sage

Knocking down barriers

Sustainability and Society
Report 2021

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About Sage

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small and mid-sized businesses (SMBs) served by us, our partners and accountants. 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. Knocking down barriers also means we use our time, technology and experience to tackle digital inequality, economic inequality and the climate crisis.

Our Sustainability and Society strategy

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ESG Fundamentals

Our strategy is underpinned by ESG Fundamentals which cover four areas

People	**Economy and Society**	**Environment**	**Governance**
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This Sustainability and Society Report covers the reporting period 1st October 2020 to 30th September 2021. This report has not been subject to external assurance.

Knocking down barriers

In today's world, not everyone is given an equal chance. Discrimination, bias and unequal access to education and technology are creating barriers for many people to succeed.

We don't think that's right, and it's our pledge, as one of the UK's biggest technology companies, to knock down these barriers to create equal opportunity.

We are committed to investing in education, technology, and environmental change to give individuals, SMBs and our planet the opportunity to thrive. Our goal is to use our technology, time and experience to support diverse, sustainable businesses.

Building a better future

Our global footprint

40,000
value added resellers supporting our customers

80,000
accountants in our ecosystem

11,700
colleagues providing a great service to our customers every day
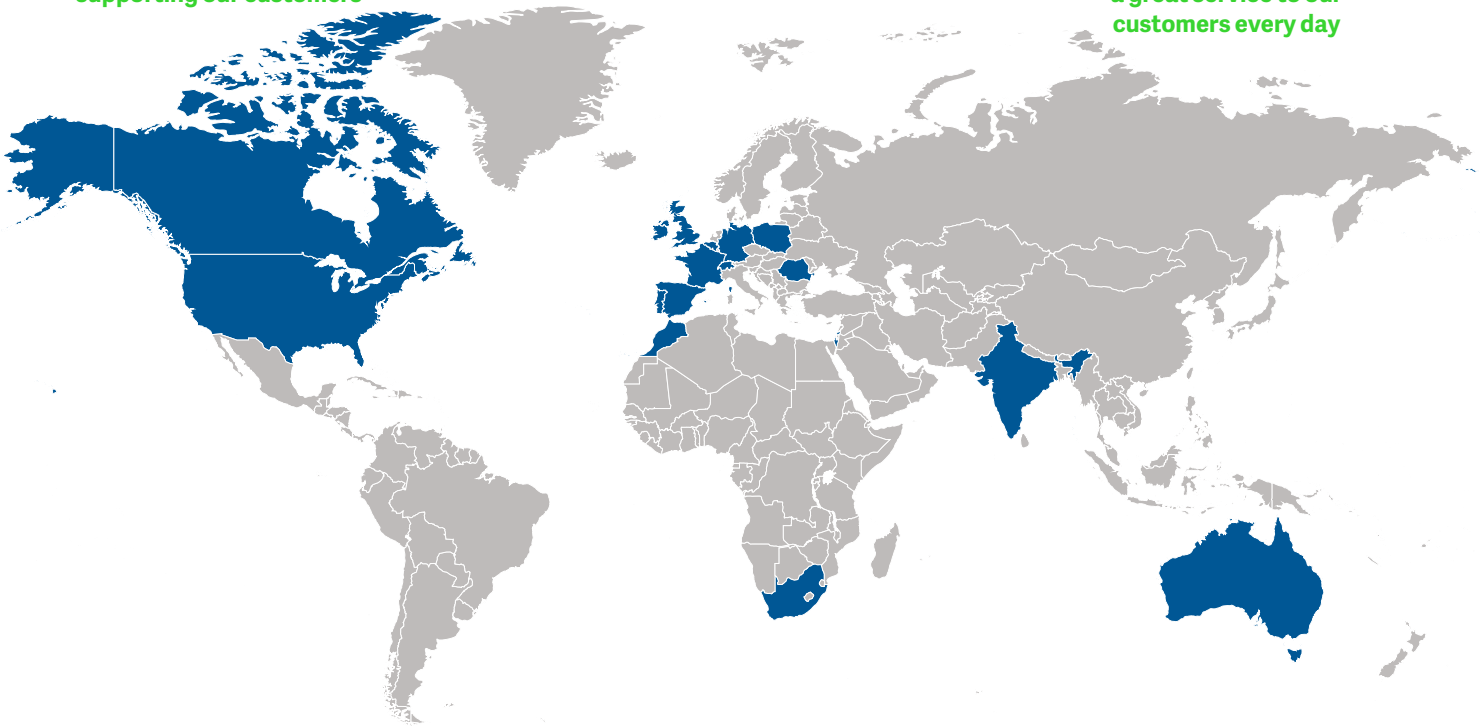
- UK
- Ireland
- France
- Belgium
- Morocco
- Spain
- Portugal
- Germany
- Poland
- South Africa
- Australia
- Austria
- USA
- Canada
- Israel
- Romania
- India

17
Number of countries in which we operate across the globe

$500K
sponsorship to help start-up businesses and improve platforms for lending

Tackling climate change

50%
Reduce Scope 1, 2 and 3 emissions by 50% by 2030 against our 2019 baseline

2040
Achieve Scope 1, 2 and 3 net zero by 2040

1.5°C
Deliver our commitment to the UN Global Compact Business Ambition for 1.5°C Pathway

SBTi
Deliver our commitment to the SBTi (Science-Based Targets initiative)

600+
individuals from under-represented communities supported by Kiva

Our cloud products will be accessible to people with disabilities by meeting Web Content Accessibility Guideline criteria by **2025**

2024
By 2024, we will develop a Privacy and Security Hub to support Sage customers in developing confidence in the way they approach data security

13,000
We will train more than 13,000 young people in STEM skills

Partnerships with purpose

THE BOSS! NETWORK

FIRST LEGO LEAGUE

ASHOKA

ACE Access for Capital for Entrepreneurs

kiva

connectr

Helping local communities thrive

In 2021:

22,055 volunteer days
given by Sage

250+
Sage Foundation ambassadors supported our philanthropic values of volunteering and fundraising

419 non-profits
benefitted from discounted Sage software

1,000
free training seats provided to non-profits to improve their services to beneficiaries

Sage aims to:

Contribute
1 million volunteer hours
in total, by the end of FY22

Fundraise
$5m
for non-profits across the world by 2030

A message from our Chief Executive

Using our technology, time and experience to drive meaningful change

At Sage, our purpose is Knocking Down Barriers. We live our purpose every day, helping those running small and mid-sized businesses (SMBs) by removing friction, delivering insights and championing their needs wherever we can. Supporting SMBs creates a ripple effect within their communities – help them and you help everyone – bringing prosperity and wellbeing to those around them. But our purpose extends beyond our customers to the impact we can make in the communities in which we operate, across society and the planet.

Our world is facing increasingly difficult challenges and we know that customers demand more from us than technology. Every day we see the sense of fulfilment and stability that running your own business can create. We also hear first-hand how protecting the planet and playing a positive role in society is increasingly a focus for SMBs.

But it would be highly idealistic to believe that the opportunity to achieve these goals is within easy reach for everyone. Barriers like discrimination, bias and unequal access to education and technology stack the odds against many people.

This isn't right, and at Sage we want to use our technology, time and experience to drive meaningful change. We know that our customers are on the same page.

As part of our 40th anniversary this year, we pledged to help knock down the barriers that create inequalities and made clear our role in shaping a fairer, more positive society through our ambitious new Sustainability and Society strategy. This aims to give everyone the opportunity to thrive, in three ways:

1. **Tackling digital inequality for innovation, enterprise and progress:** For everyone to benefit from technology and the opportunities it creates, we need a truly diverse technology sector. It's our goal to ensure individuals get equal opportunities to thrive and that our technology is used as a force for good.

