

Report

UK Ethnicity Pay Gap Report 2023

Sage



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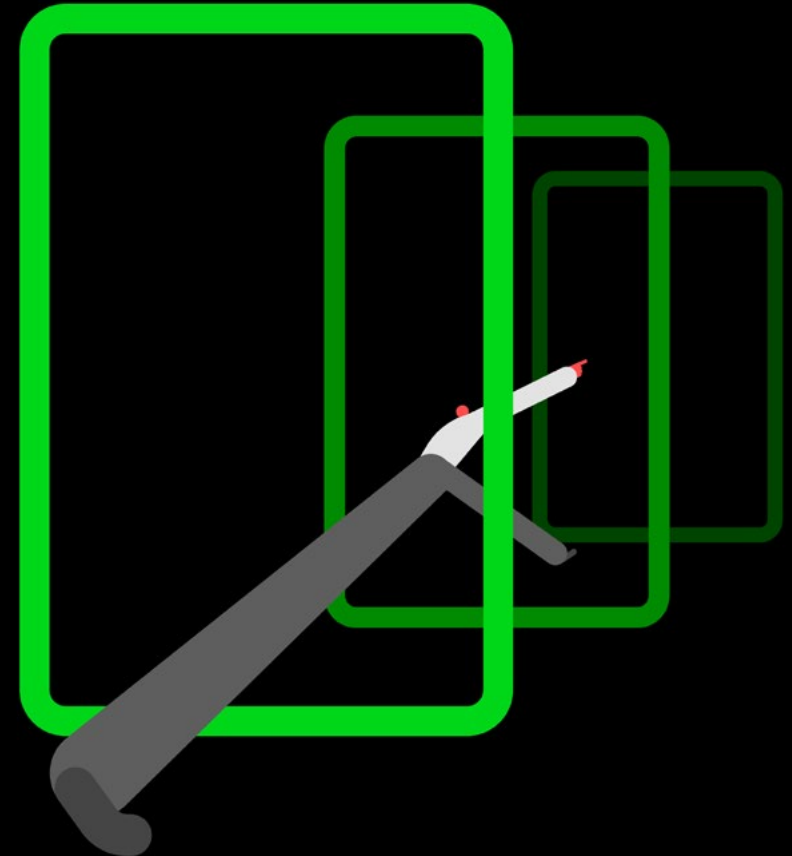
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[UK Gender Pay Gap Report](#)

Introduction



GRI 2-12, 2-13

As a leader in a tech company, I spend a lot of time thinking about data—where it lives; what it tells us; and how we use it to make Sage better. What you may not know is that in addition to being EMEA President at Sage, I am also the Executive Leadership Team (ELT) Ambassador for Race and Ethnicity—which means my focus on data also extends to metrics like the ethnicity pay gap.

As part of my ELT Ambassador role and as a member of both the Diversity, Equity, and Inclusion (DEI) Accountability and Advisory Boards (see [SSR page 30](#)), I ensure that we monitor progress as part of quarterly Advisory Board and Accountability Board sessions. We also provide a quarterly update within the ESG steering meeting and an annual update to the Board. I firmly believe that a diverse, inclusive, and equitable business is a better business in every way, so bridging this gap is personally important to me.

This year, our UK gap increased to 2.1%, a 1.5% increase from 2022. While there is work to be done on closing the gap, I want to acknowledge two things:

- Measuring the ethnicity pay gap starts with collecting demographic data from our colleagues. Sage has always recognised that this is an exercise in trust, and I'm very happy to see that data disclosure rates in the UK have steadily increased over the past year—currently standing at 78% of the total UK population*.
- This is Sage's third year voluntarily reporting on this metric—this is important given that earlier this year the UK government ruled that this type of reporting was not mandatory for businesses. Additionally, there are fewer than 20 FTSE 100 companies that measure and disclose their ethnicity pay gap within their organisations. But for Sage, this transparency is an important part of our values and culture, and it helps keep us accountable.

Of course, reporting is just the first step on our journey to racial equity. While we've made important strides there, the eventual aim is to become an organisation where people of all races and ethnicities are able to thrive and do their best work. To achieve this, we'll be putting our pay gap data to work in a global action plan.

