

Disclosure Committee

Terms of Reference (ToR)

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Owner: General Counsel & Company Secretary
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Disclosure Committee – Terms of Reference

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Disclosure Committee – Terms of Reference

1.0 Administration

A Committee of the Board of Directors with delegated authority to ensure that Sage makes accurate and timely disclosure of price sensitive information that is required to be disclosed to meet the legal and regulatory obligations and requirements as a company admitted to the premium listing segment of the Official List maintained by the UK Listing Authority with its shares admitted to trading on the Main Market of the London Stock Exchange.

1.1 Change Control:

Version	Author of Change	Date	Details of Change
1.0	Sarah Thomas	February 2018	Creation of new ToR
2.0	Sarah Thomas	February 2019	Minor amendments to align with Disclosure Policies and Procedures Manual

Disclosure Committee – Terms of Reference

2.0 Purpose and Objective

The role of Sage's disclosure committee (the **Disclosure Committee**) is to advise the board of Sage (the **Board**) regarding, and to ensure that Sage makes accurate and timely disclosure of, price sensitive information that is required to be disclosed to meet the legal and regulatory obligations and requirements as a company admitted to the premium listing segment of the Official List maintained by the UK Listing Authority with its shares admitted to trading on the Main Market of the London Stock Exchange.

These terms of reference shall be read together with Sage's disclosure policy in Part A of Sage's MAR Procedures Manual (the **Disclosure Policy**). The Disclosure Committee has been established by the Board at the Board meeting held at North Park, Newcastle-upon-Tyne on 28 February 2018 and is a properly constituted committee of the Board.

3.0 Membership

The members of the Disclosure Committee shall include the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chairman of the Audit & Risk Committee and the General Counsel & Company Secretary of Sage from time to time. Only members of the Disclosure Committee shall have the right to attend meetings of the Disclosure Committee. However, the Disclosure Committee may invite any director, executive, member of management or employee of Sage or any of its subsidiary undertakings (together, the **Group**), or any external professional advisers to attend all or part of any meeting of the Disclosure Committee, as and when it considers that it is appropriate.

The General Counsel & Company Secretary or his or her nominee shall act as the secretary of the Disclosure Committee (the **Secretary**) and shall ensure that where members have concerns on any matters raised or any proposed action, those concerns are recorded in the minutes of the relevant meeting.

4.0 Quorum

- 4.1 The quorum for a meeting of the Disclosure Committee is three members, at least one of whom must be an executive director of Sage and one of whom must be either the General Counsel & Company Secretary or a non-executive director of Sage.
- 4.2 A duly convened meeting of the Disclosure Committee at which a quorum is present shall be competent to exercise all of the authorities, powers and/or discretions vested in or exercisable by the Disclosure Committee.

5.0 Frequency of Meetings

- 5.1 Meetings shall be held at such times as any member of the Disclosure Committee deems appropriate to enable the Disclosure Committee to identify the existence of inside information and, in particular, to assist Sage, its persons discharging managerial responsibilities (**PDMRs**) and their persons closely associated (**PCAs**) in ensuring compliance with the EU Market Abuse Regulation (EU 596/2014) (**MAR**) and related rules, including when (without limitation):
 - 5.1.1 applying and managing Sage's disclosure procedures as set out in the Disclosure Policy with respect to inside information and non-inside information, including reporting to the Financial Conduct Authority (the **FCA**) about any exercise of the right to delay disclosure of inside information, if required;
 - 5.1.2 applying and complying with Sage's obligations with respect to periodic financial reporting, under Chapter 4 of the FCA's Disclosure Guidance and Transparency Rules and the FCA's Listing Rules;
 - 5.1.3 applying Sage's dealing restrictions and clearance process as set out in Sage's dealing code

(the **Dealing Code**) from time to time for transactions by PDMRs and PCAs; and

- 5.1.4 determining who should be named on Sage's insider list(s) and how to manage the keeping of insider lists and related reporting to the FCA, if required.

6.0 Proceedings

- 6.1 There shall be no notice requirement for the convening of meetings of the Disclosure Committee and the members of the Disclosure Committee shall regulate their proceedings as they see fit.
- 6.2 When potential inside information has been notified to any Disclosure Committee member or any Disclosure Committee member considers that information in his/her possession may potentially constitute inside information, he/she will call a meeting of the Disclosure Committee (which may be held by telephone) to discuss and form a view on whether the information may potentially constitute inside information.
- 6.3 The Secretary shall attempt to circulate an agenda prior to each meeting, subject to time allowing this. The Secretary shall minute the proceedings and decisions of all meetings of the Disclosure Committee, including recording the names of those present and in attendance, using the pro forma minutes maintained by the General Counsel & Company Secretary and set out in the Disclosure Policy. The Secretary shall promptly circulate the minutes of each meeting to all members of the Disclosure Committee. The Secretary shall provide a regular update to the Board, setting out the decisions made by the Disclosure Committee.
- 6.4 Members of the Disclosure Committee may participate in, and be included in the quorum in respect of, any meeting of the Disclosure Committee by means of telephone conference or similar communications equipment whereby all persons participating in the meeting can hear each other for so long as the meeting is quorate. Such meetings shall be deemed to take place where the largest group of those participating is physically assembled, or if there is no such group, the location of the Chairman.

