

1. Introduction

This Modern Slavery Act Statement (the “**Statement**”), relating to the year ending 30 September 2020 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 as an organisation to assess our operations and supply chain and mitigate the risks of slavery and human trafficking. This Statement has been approved by the Board on 16 November 2020. 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.

At Sage we are passionate about doing business the right way, and always staying true to our overarching core company value – We Do the Right Thing. We take a zero-tolerance approach to slavery and human trafficking and are strongly committed to ensuring that all Sage colleagues, as well as the people who work on our behalf, are protected. We envision a world where all people and communities thrive because they are living with economic stability and social equality. For us, this is the right way to do business. In section two and three, below, we describe how we make a positive, tangible difference to the communities in which we operate.

As a software company, our business model does not carry with it a high level of slavery risk compared to businesses operating in other sectors such as manufacturing and retail. This statement covers those areas within our business supply chain which we have identified as presenting a potential slavery risk. We continue to focus on these areas to ensure we mitigate any associated risks to a reasonable level. In section 4, below, we describe the work we have undertaken so far to identify and act upon our supply chain risks.

There were no instances of slavery or human trafficking concerns raised to us during the financial year under review and no enhanced risk identified due to the Coronavirus pandemic.

2. Organisational Structure and Background

Sage began as a small business in the UK almost 40 years ago and is now a global market leader for technology that provides small and medium businesses with the visibility, flexibility and efficiency to manage finances, operations and people. With our partners, Sage is trusted by millions of customers worldwide to deliver the best cloud technology and support. 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. As a FTSE 100 business, we are active in supporting our local communities and invest in making a real difference through the philanthropy of the Sage Foundation https://www.sage.com/company/sage_foundation. We help tens of thousands of people in our local communities through more than 1,000 charities.

The largest part of Sage’s operations in terms of total organic revenue generation are currently concentrated in three main regions: the United States, Northern Europe and France. A list of all the countries in which we operate can be found in our annual report [here](#).

3. Our colleagues, process and governance

Sage operates a rigorous recruitment selection process for all hiring decisions. It includes obtaining documented proof of the individual's right to work in the country in which they will be employed, where this is permissible by local laws and recruitment policy. We always pay colleagues at least the minimum wage rate applicable in the geography in which they work. Sage has three strategic lenses – one of which is Colleague Success. Our people not only create and deliver our products, but they also act as ambassadors for Sage both at work and in their communities, amongst the businesses we serve. We therefore place great importance on investing in our colleagues' development, and this includes providing them with the knowledge and tools they need in order for them to do business the right way. Our relationship with our colleagues starts at the hiring stage. We aim to ensure that everyone is treated fairly and with empathy throughout their time at Sage, with all the rights and benefits that colleagues are entitled to by law enhanced by our competitive benefit and wellbeing offerings.

Our colleagues are guided by our values and behaviours which shape how we think, plan and make decisions to deliver operational excellence and best serve our customers. Our overarching value of 'We do the Right Thing' is our ultimate compass that guides us as we take Sage forward, and all our colleagues are required to demonstrate the highest ethics.

Our Code of Conduct (the "**Code**") 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. This year the Code has been revised to ensure it is also directly linked to our values and behaviours and our strategic lenses, so that colleagues would find it easier to relate to. The Code is overseen by the General Counsel & Company Secretary and we take compliance with our Code of Conduct extremely seriously. This year all colleagues were required to undertake refreshed eLearning on the new Code of Conduct which sets out how Sage: (i) promotes ethical business practices and conducts business in accordance with applicable laws and regulations; (ii) behaves fairly with colleagues, customers, partners and suppliers; and (iii) provides a safe route for colleagues to raise concerns either through reporting internally or through an independent and anonymous hotline which is available 24 hours a day, 7 days a week. Calls made to the helpline are monitored by our General Counsel & Company Secretary and investigated by our Risk team. Reports on concerns raised through the hotline are made available to the Board on a regular basis. We measure training compliance on a regular basis and report on this as part of our wider risk-reporting processes to the Global Risk Committee and the Board.