Derk Bleeker

EMEA President and ELT Ambassador for Race and Ethnicity

* Our All About Us declaration rate is 78% of our total UK population, as of the date of publication. Our ethnicity pay gap calculation in this report is based on a subset of that population in accordance with calculation guidelines.

What is the ethnicity pay gap?



The ethnicity pay gap is the difference between the average hourly earnings for colleagues in the broad categories of white and Black, Asian, Mixed Race, and other ethnically diverse colleagues¹ in an organisation, regardless of their roles.

Is ethnicity pay gap the same thing as equal pay?

The ethnicity pay gap is not the same as equal pay. Equal pay is the right for colleagues of all ethnicities to be paid the same for like work or work of equal value. Even when pay is equal, there may still be an ethnicity pay gap.

How is the ethnicity pay gap calculated?

As ethnicity pay gap reporting is not mandatory, we chose to adopt the same methodology used for calculating the gender pay gap. We have reported across all our employing entities in the UK.

How is the ethnicity pay gap reported?

We report the pay gap using two different methods of calculation:

The mean

The mean ethnicity pay gap is an average. It is calculated by adding up the relevant payments to all white colleagues and dividing it by the total number of colleagues, and doing the same for Black, Asian, Mixed Race, and other ethnically diverse colleagues. The mean ethnicity pay gap is the difference between the mean figures for white and Black, Asian, Mixed Race, and other ethnically diverse colleagues.

The median

The median ethnicity pay gap is calculated by listing all white and Black, Asian, Mixed Race, and other ethnically diverse colleagues' wages from highest to lowest and comparing the number that sits in the middle for each. The difference in pay between those two individuals is the median pay gap figure.

1. We prefer to recognise ethnicities separately in our category description as we collect ethnicity data using the Office of National Statistics categories from the UK Census. We have not disaggregated the data into separate pay gap calculations for this report due to the small numbers in some categories and doing so at this stage of our journey could risk compromising colleague anonymity.

An overview of our ethnicity pay gap data



GRI 405-2

At the time of reporting, Sage had a total of 3,235 colleagues across several entities in the UK. The data in this report is based on 87% of our UK-based colleagues who met the calculation criteria and who have shared their ethnicity with us.

The following table shows our combined ethnicity pay and bonus gap data for all our UK-based colleagues on the snapshot date of 5 April 2023.

Our Pay Gap		Our Bonus Gap	
Mean Ethnicity Pay Gap		Mean Ethnicity Bonus Gap	
2023	2.1%	2023	29.8%
2022	0.6%	2022	18.8%
2021	7.8%	2021	19.8%
Median Ethnicity Pay Gap		Median Ethnicity Bonus Gap	
2023	-5.1%	2023	6.2%
2022	-3.7%	2022	7.6%
2021	2.4%	2021	2.2%

Note: Data in 2021 was based on a sample size of 35% that was not statistically significant, so year-on-year comparisons must be treated with caution. Since then, we have collected more statistically meaningful data each year, which will have an impact on any trend data until we have consistent levels of data disclosure.

GRI 405-2

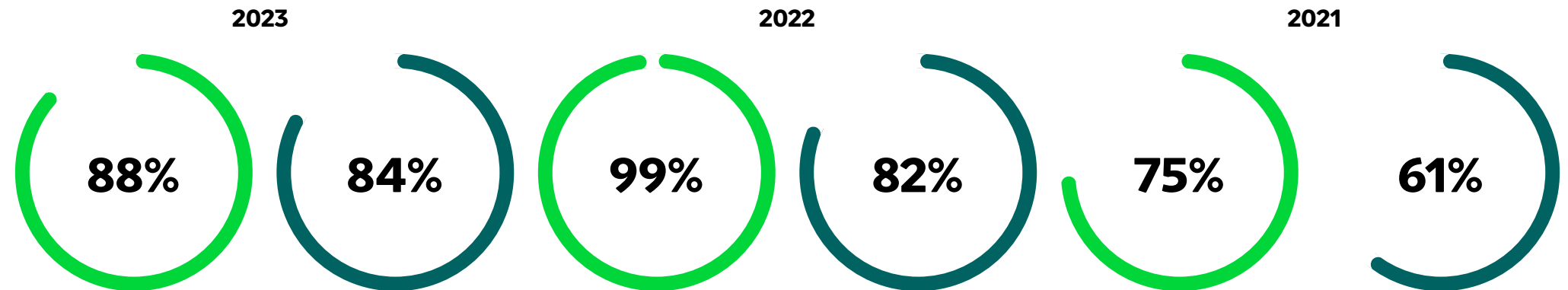
Proportion of white colleagues and Black, Asian, Mixed Race, and other ethnically diverse colleagues in each pay quartile