2. **Tackling economic inequality by supporting under-represented groups:** The opportunity to start and grow a business is a proven route to long-term employment and wealth creation. This is an area where Sage can make a big difference, given our focus on championing the needs of SMBs globally.

   As someone who is deeply passionate about tackling inequality, I am most excited by our fantastic partnerships, including:

   • A three-year, multi-million-pound partnership with Connectr to provide training and mentorship via Job Centre Plus to disadvantaged young people looking to develop their business ideas;

   • Working with the Bringing Out Successful Sisters (BOSS) Network to provide training and support for Black female entrepreneurs in the USA; and

   • Working with Kiva to provide loans, grants and direct support to improve financial inclusion in communities who find it hard to start or grow businesses.

3. **Tackling the climate crisis – powering sustainable business models:** Climate change is society's biggest long-term threat, and we've outlined how we will play our part in tackling the climate crisis. As well as supporting SMBs to understand and address their environmental impact, our ambition is to achieve net zero carbon by 2040, with a near term target of halving our emissions by 2030, against our 2019 baseline.

This commitment to do the right thing isn't new to Sage. Our aspirations are aligned with our purpose, values and the long-standing work of Sage Foundation, which celebrated its 5th anniversary this year. Over this period, we have built a trusted, action-oriented volunteering and fundraising programme with colleagues and partners, providing time, investment, discounted product and financial literacy training to our local communities everywhere we have a presence.

Sage Foundation enables us to unlock the insight, expertise and passion of our people – empowering colleagues, partners and customers to respond to some of the biggest challenges facing communities around the world.

This year will see us build on the success of Sage Foundation and go further in increasing our social purpose ambitions. This brings us to our Sustainability and Society Report, which outlines the progress we are making against our commitments. It's clear that our focus on Knocking Down Barriers is already having a positive impact on our colleagues, communities and the environment.

Oversight of our Sustainability and Society strategy is provided by our Executive Committee, with our Chief People Officer as sponsor. We hold ourselves accountable to our commitments. This is part of a long-term effort to create a transparent, sustainable impact.

We will continue to use our technology, time and experience to back a generation of diverse, sustainable businesses and protect the planet, so that the world can see a better tomorrow.

Steve Hare
Chief Executive

"We live our purpose every day, helping those running small and medium-sized businesses by removing friction, delivering insights and championing their needs wherever we can."

Steve Hare
Chief Executive

Adapting to a changing world

Our world is constantly changing – political, economic, social, technological and regulatory trends all influence the context in which we and our customers do business.

We considered the following trends as we developed our Sustainability and Society strategy.

Environment, Social, Governance (ESG) standards can be difficult for SMBs to achieve alone

All companies are increasingly expected to uphold high ESG standards. SMBs are keen to meet these standards – but, often, they would like help in setting and achieving their sustainability goals.

How Sage is responding

As a global market leader in technology that supports SMBs to run their businesses, we are trusted to uphold the highest standards and to support them in their sustainability journeys.

SMBs expect us to lead by example, provide technical solutions and support in navigating regulatory requirements.

By sharing our learnings, we can support our customers to make progress in their own sustainability journeys. For example, our Sustainability Hub at Sage.com provides advice to SMBs on environmental issues ranging from regulatory compliance through to carbon accounting.

The benefits of being true to your word

Society is increasingly concerned about 'green-washing', i.e. large companies focusing on self-promotion without substance in an attempt to take advantage of the demand for ESG action.

How Sage is responding

In response to pressure to demonstrate improving environmental and social performance, there is a risk that businesses communicate what they think customers, investors and regulators want to hear before being able to credibly demonstrate performance improvement.

We have based our Sustainability and Society strategy around our existing value of 'doing the right thing,' and are committed to acting in the areas where we can have a meaningful impact.

We are clear that, while we have been managing the ESG fundamentals as part of doing business, our Sustainability and Society strategy involves a long-term commitment on a journey that we are only just embarking upon.

84%

of SMB decision makers think that tech companies could have a role in helping their business become more sustainable

Knocking Down Barriers: International SME Perspectives
https://www.sage.com/en-gb/company/sustainability-and-society/

40%

of companies said that climate reporting improved governance and integration of climate change into their strategy and decision making

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029317/climate-related-financial-disclosure-consultation-final-stage-impact-assessment.pdf

In response, we adjust how we manage our business to ensure we remain competitive and meet the expectations of our stakeholders. We monitor societal trends that have the potential to impact on our business so that we remain prepared and able to adapt.

The demands of a digital future

Digital skills will be central to the growth of the global economy, while advances in technology offer solutions to some of the world's biggest challenges. As a result, the tech sector will be an increasingly important social mobility enabler.

How Sage is responding

Digital transformation offers unparalleled opportunities to help overcome the world's biggest challenges. Finance, industry, medicine, manufacturing, agriculture – there isn't a field of human endeavour that won't be touched by technological advances.

But people will only benefit if they have the skills to access this digital future.

It is our goal to knock down barriers to digital inequality to ensure everyone has an equal opportunity to thrive in the new era of work. We will address the lack of diversity in tech, create opportunities for under-represented groups and build a generation of tech talent. We will also ensure our software is accessible to all.

We will make sure that, while maintaining the highest standards of data security and privacy, the 'big data' we hold can make a positive contribution to society.

70%

of new value created in the global economy over the next decade will be based on digitally enabled business models

https://intelligence.weforum.org/topics/a1Gb0000001SH$_2$1EAG#:~:text=As%20the%20global%20economy%20rapidly,remains%20unconnected%20to%20the%20internet.

Economic inequality and the impact of Covid-19

As we look toward recovery from the Covid-19 pandemic, many communities are locked out of economic progress through factors associated with economic inequality and deprivation.

How Sage is responding

The private sector has a critical role to play in providing economic opportunities for less-advantaged and under-represented communities, and in contributing to inclusive growth that reduces poverty.

As a supporter of small business growth around the world, we know that starting and growing a business can provide a route to long-term employment and wealth creation, but that many people lack the confidence, skills and financial support to seize this opportunity.

Our Sustainability and Society strategy focuses on providing opportunities and strong foundations for SMBs and start-ups run by under-represented groups in disadvantaged communities.

1mn

people in the UK's most deprived communities have a start-up idea, but a lack of confidence and know-how is holding them back

https://www.sage.com/en-gb/-/media/files/company/documents/pdf/sustainability-and-society/empowering-business-builders-in-uk-most-deprived%20communities-report-2021.pdf?la=en-gb

Societal trends *continued*

Climate change

Climate change is the critical issue of our generation.

How Sage is responding

We are experiencing the effects of climate change, which is affecting every country in the world, and will have a profound effect on economies and the way we live our lives. Businesses are expected to demonstrate a commitment to deliver real change in their direct and indirect spheres of influence.

We are leading by example on climate change, with an ambitious carbon reduction target – we are committed to a 50% reduction in carbon emissions by 2030 against our 2019 baseline, and to achieving net zero by 2040. We believe that modelling this commitment can encourage others, including our customers, to work towards the same common goal.

We are working with cloud service providers to better understand, and then reduce, the carbon emissions associated with our products. We have begun collecting data from cloud service providers about the associated carbon emissions of our footprint, and are launching efforts to baseline the energy consumption with the use of our products.

Meeting expectations of investors, governments and regulators

There is increasing pressure on companies to contribute to society. Investors and governments are seeking co-operation from businesses with their ESG activities.

At a national and global level, regulators are working towards harmonised, and often increasingly stringent, ESG standards and performance data.