Sage has a full suite of global governance policies, which are applicable to all colleagues in all countries and which are translated into local languages where the need is identified. All global policies are reviewed and refreshed at least annually by our Policy Approval Committee which consists of our Chief Financial Officer, Chief People Officer, General Counsel & Company Secretary, Chief Customer Success Officer and VP Risk and Assurance, to ensure that they accurately reflect current legislation and best practice. There is a policy governance framework in place to administer the review process and operationalise any policy changes across the relevant business processes and procedures. Regular training and awareness activities form a core part of our program to embed Sage policies across all parts of our business. All policies are accessible to colleagues 24/7 via Sage's intranet.

At Sage, one of the many ways in which our colleagues can live the Sage values is through volunteering with Sage Foundation. Sage Foundation's mission is to create routes into education, work and entrepreneurship for young people, women and military veterans. During FY20, Sage colleagues volunteered 24,309 working days and approximately £660,000 was raised supporting Sage Foundation and improving the life of others. Sage Foundation quickly adapted to the new virtual working conditions due to the Coronavirus pandemic by providing colleagues with opportunities to volunteer for Sage's charity partners online. Whilst the activities of Sage Foundation do not directly address modern slavery, by empowering these vulnerable groups and providing work and education opportunities we can help towards creating an environment in which slavery risks are reduced.

4. Our Supply Chain & Risks

In FY20, we spent approximately £528m with third parties. 77% of this spend took place in the UK, USA and Canada. All our spend commitments are made using written contracts and we do not pay cash for services. Our major suppliers are large multinational companies who have their own ethical standards of behaviour in place. Cushman & Wakefield, a global property consultancy firm, have provided all our facilities management services including cleaning and building security where Sage is the only building occupant, since 2016. Our contract with them specifies that they must comply with the MSA. We believe that this arrangement mitigates in great part the most significant slavery and human trafficking risks identified in our supply chain.

Given the nature of Sage's business model, we believe the risk of modern slavery in our supply chain is low compared to businesses operating in other sectors such as manufacturing and retail. 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 will continue to work to enhance our policies and procedures and measure awareness within our business.

In 2020 we updated our Supplier Code of Conduct (the "**Supplier Code**") to align the Supplier Code. The Supplier Code along with our Supplier Order Terms and Conditions, can be found [here](#). 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. The Supplier Code has been translated into six languages and was implemented by our Procurement team led by the EVP Property & Procurement who reports into our Chief Operating Officer. The Supplier Code also sets out clearly how suppliers can raise concerns to us, with escalation up to the EVP Property & Procurement and 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.

Our standard form procurement contracts include language requiring suppliers to comply with 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. In this financial year, approximately 34% of new contracts by value were on Sage's standard terms. 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 2020

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 monitored and reported on the completion of our mandatory Code of Conduct eLearning for all colleagues and followed up on overdue modules with colleagues and their line managers where necessary.
- We collected data on the number of new and existing supplier contracts which included our standard terms and conditions and anti-slavery clauses.
- As outlined above, we updated our Supplier Code.
- We continued to carry out supplier due diligence (including adverse media) on high risk and high value suppliers. We are in the process of procuring a new solution which will enable us to perform adverse media searches on both the legal corporate entities we contract with and also their beneficial owners of significant shareholdings.
- We implemented an automated process for onboarding new suppliers which contains an automatic control which requires all new suppliers to formally sign up to the Supplier Code. This process covers all Sage countries except Poland, Morocco, Singapore, Malaysia and Australia, which countries continue to ensure suppliers sign up to the Supplier Code but do so via a manual process.

Impact of the Coronavirus pandemic

We are cognisant of the challenges presented by the Coronavirus pandemic and we have continued to monitor our risks during this period. Our assessment is that our risks as regards modern slavery have not increased during this period, given the nature of our supply chain, the geographical location of majority of our suppliers and the measures we have taken to diligence our suppliers.

6. Effectiveness

Plans for the next financial year

We shall continue to focus on activities which embed our current policies, processes and procedures more effectively in those countries we identify as requiring greater support to reach the expected standard. We shall also continue monitoring best practice for both in the supply

chain and health and safety of our colleagues in view of local or national government policies due to the pandemic, in the countries in which we operate and seek to meet our reporting obligations globally in a simple, consistent and transparent manner.



Steve Hare
CEO
The Sage Group plc.
Date: 16 November 2020