and live by our core Company value – We Do the Right Thing - in pursuit of our purpose to knock down barriers so everyone can thrive. A zero-tolerance approach to slavery and human trafficking is in place by ensuring that all Sage colleagues, as well as the people who work on our behalf, are protected. For us, this is the right way to do business.

As a software company, our sector carries a limited risk of slavery compared to other industries. That said, we take this risk very seriously and pay particular attention to our business supply chain which is where we have identified a potential slavery risk. This statement speaks to our continuous focus on these areas to ensure we mitigate any associated risks to a reasonable level. We describe the work we have undertaken to mitigate our potential supply chain risks in section 4 and 5.

There were no instances of slavery or human trafficking concerns raised to us during the financial year ending 30 September 2022.

## 2. Organisational Structure and Background

Sage was born in the North East 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, employees, banks 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 [here](#).

As a FTSE 100 business, we are active in supporting our local communities and invest in making a real difference. Building on our work through the Sage Foundation, we are committed to dedicating our technology, time and experience to knocking down the barriers to make the future fairer for everyone.

### **3. Our colleagues, process and governance**

Sage has processes in place to ensure it is a safe, compliant, and competitive workplace. This includes a fair and compliant hiring process, inclusive policies and practices, competitive benefits and wellbeing offerings, enhancing what our colleagues are entitled to by law. We also make substantial investment in learning and development to provide our colleagues with the tools and knowledge required to excel. We ensure that we are inclusive and treat everyone fairly and with empathy throughout their time at Sage. Our Diversity, Equity and Inclusion Policy ensures that we foster an engaged, equitable and inclusive culture where differences are respected, and discrimination is eliminated.

We have an unwavering commitment to ethical behaviour, fully supported by our Code of Conduct (the “**Code**”) that provides unambiguous guidance for all colleagues on how we do the right thing and sets clear expectations across Sage for compliance with ethical standards, including in relation to modern slavery concerns. The Code is overseen by the General Counsel & Company Secretary and we take compliance with our Code extremely seriously. Our Code sets out how Sage: (i) promotes ethical business practices and conducts business in accordance with applicable laws and regulations; (ii) behaves fairly towards colleagues, customers, partners and suppliers; and (iii) provides a safe route for colleagues to raise concerns, either through internal reporting or via an independent and anonymous helpline which is available 24 hours a day, 7 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 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 has a suite of global policies which are accessible to colleagues 24/7 via Sage’s intranet. All global policies are translated into French and German, as well as additional local languages where the need is identified. Policies are reviewed and updated to ensure they reflect current legislation (where applicable), best practice and Sage operations. Sage’s Policy Approval Committee (which consists of our General Counsel & Company Secretary, Chief Financial Officer, Chief People Officer, Chief of Staff CEO, and EVP Chief Risk Officer) oversee the policy governance framework which is in place to administer the review process and ensure effectiveness of the policies through the operationalisation of the policy principles. E-learning and awareness activities are supported with the aim of embedding Sage’s policies across all parts of our business. We invest over 40,000 hours in core policy education every two years. 91% of colleagues have completed our recent Code of Conduct training in FY22.

### **4. Our Supply Chain & Risks**

In FY22, we spent approximately £592m with third parties. Of this figure, £462m was with third party suppliers, 64% of which was with suppliers based in the UK and the US. All our spend commitments are made using written contracts 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.

We believe the risk of modern slavery in our supply chain is low compared to other business sectors and we have not identified any instances of modern slavery occurring in our supply chain.

However, we recognise that there is no room for complacency, and we continue to work to enhance our policies and procedures and measure awareness within our business. In FY22, we developed our Sustainable Supply Chain Strategy to support Sage's wider ESG strategy, and this will be launched during H1 of FY23. Whilst this has a strong focus on carbon reduction to support Sage's ambition to achieve Net Zero by 2040, the strategy covers the full spectrum of ESG including modern slavery and includes several enhancements to our procurement processes in this regard.