	2023	2023	2022	2022
Quartiles	White colleagues	Black, Asian, Mixed Race, and other ethnically diverse colleagues	White colleagues	Black, Asian, Mixed Race, and other ethnically diverse colleagues
Pay Quartile 4 (Top)	84.3%	15.7%	85.4%	14.6%
Pay Quartile 3	82.3%	17.7%	83.3%	16.7%
Pay Quartile 2	83.7%	16.3%	83.5%	16.5%
Pay Quartile 1 (Bottom)	87.1%	12.9%	89.3%	10.7%

Quartiles are calculated by ranking pay for all colleagues from lowest to highest and then splitting into four equally sized groups, showing the percentage of white and Black, Asian, Mixed Race, and other ethnically diverse colleagues in each group.

Colleagues receiving a bonus

● White colleagues ● Black, Asian, Mixed Race, and other ethnically diverse colleagues

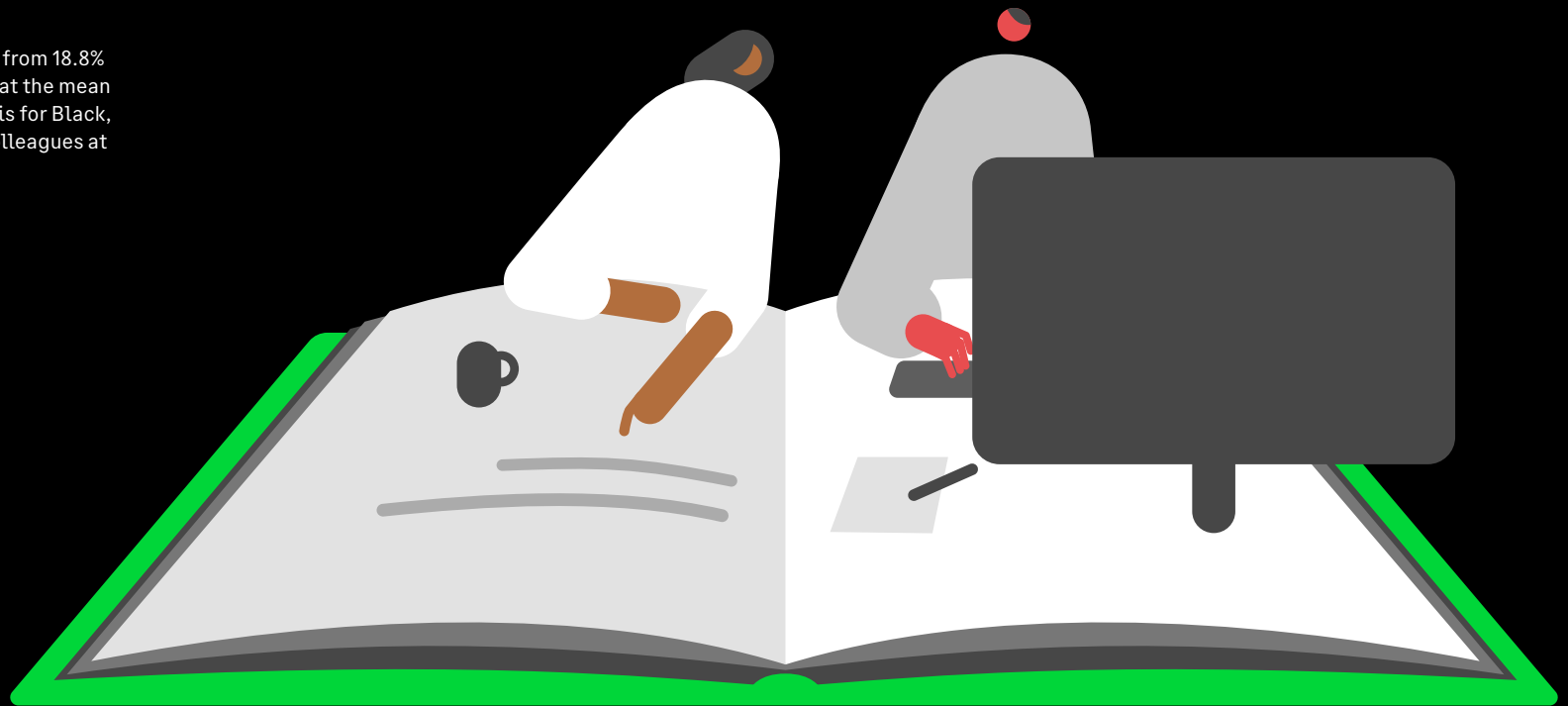


Understanding our ethnicity pay gap data

GRI 405-2

Our mean ethnicity pay gap is 2.1% in 2023, up from 0.6% in 2022, which is an increase of 1.5%. This means that the mean pay for white colleagues is 2.1% higher than it is for Black, Asian, Mixed Race, and other ethnically diverse colleagues at the snapshot date of 5 April 2023.

Our mean ethnicity bonus gap is 29.8% in 2023, up from 18.8% in 2022, which is an increase of 11%. This means that the mean bonus for white colleagues is 29.8% higher than it is for Black, Asian, Mixed Race, and other ethnically diverse colleagues at the snapshot date of 5 April 2023.



Our progress

GRI 3-3-d

Throughout FY23, our key areas of focus were:

Self-declaration campaign

GRI 3-3-e, f

Our “All About Us” self-declaration data campaign—where we invite colleagues to share their demographic information with us—recently concluded. We saw an uplift in participation from 69% to 78%, which increases our analysis accuracy.

The insights will be integrated into the following People processes: all stages of recruitment and selection, career progression, engagement through integration with the colleague engagement survey platform, and throughout the succession planning process, to help us better identify patterns and trends that could be indicative of inequities and cause an increase in our ethnicity pay gap.