7.0 Authority

- 7.1 The Disclosure Committee is authorised, at the expense of Sage, to carry out any steps within its remit. It is authorised to seek any information it requires from any officer or employee of the Group in order to perform its duties, and all officers and employees are directed to cooperate with any requests made by the Disclosure Committee. It is also authorised to delegate the implementation of its decisions to any relevant officers or employees of Sage or its advisers as it considers necessary or appropriate.
- 7.2 The Disclosure Committee is authorised to obtain external professional advice at the expense of Sage and to secure the attendance of third parties with relevant experience and expertise at meetings of the Disclosure Committee if it considers this necessary or appropriate.
- 7.3 The Disclosure Committee shall be given full access to Sage's books, records and personnel (and the books, records and personnel of each member of the Group) for the purposes of discharging its responsibilities.
- 7.4 The authority of the Disclosure Committee may be amended from time to time by the Board.
- 7.5 The Disclosure Committee shall not be responsible for:
- 7.5.1 approval of Major Announcements, which shall be approved by the Board (although it may well be the case that circumstances leading to a Major Announcement will first be considered by the Disclosure Committee who will then escalate the issue to the Board); and
- 7.5.2 approval of Routine Announcements, or the release of non-price sensitive information.
- 7.6 Whether an announcement is a Major Announcement, or a Routine Announcement shall be determined by reference to Appendix 2, which contains a non-exhaustive list of examples of Major Announcements and Routine Announcements.

8.0 Duties

- 8.1 The Disclosure Committee's primary duty shall be to procure the disclosure of inside information which directly concerns Sage to a Regulatory Information Service (RIS) as soon as possible so as to comply with Sage's regulatory disclosure obligations (including pursuant to MAR). The Disclosure Committee must assess any information disclosed to it and decide whether such information constitutes inside information or whether such information has become inside information. The Disclosure Committee must also assess the need for Sage to create new insider lists or amend its existing insider lists.
- 8.2 In its fulfilment of this role, it shall have the following non-exhaustive duties:
- 8.2.1 assess whether information is "inside information" as defined in MAR Article 7;
 - 8.2.2 determine whether Sage is entitled to delay announcement of inside information;
 - 8.2.3 generally, review and advise on the scope and content of any disclosure subject to the remit and responsibilities of the Board (where relevant) in relation to such matters;
 - 8.2.4 provide support in preparing new releases, communications with shareholders, stakeholders, investors, rating agencies, analysts and the media on communications concerning financial information, earnings guidance or any inside information matters;
 - 8.2.5 with assistance from the Investor Relations team, monitor market rumour and press speculation and consider whether an announcement via a RIS is required;
 - 8.2.6 monitor any changes in Sage's circumstances and assess whether they trigger an obligation to make an announcement via a RIS and, in particular, monitor any variance between Sage's performance and its own forecasts, as well as analysts' expectations as to Sage's performance, assess the materiality of any such variance and whether it constitutes inside information, and recommend any necessary action;
 - 8.2.7 immediately advise all directors not present at any meeting of the Disclosure Committee of any decision to make an announcement via a RIS;
 - 8.2.8 apply and manage Sage's disclosure procedures with respect to inside information and non-inside information, including reporting to the FCA about any exercise of the right to delay disclosure, if required;
 - 8.2.9 with the assistance of the Investor Relations team, prepare and verify announcements for notification of inside information to a RIS (with the exception of any Major Announcement);
 - 8.2.10 ensure that Sage's procedures and systems relating to inside information are adequate to enable effective dissemination of information to the Disclosure Committee from within the Group;
 - 8.2.11 with the assistance of management, assess which officers and employees should be listed on any insider list prepared and maintained by Sage;
 - 8.2.12 take any other action it sees fit to ensure that Sage complies with its regulatory obligations in relation to disclosure of inside information and insider lists;
 - 8.2.13 ensure that a record of all decisions of the Disclosure Committee and any procedures put in place to ensure the effective dissemination of information to it is kept; and
 - 8.2.14 review and, where necessary, propose the amendment of these terms of reference of the Disclosure Committee.

9.0 Record-keeping

- 9.1 The Secretary shall keep minutes of the proceedings and resolutions of all Committee meetings, including the names of those persons present and in attendance.
- 9.2 The Disclosure Committee shall ensure that a record of any matter considered for disclosure, but which is not disclosed is maintained, including a record of whether, in each case, such a matter is not disclosed because:
- 9.2.1 it is inside information but there are grounds for delaying its announcement;
 - 9.2.2 it is not yet inside information, but it has the potential to become inside information; or
 - 9.2.3 it is not thought to be inside information and is not thought to be capable of becoming inside information.
- 9.3 In addition, the Disclosure Committee shall be responsible for monitoring whether there are changes in circumstances that may require an announcement or a change in the designation of information from category 9.2.2 to category 9.2.1 above.