How Sage is responding

Companies with a well-defined purpose often outperform their peers. The more we demonstrate our purpose in delivering value to our customers, colleagues and communities, the better able we will be to attract the best talent, compete and deliver long-term return on investment for shareholders.

As a key stakeholder of governments in the markets in which we operate, it is important that we demonstrate best practice in terms of accessibility and diversity. For example, we are working towards achieving full compliance to the Web Content Accessibility Guidelines to support the UK Government's Making Tax Digital programme.

1.2 bn

global jobs are threatened by climate change

https://muchneeded.com/impact-of-climate-change-on-small-business/

81%

during 2020, 81% of a globally representative selection of sustainable indices outperformed their parent benchmark

https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

Knocking Down Barriers

We are empowered by our three pillar Sustainability and Society strategy

We believe everyone should have the opportunity to thrive. But in today's world, not everyone is given an equal chance. Barriers including discrimination, poverty and unequal access to education, technology and data, stack the odds against marginalised communities and under-represented groups. Alongside this, the climate crisis can exacerbate these challenges, often having a disproportionate impact on communities least able to adapt.

We know that in many of these areas, Sage can make a real difference. That's why we've launched our new strategy to knock down these barriers to create equal opportunity. We are committed to investing in education, technology and environmental change to give individuals, SMBs and our planet the opportunity to thrive.

We will do this in three ways:

- **Tech for Good:** Tackling digital inequality for innovation, enterprise and progress;
- **Fuel for Business:** Tackling economic inequality by supporting under-represented groups; and
- **Protect the Planet:** Tackling the climate crisis – powering sustainable business models.

At Sage, responsible business practice is in our DNA. We are proud of our track record in taking care of our local communities and enabling our people to perform at their best within an inclusive culture.

Our new Sustainability and Society strategy builds on the Environmental, Social, Governance (ESG) fundamentals that we describe in this report. The three pillars have been developed with the UN Sustainable Development Goals in mind, and set out our commitment to use our technology, time, investment, skills and experience to tackle inequality and back a generation of entrepreneurs and sustainable businesses that are fit for the future.

Fuel for Business

Tackling inequality by supporting under-represented groups
Please see page 15

Protect the Planet

Tackling the climate crisis by powering sustainable business models
Please see page 18

Our Sustainability and Society pillars

Tech for Good

Tackling digital inequality for innovation, enterprise and progress
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ESG Fundamentals
Our strategy is underpinned by ESG fundamentals which cover four areas

People
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Economy and Society
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Environment
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Pillar one
Tech for Good

Breaking down the barriers to digital equality – for innovation, enterprise and social benefit.

Data is empowering people across the globe to run businesses, develop skills and thrive. Over the next decade, an estimated 70% of new value created in the global economy will be based on digitally enabled platform business models.[1]

If everyone is to benefit from technology and the opportunities it creates, ethical development and diversity need to be at the forefront of our thinking. It is our goal to knock down barriers to digital equality to ensure everyone has an equal opportunity to thrive in the new era of digital transformation.

Through Tech for Good we will address the lack of diversity in tech and create opportunities for under-represented groups. This means being a business that is open and inclusive to all, ensuring that our own products are safe, secure and accessible, and using data in innovative and ethical ways to address social challenges and enable our customers to succeed. We will build a generation of tech talent by creating opportunities for young people from all walks of life to learn life-changing digital skills.

We aim to contribute to greater diversity in our workplace and in society, and to focus on the ethical use of data in the tech sector to help level the playing field for small businesses.

Over the next three years we will focus on:

- Our commitment to train more than 13,000 young people in Science, Technology, Engineering and Mathematics (STEM) skills, through our work with FIRST LEGO League;
- Making our cloud products accessible to people with disabilities by meeting the Web Content Accessibility Guidelines (WCAG) accessibility criteria by 2025;
- Implementing our new diversity, equity and inclusion commitments (see page 20); and
- Developing a Privacy and Security Hub on Sage.com to enable both existing and prospective Sage customers to have confidence in the way they approach data security.

1. World Economic Forum. https://www.weforum.org/platforms/ shaping-the-future-of-digital-economy-and-new-value-creation

Measures of success

13,000
Young people inspired by Science, Technology, Engineering and Mathematics (STEM) programmes

2.1AA
Achieving Web Content Accessibility Guidelines (WCAG) 2.1AA by 2025

Hub launch
Launch Sage.com Privacy and Security Hub

Acting on our purpose

We have kick-started our Tech for Good pillar with four programmes

FIRST LEGO League

Ensuring the next generation has the right skills for the digital economy means developing STEM skills in young people. Over the past four years we have been involved with FIRST LEGO League, a programme which challenges young people aged 4 to 16 to build robots using LEGO bricks and components. As well as sponsoring teams and kit, over 200 of our colleagues have contributed their time to mentor in schools and volunteer at events, supporting and inspiring young people in the UK, South Africa, Spain and Germany, to strengthen the links between Sage and a future generation of digital and technology enthusiasts.

Building on the success of our work, we are partnering with the Institute of Engineering and Technology (IET) to deliver FIRST LEGO League in some of the most deprived communities in the north east of England, helping to inspire them through fun challenges and competitions.

We will be training teachers in the programme, so they teach the skills themselves as part of the STEM curriculum, enabling all students to take part in FIRST LEGO League. Students in 29 schools in wards ranking on the deprivation index in the north east will be given the materials and training in an enjoyable, creative team format. Across the three-year partnership, we will look to develop over 13,000 young people to a potential future using their STEM skills.

Privacy and Security Hub

We take the privacy and security of our customers' data very seriously. The protective measures we follow are based on recognised industry best practice and are set out in page 28 of this report.

To give both existing and prospective customers the confidence they need to know their data will be safe with us, and handled fairly and transparently, we are developing a Privacy and Security Hub on Sage.com which will demonstrate to both existing and prospective Sage customers how we secure their data and our products responsibly.

By 2024, through the Hub, we will provide additional practical information on the security of Sage's products and how personal data is processed, to allow customers to engage with us with confidence and buy with trust. The Hub will also guide SMBs through common cyber-security and data privacy issues, empowering them to take practical steps to improve their resilience against cyber-attacks, manage data privacy risks and thrive in the digital economy.

A major cyber breach can be catastrophic for a small business, which may not have the resources to insulate them from the financial and practical consequences. Sage's objective is to support SMBs, who form the backbone of the economy, with practical steps and information that can reduce the likelihood of a cyber-attack being successful.

The Privacy and Security Hub will enable our existing and prospective customers to navigate a complex security and privacy picture and enhance their trust in Sage products.

Acting on our purpose

Making technology accessible to all

In a world where 20% of the working population experience disabilities,[1] ensuring our products are accessible is key to knocking down the barriers experienced by our customers. We are working to increase accessibility and deliver incremental updates throughout our journey.

We have committed that all Sage cloud products will achieve full Web Content Accessibility Guidelines (WCAG) 2.1 grade AA by 2025.

Data for Good

As well as providing valuable business insight, data can also guide responses to broader social and economic challenges.

Over the next three years our Data for Good initiative will enable us to:

1. Stand up as a voice for SMBs – when empowered with data we can represent the interests of SMB's in key national and global forums; and
2. Address common challenges to enable SMBs to thrive – by providing trend insights we can address the challenges faced by small businesses such as economic recovery, skills gaps and sustainable growth.

1. Disabled people in employment (https://researchbriefings.files. parliament.uk/documents/CBP-7540/CBP-7540.pdf).

Pillar two
Fuel for Business

Building on our proud history of community investment, our Fuel for Business pillar will inspire a generation of entrepreneurs and successful businesses across all segments of society.

Tackling economic inequality by supporting under-represented groups.