Education

GRI 3-3-e

Education has been a focus for us in FY23. We launched Allyship Training for our most senior leaders and throughout the year our top 75 executives completed this training. Our VP of DEI and Wellbeing delivered quarterly allyship workshops to frame the business case, spotlight our goals, and clarify accountability. Creating a foundation of understanding about the barriers that our Black, Asian, Mixed Race, and other ethnically diverse colleagues face in relation to career progression is essential. This training has provided leaders with the knowledge to understand and act to address factors, such as recognising bias in behaviours and processes, that influence the ethnicity pay gap.

In addition, our partner, **Business In The Community**, ran two Race Educational series for our People teams, Colleague Success Networks (our Employee Resource Groups) Leads and Healthy Mind Coaches (Mental Health First Aiders). This has been part of our work to simplify discrimination raising and reporting, and has enabled our People Business Partners to respond to colleague questions and issues, and to signpost to our internal suite of resources for resolution or action. It is important that we continually strive to meet our DEI commitment of a zero-tolerance approach to discrimination. This creates a culture in which colleagues feel a sense of belonging and wish to progress their careers at Sage, thereby supporting a reduction in our ethnicity pay gap. During FY24, the self-declaration data we now have will enable us to monitor the continuing impacts of these actions.

Decision to publish our data

Ethnicity pay gap reporting is not currently a legal requirement in the UK. At Sage, one of our global DEI Commitments is about transparency and sharing where we are on the journey, so sharing our ethnicity pay gap is important to us, recognising that we have work to do on minimising it.