10.0 Reporting Requirements

The Disclosure Committee shall ensure that the Secretary minutes the proceedings and resolutions of all Disclosure Committee meetings, including recording the names of those present and in attendance. Draft minutes of any such meeting should be circulated promptly to all members of the Disclosure Committee. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Disclosure Committee, it would be inappropriate to do so.

11.0 Review

- 11.1 The Disclosure Committee shall conduct an annual review of its performance and ensure that it is provided with sufficient resources to undertake its duties and that sufficient training is provided to members on appointment and on an ongoing basis and recommend any changes that it considers necessary to the Board for approval.
- 11.2 The Disclosure Committee shall periodically (at least annually) review the Disclosure Policy and related procedures and recommend changes to the Board for approval.
- 11.3 The Disclosure Committee shall arrange an annual review of its terms of reference and its compliance with them and their effectiveness and shall recommend any changes to the Board for its approval.

Examples of Major Announcements and Routine Announcements

1. MAJOR ANNOUNCEMENTS

1.1 Major Announcements require Board approval. A Major Announcement is a material statement in relation to a matter of high significance to the Group.

As a guide, announcements in respect of the following matters are likely to be Major Announcements:

- (a) scheduled financial announcements (i.e. year-end results, half-yearly results, quarterly results, interim management statements) or any other financial announcements required by law or regulation to be approved by the Board;
- (b) a material change (whether positive or negative) to the performance of the Group against previous forecasts or estimates (meaning a change of more than 10%, or any matter which is likely to result in a material change);
- (c) an acquisition or divestment of any member(s) of the Group or which represents (or will likely represent) at least 10% of the Group's gross assets, gross liabilities, cash earnings or net profit, or any acquisition or disposal of a major business unit, or is otherwise required to be announced under the Listing Rules;
- (d) a major corporate restructuring of the Group;
- (e) a major regulatory action or investigation that has the potential to require the Group to pay a large monetary sum or have a major impact on the reputation of the Group or its ability to undertake its business;
- (f) a capital raising, or other funding initiative valued at over 10% of Sage's cash earnings or net profit (a **Major Capital Raising**); and
- (g) any other matter that, in the view of the Disclosure Committee, represents a highly significant development for the Group or has the potential to have a highly significant impact on the reputation of the Group.

2. ROUTINE ANNOUNCEMENTS

As a guide, announcements in respect of the following matters are generally regarded as routine announcements and will not require referral to the Disclosure Committee or the Board for approval:

- (a) any capital raising, or other funding initiative contemplated by the Group's annual funding plan (unless it constitutes a Major Capital Raising);
- (b) announcements relating to changes in the shareholdings of directors, PDMRs or PCAs;
- (c) announcements relating to a change (whether an increase or decrease) in a major shareholder's (who holds more than 3% of Sage's existing shares on issue) shareholding or voting rights by more than 1%;
- (d) monthly "total voting rights" announcements under the Rules setting out, among other things, the total number of Company shares in respect of each class of shares and total treasury shares held by Sage; and
- (e) any statutory or other mandatory announcements under any law or regulation (unless such an announcement would otherwise be a Major Announcement or a Non-Routine Announcement).

Appendix 1

3. NON-ROUTINE ANNOUNCEMENTS

A Non-Routine Announcement will be any announcement that would be classed as a routine announcement but for the inclusion of any information that may be considered as outside normal market practice (i.e. an announcement which is non-major and does not contain inside information but is not 100 per cent. “plain vanilla”). An example of such an announcement would be one that corrected any information contained within a previously published announcement.

Non-Routine Announcements do not require referral to the Disclosure Committee or the Board, but the procedures set out in this paragraph must be applied.

The General Counsel & Company Secretary will be responsible for determining, in consultation with the Chairman and the Company’s legal advisors, whether an announcement is a Non-Routine Announcement.

If an announcement is deemed to be a Non-Routine Announcement, the General Counsel & Company Secretary will ensure that the content of the announcement is reviewed and approved by the Company’s legal advisers. The General Counsel & Company may also consult on the content of the announcement with the Company’s brokers, the Head of Investor Relations and the EVP Communications, as appropriate. It is the responsibility of the General Counsel & Company Secretary to decide who it will be appropriate to consult with.

Where the content of a Non-Routine Announcement relates to a director, PDMR or their PCA, the relevant individual will be informed and the content of the announcement will be shared with them prior to its release to the extent reasonably practicable. The General Counsel & Company Secretary is responsible for ensuring, to the extent reasonably practicable, that the relevant individual receives the draft announcement 24 hours in advance of publication in order to allow sufficient time for the relevant individual to review the announcement.