The opportunity to start and grow a business provides an effective route to long-term employment, high job satisfaction and wealth creation. Yet, in all parts of the world, many people lack the confidence, financial or digital means to get started. As one of the UK's largest technology companies serving SMBs, Sage can make a difference by providing business mentoring, advice and support for businesses and start-ups run by, or supporting, under-represented groups.

We are working with experienced global partners to help us address economic inequality, support business growth and create employment opportunities. These projects will run over the next one to three years.

Measures of success

50
businesses supported
in metro Atlanta

We will provide low-interest loans and business support to at least 50 businesses from under-represented groups in the most diverse communities in metro Atlanta.

600+
individuals from under-represented communities supported

We will connect 600 currently unemployed individuals with Sage content and assistance to help inspire them to start their own business.

$300k
provided to help businesses start and grow

We will support unbanked individuals who have difficulty accessing capital through traditional institutions via our Kiva Credits program, providing $300k to help small businesses all over the world to start and grow.

25
business women of colour in the US given access to training and funding

We will provide access to business start-up-funding and training for at least 25 women of colour in the US through the BOSS Network.

12
enterprises supported during their start-up period

We will support 12 social entrepreneurs who have been enrolled into the prestigious Ashoka Fellowship program for their innovative and transformational ideas.

$200k
helping social enterprises to thrive

We will double the number of social enterprises being served through Kiva's loans and business support through $200k investment to improve its platforms for lending.

Fuel for Business in action

We have chosen to work with five partners who have a track record of providing effective support and delivering impact. We are supporting three schemes in our key markets – two in the US and one in the UK – and two which will operate globally. These will kick-off in the coming year. Our first-year results will be published in our 2022 Sustainability and Society Report.

Through these partnerships, we aim to engage our colleagues, customers and partners to give back to their local communities, focusing on impactful and innovative ways to make a difference.

The UK – Connectr

In the UK we are working with Connectr to roll out a national training programme via the Job Centre Plus network to help unemployed people across the UK looking to start a business.

The partnership is backed by research conducted by Sage and The Entrepreneur's Network that showed that one million people in the UK's most-deprived communities have a start-up idea, but lack of confidence and know-how is holding them back.

This three-year, multi-million pound scheme, launched in September 2021, will provide specialised content for anyone interested in starting their own business, through Job Centre Plus and Connectr's own platform. It will be available in every community in England by 2024. Sage colleagues, partners, and customers will act as volunteer mentors to job seekers using the content.

The US – The BOSS Network and ACE

Women of colour are America's fastest-growing demographic of entrepreneurs.

Black businesses do not reach their full potential due to many disparity gaps. Our partnerships with the BOSS network and ACE form an important part of the work we are doing in the community. Together we will help empower black women entrepreneurs with access to capital and by uplifting them through coaching, curriculum and connectors to knock down barriers to success.

Our sponsorship will provide grants and free access to The BOSS Network University to female black business owners in the US as well as funding for The BOSS Network's annual Ladies That Lead conference.

Our partner Access to Capital for Entrepreneurs (ACE), is located near our north American headquarters in Atlanta, and is the largest small-business focused community development loan fund in Georgia.

Our funding will support 50 small and medium-sized businesses owned by minority and underserved populations in the metro Atlanta area who have historically had difficulty accessing capital. Our funding will make over $1,75m of loans possible over the period of the partnership and engage our north American colleagues in skills-based volunteering to support ACE and its clients.

Global – Kiva and Ashoka

To further tackle economic inequality, we are investing $1m through loans, grants and direct support for individuals and SMBs in the developing world by supporting social entrepreneurs through partnerships with Kiva and Ashoka.

Kiva works to support unbanked individuals all over the world who have difficulty accessing capital through traditional institutions. 84% of Kiva's borrowers are women.

Our partnership will support SMB owners in developing countries over a three-year period through the Kiva Credits program which allows our colleagues, partners, and customers to make a Kiva loan using Sage funds. As loans are repaid, this fund will recirculate for three years for a total impact of nearly $900,000.

We will also provide $200,000 capital to support Kiva's mission to support social enterprises globally by funding their technology and improving their platforms for lending.

Ashoka identifies and supports leading social entrepreneurs around the world. Together, we are providing funding to enable these influential individuals to champion innovative ideas with the potential to help the lives of millions. Along the way, we will encourage our colleagues to become changemakers themselves through educational and inspirational opportunities.

Pillar three
Protect the Planet

Environmental sustainability has become core to what Sage does as a business, protecting our planet, tackling the climate crisis and doing the right thing. There is no time like the present to reconsider business models, revisit our understanding of value and reposition business as a force for positive change.

Tackling the climate crisis – powering sustainable business models

We are setting ambitious goals to address our own environmental impact – as well as making it easier for our customers to do the same. This builds on our track record in managing our environmental impacts, and our ongoing performance improvement is described in the Environment section on page 32 of this report.

The urgency of the climate crisis needs dramatic action, so we have set ourselves an ambitious goal: to achieve net zero across our Scope 1, 2 and 3 emissions, by 2040. We have a near term target of reducing these emissions by 50% by 2030 against our 2019 baseline.

We know that SMBs care about the impact they have on the environment, and our research shows us that they want to work with suppliers and partners that can help them understand and address their impact. They are also under increasing pressure from their own customers, their supply chains and government to take climate action.

Sage can make a difference by adopting carbon emission reduction strategies across our global operations and helping our customers on their own sustainability journeys.

To reach our goal we have committed to the Science-Based Targets initiative (SBTi) which requires us to clearly define the pathway we will take to reduce our emissions. To demonstrate our commitment, we have also joined the Race to Zero by signing up to the UN Global Compact Business Ambition for 1.5°C Pathway.

In addition to our own commitment to the SBTi, Sage will empower our customers to tackle climate action by explaining the carbon footprint of our products and aiming to provide tech solutions for carbon accounting and other sustainability issues.

How will we get to net zero?

We are in the process of setting ourselves a clear roadmap to net zero by 2040 against our 2019 baseline, and also to achieve our near term target of 50% reduction by 2030 against our 2019 baseline.

Our three year climate programme will include the following:

- Enhanced measurement of our carbon footprint – we will improve how we measure our Scope 3 emissions. This will focus on the emissions associated with the use of our products and the goods and services that we buy, and will help track our progress to net zero;
- Carbon abatement – this will involve a range of initiatives to reduce direct and indirect CO_2 emissions through energy efficiency. This will include reducing business travel and hotel stays, transitioning to a low-carbon vehicle fleet and preparing to reduce emissions from Sage products. We will also engage with suppliers to understand and influence their emission reduction plans;
- Low-carbon energy supply for all Sage-owned buildings and leased buildings. Where this is not possible, for example, in multiple occupancy tenancies, we will invest in low-carbon energy generation to compensate; and
- Development of our Sustainability Hub, which will offer climate advice and support to many thousands of our customers.

Customer proposition – Sustainability Hub

We have many things in common with our customers, including the desire to address the environmental and social impact of business.

Like many of our customers, we recognise that improving environmental performance can sometimes seem overwhelming and time consuming. So, we have made it our goal to knock down the barriers that stand in their way so that they can more easily comply with environmental requirements and reduce environmental impacts.

The Sage Sustainability Hub will provide our customers with the information they need to negotiate the complex path of reducing their emissions and complying with regulations. The Hub will also help them understand legislation, demands and opportunities around sustainability, and set out clear, actionable guidance alongside examples from other businesses.

Advice will include how to cut costs and be more sustainable, how to access loans and funding for small business sustainability and the financial advantages of using more sustainable practices.