Firstly, we have created a specific ESG supplier questionnaire, which will be issued to suppliers both as part of our RFP process and also prior to committing to any renewal. This questionnaire asks specific questions around supplier labour and human rights policies, monitoring and training.

Secondly, in FY22 we started a new process of issuing a modern slavery questionnaire to key suppliers in Africa and India, being higher risk territories we operate in as identified on the Global Slavery Index. 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. Responses are being reviewed and we are considering possible next phases of this exercise for FY23.

Thirdly, we have started partnering with a global sustainability rating provider and will be asking our strategic suppliers to complete an ESG assessment on this provider's platform for the results to be shared with Sage. The scope of this assessment includes labour, human rights and modern slavery, and will provide Sage with insights into suppliers' performance on modern slavery. Should concerns be raised, we will request improvements where any need is indicated or seek to move away from the relationship if we deem appropriate.

Finally, we recognise the importance of screening as much of our supply chain as possible and are therefore implementing ESG screening as part of our new supplier onboarding process. All suppliers with anticipated spend of >£25,000 are now screened via this tool which includes scores for human rights abuses and labour relations. It should be noted that as the data is drawn from publicly available sources, scoring for these criteria is not available for all suppliers in all geographies.

The Supplier Code of Conduct (the "**Supplier Code**") sets out clearly the standards of behaviour we expect from all our suppliers across a range of issues and specifically addresses fair treatment of their employees and slavery and human trafficking in their own supply chains. This was updated in FY22 to reaffirm our zero-tolerance messaging to suppliers around human trafficking and modern slavery risk, reminding suppliers of their responsibilities to monitor, detect and act on any suspicions of links to such practices including notifying Sage immediately in the event of such a suspicion arising. The Supplier

Code complements our Supplier Order Terms and Conditions (both of which can be found [here](#)) and both documents have been translated into six languages. The Supplier Code sets out clearly how suppliers can raise concerns to us, with escalation up to the General Counsel & Company Secretary. Suppliers can also report concerns using our whistleblowing hotline, with any incoming reports reviewed by the General Counsel & Company Secretary, investigated by the Risk team and reported to the Board.

All new suppliers must agree to sign up to our Supplier Code, giving us comfort 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 state of the onboarding process. The only country where this remains a manual process is Poland, where supplier onboarding is managed by an outsourced partner and monitored by the Sage Procurement team.

Our standard form procurement contracts include language requiring suppliers to comply with our Supplier Code, anti-slavery and human trafficking legislation (including the MSA where applicable) and 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.

## **5. Actions taken during FY22**

We have taken the following steps to improve awareness of issues around slavery and human trafficking this year and to measure the effectiveness of our policies and procedures.

- We updated the Supplier Code which reaffirms Sage's zero-tolerance approach to human trafficking and modern slavery risk;
- We issued a modern slavery questionnaire to key suppliers in higher risk territories;
- We developed our Sustainable Supply Chain Strategy and have partnered with third parties to enable us to gain more information on our suppliers' approach to labour and human rights and modern slavery;
- We operated enhanced supplier due diligence processes (including adverse media), expanding this to cover more high risk and high value suppliers. We performed adverse media searches on both the legal corporate entities we contract with and also their beneficial owners of significant shareholdings;
- We have further expanded the questions contained in our sourcing templates to request more detailed information on potential suppliers' policies regarding modern slavery so we can more easily and effectively identify potential risk of modern slavery..

## **6. Effectiveness**

### **Plans for the next financial year**

We shall continue to focus on activities which build upon our current policies, processes and procedures and shall continue monitoring our supply chain in the countries in which we operate. We shall also seek to meet our reporting obligations globally in a simple, consistent

and transparent manner.

Our Modern Slavery Act Statement 2022 is available on our website on [Sage.com/investors](https://www.sage.com/investors) and on the Modern Slavery Act Statement registry at [www.gov.uk](http://www.gov.uk).

A handwritten signature in black ink, appearing to be 'SH', written over a thin horizontal line.

**Steve Hare**

CEO

The Sage Group plc.

Date: 14 November 2022