Looking ahead

Race action plan

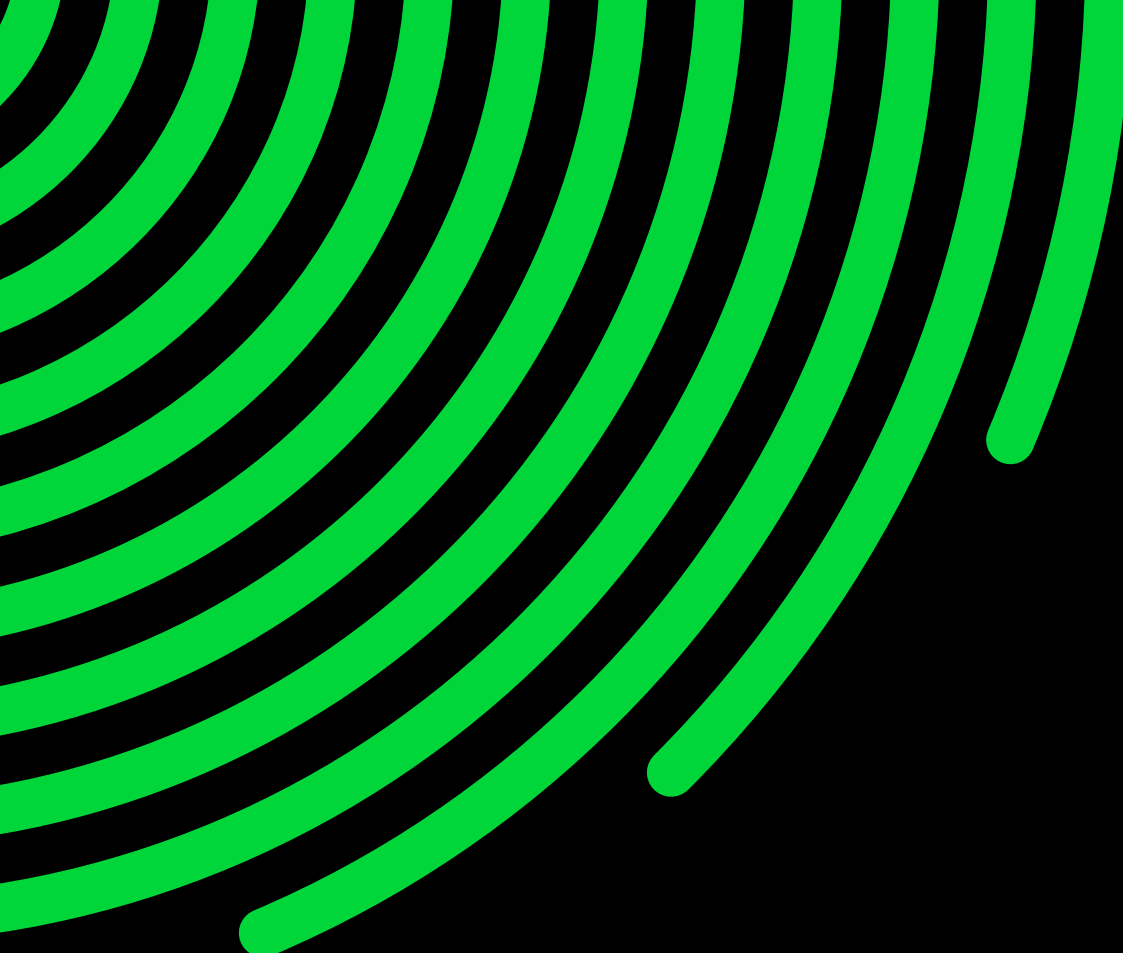
For FY24, we are developing a global race action plan. This contains a race and ethnicity representation goal that is consistent with our strategy’s commitment and the requirements for FTSE organisations as described in the [Parker Review Report 2023](#). As of September 2023, we are a member of the steering committee for [Change the Race Ratio](#) and continue to be a signatory of BITC’s [Race at Work Charter](#).

Education

GRI 3-3-e

We will be running a pilot taking three places at the Cross-Company Mid-Career Talent Accelerator programme being hosted by The Network of Networks. This is a three-month virtual programme aimed at advancing high-potential professionals from historically under-represented racial and ethnic groups to senior positions, with the active involvement of key supporters such as Executive Sponsors, Line Managers, Colleague Success Network Leaders and People.

White colleagues	Black, Asian, Mixed Race, and other ethnically diverse colleagues		
White	Any Other Ethnic Group	Asian: Other Background	Black: Caribbean
White: British	Asian: Bangladeshi	Asian: Pakistani	Black: Other Background
White: British/Welsh/Scottish/Northern Irish	Asian: British	Black: African	Mixed: Other Background
White: Irish	Asian: Chinese	Black: Black British	Mixed: White and Black African
White: Other background	Asian: Indian	Black: Black British/Welsh/Irish	Mixed: White and Black Caribbean
			Other: Arab



Get in touch

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Sage

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