Driving carbon reporting for SMBs

Faced with competing priorities and a fast-emerging regulatory environment, we recognise that carbon reporting can be difficult for companies of all sizes, especially SMBs.

Building on our membership of the World Business Council for Sustainable Development, Sage has joined forces with the Association of Chartered Certified Accountants to co-chair a senior level roundtable to review how to support SMBs in the transition to net zero. This involved launching a white paper focusing on simplify carbon-reporting for SMBs at an event with the International Chamber of Commerce during CoP26.

Our People

At Sage, Knocking Down Barriers starts with our own people. We employ over 11,700 colleagues across 17 countries, and we're committed to creating an environment in which every single colleague feels they belong and has the opportunity to thrive. Not just because it's the right thing to do, but because we need diverse perspectives to help us generate the best ideas to help us serve our customers.

Building a Sage where everyone belongs

As a global company, we are committed to creating an equitable and inclusive culture, where we intentionally seek the challenges colleagues face and knock down barriers so everyone feels valued and empowered to thrive. We want a workforce that represents the many different cultures, backgrounds and viewpoints of our customers, colleagues and communities. For example, as we operate in a diverse array of jurisdictions, engagement with trade unions is devolved at a regional level in a way that meets local needs.

Our ambitious Diversity, Equity, and Inclusion (DEI) strategy aims to drive innovation by ensuring that all colleagues can make the most of their talents to succeed together. While we recognise this is an ever-evolving journey, we will continue to set bold and aspirational targets so that we remain accountable for our progress as we strive to become known as a DEI innovator.

To succeed, our DEI strategy is centred around three broad commitments that reflect our vision and provide a framework against which to monitor progress:

- **Diverse teams:** creating teams with a wide range of voices, backgrounds and experiences to provide many different perspectives;
- **Equitable culture:** building a culture where everybody feels comfortable sharing their insights, ideas and innovations, and are valued as individuals; and
- **Inclusive leadership:** developing an intentionally inclusive leadership team who are curious to learn and have the courage to experiment.

Oversight of our DEI strategy is provided by our Executive Leadership Team, which is chaired by our Chief Executive and supported by our DEI Advisory Board, involving Executive Committee Ambassadors and external advisors. Through this approach we are building the foundations to create shared ownership throughout Sage.

Colleague Success Networks (CSNs) empower our communities to share conversations and opportunities that matter most to them, and to support one another within a safe space. These networks include BUILD (Blacks United

Our Colleague Promises

Our Sage Colleague Promises set out what Sage stands for to all colleagues:

"We are committed to people, driven by innovation, energising everyone to make a difference."

This approach is captured in our four Colleague Promises:

- **We are inclusive, be yourself and thrive.**
- **Our leaders listen, creating outstanding colleague experiences with you.**
- **Come and do the best work of your life, collaborating to grow, innovate and transform.**
- **We do the right thing, by our customers, colleagues and communities.**

in Leadership and Development) and WomXn@Sage (to promote colleague engagement and the hiring, mentoring and retention of women). CSNs play a critical role advising Sage where we should speak out or act, and they continued to mature and expand through FY21.

A data-driven approach: All About Us

Launched in April 2021, 'All About Us' is our personal data insight project inviting colleagues in eight countries to voluntarily share more about themselves. This is enabling Sage to build a picture of our colleague populations, and is helping us to understand the impact that our systems and processes have on creating an equitable experience for all.

Creating transparency and accountability

A key part of our DEI commitment is to be more transparent, intentional, and accountable as we continue to work to diversify colleague representation across our business. That starts with publishing data on the gender balance of our leadership teams, our gender pay gap, and our ethnicity pay gap in our home market.

UK Gender Pay Gap 2019 – 2021[1]

We are continuing to deliver against the long-term initiatives we set out in our first Gender Pay Gap Report in 2017. This consistency has led to that gap decreasing for the fourth year in a row, now standing at just under half of the UK average.

Reward Gaps	April -19	April -20	April -21	Year on Year
Mean pay gap	10.2%	7.6%	7.3%	-3.9%
Mean bonus gap	28.6%	9.2%	8.6%	-6.5%

1. This table shows our overall Gender Pay Gap data for all our UK based colleagues in both entities, as well as employees in entities below the 250 limit as of the snapshot date of 4 April 2021. It also shows Bonus Pay data for bonuses paid in the year.

UK Ethnicity Pay Gap 2020 – 2021

Using the data from All About Us, we can now publish our first ethnicity pay gap. The pay gap covers all ethnicities, and because we are aware there are differences in representation across different populations, we will focus on maturing our analysis as participation increases. At the time of calculation, 35% of our UK colleague population had shared their ethnicity. Whilst we know this is not a statistically significant sample size, we are sharing where we are on our journey to become a more diverse, equitable, and inclusive organisation, in line with our values of being transparent and accountable.

Reward Gaps 2020 – 2021

	All UK colleagues	Sage UK[2]	Sage Global Services-UK[2]
Mean pay gap	7.8%	-2.1%	24.0%
Mean bonus gap	19.8%	-32.1%	53.5%

2. At the time of reporting, Sage had 2,657 colleagues across several entities in the UK. Only two of those entities exceed the reporting threshold of 250 colleagues – Sage UK and Sage Global Services UK.

Our colleague ethnicity pay gap is calculated as the difference between the average earnings received by ethnic minority (excluding White minorities) colleagues compared to White colleagues. This shows that there is still work to do, and will be a key focus for us over the next five years. We believe the difference in the mean pay gaps between the two criteria is due to less ethnic diversity at senior levels, but further analysis is required to confirm that.
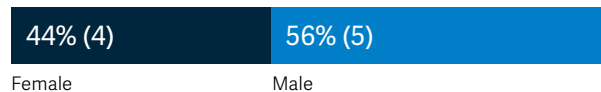
Leadership gender balance[1]

Our gender balance has improved year on year, progressing towards our five-year goal to achieve no more than 60% of any one gender in the Executive Committee, Executive Team and all management teams by the end of FY26.
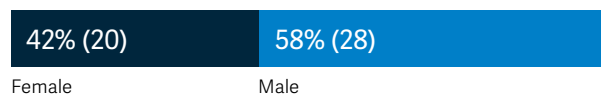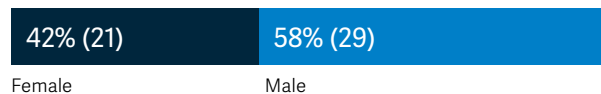
Board gender balance[2]

27% (3)	73% (8)
Female	Male

Executive Committee gender balance

44% (4)	56% (5)
Female	Male

Executive Committee and their direct reports gender balance[3]

42% (20)	58% (28)
Female	Male

Senior leadership gender balance[4]

42% (21)	58% (29)
Female	Male

All colleagues

42% (4,972)	57% (6,651)	1% (137)
Female	Male	Undisclosed
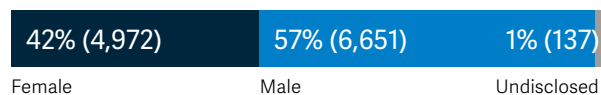
1. At Sage we know that there are more gender identities than the binary choice of female/male that is used for standard reporting. This will be reflected in our more detailed DEI report that will be published annually from 2022.
2. The gender balance data reflects the information as at 30 September 2021. After year end, the Board gender balance increased, and at publication date of this report, December 2021, is at 30% female representation.
3. Executive Committee and their direct reports includes Executive Directors, other Executive Committee members, Company Secretary and their direct reports comprising individuals whom they have direct line management responsibility for, excluding administrative and support roles (for example, personal assistants).
4. Senior leadership refers to 50 leaders in Sage including Executives.

Working together to create outstanding experiences

As our colleagues are at the heart of our business, it is important that they are involved in the Sage journey and are part of making the business a long-term success. Our listening strategy has become embedded within how we engage colleagues and helps to inform the decisions our leaders make.

Colleagues can now leave us 24-7 feedback through our 'Always Listening' platform, as well as completing our bi-annual and ad-hoc Pulse surveys. We actively encourage open and instant dialogue through focus groups, crowd sourcing platforms, our enterprise social network, and during live broadcasts with leaders.

Helping people do the best work of their lives

We continue our commitment to being a talent-led organisation, with an increased focus on emerging talent growth, succession planning and building a high-performance, learning-based culture.

From our tailored leadership programme for senior colleagues, through to our growing apprentice and graduate schemes, we remain committed to internal talent development and ensuring that we have the talent we need at every level of our business. In FY21, we had 278 graduates, interns and apprentices and our internal fill was 37% (up from 26% in 2019).

During 2021, we continued to develop our leadership capability by:

- Expanding our coaching and mentoring programme for senior leaders, with each Executive Committee member sponsoring colleagues;
- Delivering three virtual conferences for our top 50 leaders;
- Launching a new development programme for senior roles;
- Expanding our leading@sage training courses for managers; and
- Strengthening our talent pipeline through more robust succession planning and talent reviews.

We have also focused on building a more customer-centric, innovative and accountable culture:

- Introducing new customer-focused programmes, we're helping our leaders and colleagues to spend more time with our customers. This is helping everyone to better understand our customers' businesses so we can provide an even better service;
- Over 1,000 colleagues have been trained on the design thinking methodology through our internal '10x innovation' movement, encouraging a culture of innovation and experimentation; and
- Rolling out new Accountability and Transparency training (attended by over 400 leaders) and introducing new Accountability badges, part of our expanded Growing@Sage Learn it Hubs, available for colleagues to complete, collect and share their achievements.

We continue to offer colleagues tailored learning journeys based on their role, level and personal interests. This includes leading@sage, LinkedIn Learning subscriptions, and continuous performance management aligned to Sage's strategic priorities and focused behaviours.

Doing the right thing for our colleagues

The health, safety and wellbeing of our colleagues is a key priority. This year, having carefully listened to colleagues through our Always Listening surveys, we have further increased our commitment to helping colleagues take care of their mental, physical, financial, and social wellbeing.

In FY21, we had a particular focus on mental wellbeing throughout the pandemic, offering colleagues in all regions three extra days off to rest and recharge, and gave everyone access to the 'Headspace' mindfulness app, funded by Sage.

These new initiatives were in addition to a range of resources in each region that support our managers and help colleagues manage their own health and wellbeing, including:

- Colleague Assistance Programme – confidential support lines;
- Healthy Mind Coaches – colleague volunteers, professionally trained to support other colleagues;
- 'How to Thrive' toolkits – available regionally on our learning platform; and
- Wellbeing Hub – resources and guidance for managers and all colleagues.

In 2022, we will continue to prioritise all forms of colleague wellbeing as part of our wider people initiatives, to shape our culture and support sustainable high performance.

Measuring our success

Guided by our colleagues, we've transformed the colleague experience at Sage – and this is reflected by overall improvements to our employee net promotor (eNPS), employee satisfaction (eSAT), Glassdoor scores, and voluntary attrition over the last three years.

Glassdoor Score

4.2

FY20: 4.4
FY19: 3.5

eNPS

+35

FY20: +32
FY19: -6

eSAT

81

FY20: 81
FY19: n/a

Voluntary attrition

9.6%

FY20: 7.2%
FY19: 12.3%

In FY21, we were listed in Glassdoor's 2021 Best Places to Work in four of the six countries where they award, and won Comparably awards for 'Best Company Global Culture', 'Best Company Leadership', 'Best Company for Career Growth', 'Best Company for Compensation' and 'Best Company for Work-Life Balance'.

Flexible Human Work – A future built on flexibility and collaboration

At Sage, we believe that the future of work is built on a combination of flexibility and collaboration. The pandemic has shown we can work remotely, but we know that the Sage culture really thrives when teams come together. That is what drives truly great outcomes for our customers, colleagues and communities.

Flexible Human Work is our new hybrid approach to how, where and when we work at Sage. It was co-created with our colleagues – based on focus groups, workshops and thousands of comments through our Pulse surveys – to make the most of flexible working and to embed sustainable productivity at Sage.

> "Through a collaborative approach involving colleagues from across Sage, we have co-created a signature framework that unites all colleagues in producing great outcomes for our customers, unlocking true flexibility and enabling us to thrive wherever we work."

Amanda Cusdin
Chief People Officer

This new approach supports three forms of flexibility, and our vision is to unlock all of these:

- Work mode: How we work, such as from the office, at home or a blend of both;
- Work location: The geographic location where we work including working away from our home country; and
- Work time: The hours we work, including variable, compressed, part-time or job share.

How we work is powered by 'team agreements' based on the needs of each particular team, and what model will best support them to collectively deliver for customers and the business.

We believe this new approach will drive improved talent attraction and retention as well as accessing a more diverse range of talent – a key priority for our DEI and broader business agenda. Ultimately, Sage's aim is to unlock full flexibility across all stages of a colleague's career, which we believe is a highly attractive prospect for the workforce of tomorrow.

Flexible Human Work is not rule-based, as we recognise no single size fits all. It's about creating a flexible framework and letting teams experiment with how, when and where colleagues work. The framework has four guiding principles that guide the choices we make:

Customer-centric performance:
Designing work to drive high performance and deliver for our customers directs our approach to flexibility.

Human connection:
We build strong connected relationships, no matter what.

Fairness and trust:
We take an approach which is built on trust and applied fairly to everyone.

Courageous experimentation:
We have the courage to experiment, learn and adapt.

Reimagining how we use our offices

Our offices are now known as Sage Hubs, and remain an important part of the Sage ecosystem and the beating heart of our communities. But how we use that space is evolving.

For Sage, it's about creating flexible spaces that work for our colleagues and enable them to collaborate and innovate, or find a quiet space. We continue to invest in Sage Hubs, most recently our new headquarters in the north east of England. Opened in July 2021, our new headquarters is pioneering agile working villages and scrum areas to encourage collaboration and flexible ways of working, in addition to meditation and wellbeing areas to encourage quiet time away from work.

Working at home and away

As part of our vision for a more flexible future, we launched Work Away in June 2021. This form of flexibility enables Sage to support colleague wellbeing and effectiveness by providing more flexible options to balance work and travel.

Work Away allows colleagues to work away from their home country for up to ten calendar weeks in any 12-month period. Colleagues can work from countries where we already have offices, as well as a list of other countries in which we plan to expand over time.

We are experiencing positive take up and are receiving encouraging feedback from our colleagues about the contribution this is making towards achieving a positive work-life balance.

What's next?

This is just the start of an exciting journey. From 2022, we will continue to focus on redesigning ways of working with a focus on outcomes, sustainable productivity and improved flexibility, as we know this is important to Sage's existing and future talent.

We have always offered colleagues the opportunity to work at different times, but we are now starting to embed flexibility at the point of job design so that we can truly scale the flexibility of time and working patterns. These patterns could include job share, compressed hours, or working part time over a week or month-long period.

Our goal is to attract a more diverse range of great talent and improve overall retention. We also expect these changes to have a positive impact on overall productivity and colleague engagement. We will continue experimenting, learning and refining our framework so we can adapt when the world, customers and colleagues need us to.

Economy and Society

At Sage, we seek to understand and manage the way in which we interact with the economy and society. We are committed to maintaining the highest standards when doing business across all of our regions, from how we work with local communities, to the way in which we engage with governments and other partners. We constantly seek ways to deliver more value through our organisation. We are passionate about doing business the right way, and always stay true to our value of doing the right thing.

Sage Foundation

Sage Foundation is one way in which we enable colleagues to play an active role in supporting our Sustainability and Society strategy. We give every colleague five days paid volunteering leave to spend time tackling economic and digital inequality, protecting the planet or supporting causes important to them.

As a global organisation employing more than 11,700 colleagues, we understand the importance of supporting a range of charities and non-profit organisations that are meaningful to our people and our communities. To help us to do this, we established Sage Foundation in 2015. Since then, we have built our model of action philanthropy via our colleagues, partners, and customers by giving our time through face-to-face and virtual volunteering. We have fundraised almost $3m to support non-profit organisations across the world.

As well as contributing our colleagues' time and experience, we believe in supporting the non-profit sector by offering discounted software and free financial management tools and training to charities, social enterprises and other non-profit organisations.

Achievements in 2021

In 2020, Sage Foundation provided relief support to communities most affected by the pandemic. In 2021, we pivoted our volunteer programme to ensure that colleagues could still give back in a meaningful way through remote, desk-based and virtual volunteering. Our colleagues, partners and customers focused their philanthropic efforts in helping non-profits rebuild, regain capacity and recover in the wake of the pandemic.

Due to lockdown restrictions, many colleagues included their network of friends and family when giving back to their local communities, resulting in over 2,000 additional volunteer days logged in FY21.

Because our people provide the power to drive change in local communities, Sage Foundation includes a series of speaker sessions whereby our charity partners are invited to pitch and present their philanthropic causes to colleagues. Launched in 2020, the speaker series sessions provide a way for colleagues to interact, learn about the charities we work with, and discover how they can get involved. Together with our charity partners, we have hosted over 160 speaker series sessions, showcasing 144 charities to over 8,000 attendees.

During FY21, we continued to offer Covid-specific assistance where the need was greatest. For example, our Feed-a-Family campaign was launched in November in response to food insecurity which worsened during the pandemic. We invited our customers and partners to join us in this fundraising campaign and raised over $42,000, providing food for 8,448 families.

Sage colleagues also responded to the impact Covid-19 had in India, raising $15,000 through a range of fundraising activities. This was donated to the Smile Foundation, who used the funds to deliver 430 ration kits to families, feeding 2,150 people by providing 193,500 meals.

Building capacity in the non-profit sector

For many non-profit organisations, business and financial planning activities can sometimes appear secondary to the social challenges they respond to. In FY21, we enhanced our programme to help non-profits build business and financial planning skills into their organisations.

Sage Foundation Non-Profit Organisation (NPO) Success offers eligible non-profits discounts on Sage subscriptions, free financial management tools and training opportunities.

As part of our Sage Foundation fifth anniversary celebrations, we offered 1,000 free training seats on courses that covered fundraising, writing successful bids, and managing a funding strategy. This was in response to research conducted by ourselves, which identified these areas as priority areas for non-profits responding to operating challenges.

130,000

volunteer days achieved over the past six years

Business ethics

Our culture of doing the right thing underpins our purpose. Our values are aligned to our customers' success, our colleagues and innovation. All our business dealings must ensure that we adhere to business-wide principles that align with the highest ethical standards.

We expect all our colleagues to behave in the right way, and our code of conduct sets clear expectations across the company about how to comply with ethical standards.

Our governance model defines clear roles and responsibilities for all colleagues and establishes accountability for actions and decisions. It also describes how appropriate oversight, challenge and assurance are provided over business activities, including the ethical conduct of our operations.

The key policies which govern compliance risk at Sage include:

- Acceptable use
- Anti-bribery and corruption
- Anti-money laundering
- Code of conduct
- Competition law
- Conflicts of interest
- Data classification and handling
- Gifts and hospitality
- Information security
- IT systems security
- Personal data protection
- Sanctions
- Whistleblowing

To ensure everyone understands the parameters of behaviour involved in doing the right thing, we have developed an award-winning compliance training programme. This uses behaviour theories and principles to create enjoyable and effective learning experiences.

Data privacy and security

We take the privacy and security of our customers' data very seriously and adopt a range of robust and well-established protective measures, based on industry best practice.

As cyber threats are dynamic, our approach to cyber-security is iterative and under continual review. At Sage, we take time to speak directly to our customers, so that we can understand and respond to their needs and expectations about security.

We recognise individuals' rights to privacy and to control their own personal data. We maintain a data privacy accountability framework to ensure our customers, employees and other individuals can trust Sage to process their personal data responsibly, and so that risks are appropriately identified and controlled.

Our data privacy and security arrangements are set out in our internal policies and procedures. These inform our employees about our approach to information security and offer a framework which informs our colleagues of what should be considered in relation to their work. We process

E-learning

In 2020, we refreshed our Code of Conduct and how it contributes to our mission to support colleagues in living our values.

To further bring our values to life for our colleagues, we transformed the Code of Conduct learning experience into a more interactive, engaging activity that helped colleagues gain and retain knowledge and apply learning in their role.

We established a cross-functional, global learning project team to design a state-of-the-art learning experience that combined innovative technology with animation, music, voiceovers and video-based games to engage learners. Information was provided in short snippets spread over up to 60 days to consolidate ideas and appeal to different learning styles.

The reception for the new Code of Conduct learning modules has been impressive with 90% of learners completing the course within 60 days, and the Net Promoter Score (NPS) learning experience advocacy improving by 21 points. There are also examples of this learning experience generating increased compliance: corporate gifts and hospitality declarations went up immediately following the training.

Wider economic impact: Aurik Enterprise Development, South Africa

Many of our programmes are designed to have an economic impact in the communities where we operate. As part of our Supplier and Enterprise Development Programme, we partnered with business development organisation, Aurik, in South Africa, to support small, black-owned businesses and independent software vendors to progress to the next stage of development.

Businesses progressed through a rigorous selection process to access the business development programme, which ran for 12 months. Twenty-nine businesses were selected for specialist mentoring and coaching from Sage and Aurik. Sage also provided discounted partner fees and upgraded their vendor status from Authorised to Gold. Sage has recruited another 23 businesses to form part of the Business Partner ecosystem and the Independent Software Vendor Programme for a period of 12 to 18 months.

All twenty nine businesses completed the programme and saw their business become more successful, with average turnover rising by 36% and average profitability increasing by 375%. More than 123 jobs were created.

personal data transparently in line with our external privacy notices, which explain our lawful basis for processing personal data and enable individuals to exercise their data privacy rights. These documents are regularly reviewed to ensure they remain up to date, and colleagues receive training to enable them to deliver the data privacy and security outcomes that we, and our customers, expect.

Our Global Security Team is responsible for overall information security and reports directly to the Executive Committee. Key elements of our approach to data privacy and security include:

- Restricting access to customer data to authorised individuals where there is a specific need for their role;
- Checking, training and supervising employees requiring access to customer data;
- Understanding the characteristics of the data we handle, and the applications, hardware and IT systems that we use to handle it;
- Ensuring processing of personal data is kept to the necessary minimum, and completing privacy impact assessments where data processing may potentially involve higher risks;
- Making sure the data centres we use are secure, access controlled and resilient;
- Providing robust and secure data back-up arrangements;
- Continual monitoring of data privacy and security effectiveness;
- Adopting leading-edge tools to detect, diagnose and respond to data privacy and security risks; and
- Designing out data privacy and security risks in software development.

Human rights

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 have the opportunity to thrive through experiencing economic stability and social equality.

We expect all Sage colleagues, partners and suppliers to adhere to international standards on human rights, including, for example, with respect to child and forced labour, land rights and freedom of association. Our expectations are included in our Partner and Supplier Codes of Conduct and Modern Slavery Act Statement, which are available on our website at sage.com as well as being published on the UK Government's Home Office Modern Slavery Statement Registry. We conduct appropriate due diligence on our partners, and all of our partners and suppliers are obliged to adhere to the principles set out in the Supplier Code of Conduct, including on human rights.

Supporting our charity partners – Radical Recruit

Radical Recruit's mission is to support people facing barriers getting into the workplace – bridging the gap between disadvantaged job seekers, for example those affected by homelessness or domestic violence, and the business world. Our work with Radical Recruit illustrates the many ways that we support charity partners and is aligned with our objective to use employment and entrepreneurship to tackle inequality.

During 2021, Radical Recruit has featured in our Speaker Series and has benefitted from over 100 hours of volunteer time from 25 Sage colleagues, by taking part in 17 different events, such as résumé coaching and interview skills. One beneficiary of the charity is completing a Sage work experience programme complemented by further coaching from a Sage colleague.

Beyond this, Radical Recruit have benefitted from our free training offer, sending a number of their trustees on our virtual financial literacy training course. We have also invested in their model, providing them with funds to support their ongoing work.

"Working in partnership with Sage has been a true delight. Their people truly live the Sage values and help the business meet its commitment to diversity and inclusion through a range of activity that has a profound impact on the people we support at Radical and also society more broadly. Sage's leadership in the social justice arena is indispensable and an excellent example of what businesses should do to mobilise individuals from disadvantaged backgrounds as well as supporting entire communities. We look forward to strengthening our existing partnership, long may it continue!"

Emma Freivogel,
Chief Radical

Sage Foundation

"Time to give back to our wonderful planet! Small actions have big effects for our future and the future of the next generations. Thank you, Sage Foundation, for giving us the opportunity to keep our planet clean."

Theo Lesage,
Sage colleague

Sage Foundation empowers colleagues, business partners and customers to give back to their local communities through volunteering and fundraising, focusing on impactful and innovative ways to make a difference using technology and their expertise.

Product for purpose with Afrika Tikkun

Afrika Tikkun is a non-profit partner based in South Africa. They offer a Cradle to Career programme focused on youth education, nutrition, social welfare and skills development. They are a longstanding Sage Accounting and Sage Payroll customer, have received grant funding and have worked with us on numerous volunteer activations. Through the use of Sage's software, they are able to successfully manage donor relations and measure the impact of their programmes. Afrika Tikkun were previously awarded a Covid-19 grant that supported emergency relief efforts for 1,300 families in underserved communities across the country.

Partnerships for good

Sage Foundation's Partner Programme was launched in March 2020 to engage Sage's Business Partners in various philanthropic activities. It has helped supercharge the CSR programs within dozens of Partner organisations. In 2021 alone, members of the Sage Foundation Partner Programme raised over $250,000 and volunteered over 2,200 days. Since March 2020, it has grown into a programme that includes over 200 partners across 14 countries.

Fundraising for the $2 Million Challenge

Sage's colleagues, partners and customers have embarked on a fundraising challenge with a target of raising $2 Million by 2022 , having raised $670,113 in FY21. The purpose of the fundraising campaign is to empower our colleagues and partners to give back to the causes they care about most. By fundraising and match-funding, we are able to embark on large-scale global fundraising events such as Movember, Feed-a-Family and the Sage Foundation Kilometre Challenge.

419
Number of new Non-Profit Organisation customers that benefitted from a discounted product subscription

205
Number of Sage Business Partners that have signed up to the Sage Foundation Partner Program

$670,113
Value of funds raised in FY21 towards $2 Million Challenge
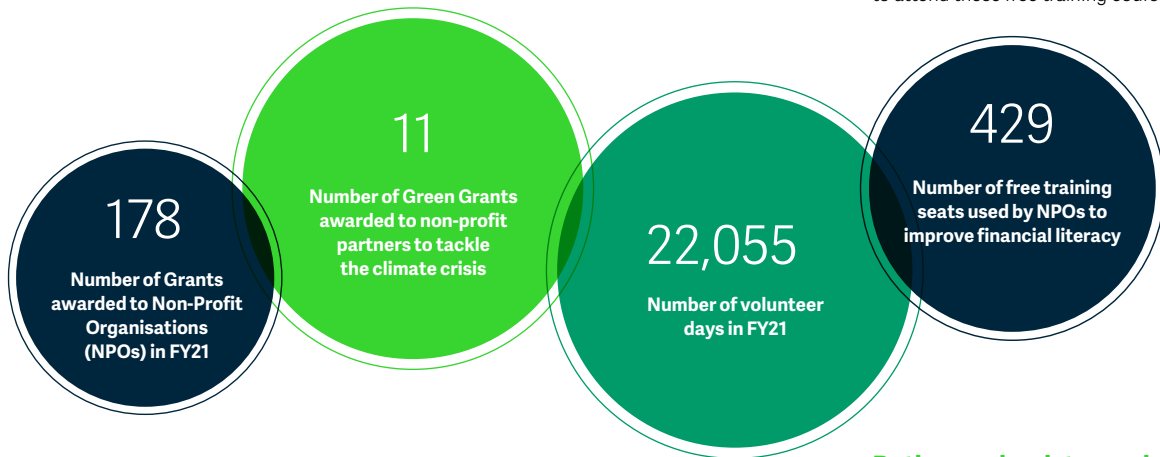
Going green with grants

Sage Foundation's Green Grants programme aims to support charity partners that align with our goal of protecting the planet. The successful non-profit partners that applied for the grants used the funding to focus their efforts in helping the environment. Through our network of Sage Foundation ambassadors and managers, we nominated 11 successful applicants across seven regions to help tackle the climate crisis.

People powering change

In April 2021, to celebrate Earth Day, 101 colleagues in the USA and 52 colleagues in Canada cleaned up their neighbourhoods, parks or beaches, in some cases with the involvement of their families. Due to Covid-19 restrictions, our colleagues currently volunteer with family members and in FY21 we recorded over 2,000 Sage family member volunteer days. We partnered with two environmental organisations for this event: SOLVE Oregon and Great Canadian Shoreline Clean Up (from Ocean Wise and WWF).

Making financial literacy accessible to non-profit organisations

Sage Foundation offers free virtual training courses to non-profit organisations. The course content addresses some of the most-needed skills highlighted by our non-profit partners and covers topics such as accounting and financial statements, funding and diversification, writing successful bids, and learning new techniques for better fundraising. Employees and volunteers from non-profit organisations of all sizes are invited to apply to attend these free training courses.

178
Number of Grants awarded to Non-Profit Organisations (NPOs) in FY21

11
Number of Green Grants awarded to non-profit partners to tackle the climate crisis

22,055
Number of volunteer days in FY21

429
Number of free training seats used by NPOs to improve financial literacy

"I know Sage is committed to supporting people living with disabilities. They not only provide job opportunities but also offer the tools to equip us with the right skills to perform in our new roles."

Participant,
Pathways South Africa

Pathways back to work

Sage Pathways is a support, development, training and recruitment programme designed to help people enter the workplace or return to work. This year we delivered four programs including virtual work readiness events in South Africa, the UK and North America. Of the 172 attendees, more than 70% were women. In South Africa, we hired 13 people living with disabilities within our customer services and finance operations. The Pathways model delivers a series of work-readiness sessions on interview tips, assessment centre skills, personal branding and returning to work with confidence.

£3.2m
Value of colleague volunteer time in FY21

172
Number of people going through the Pathways work readiness programme
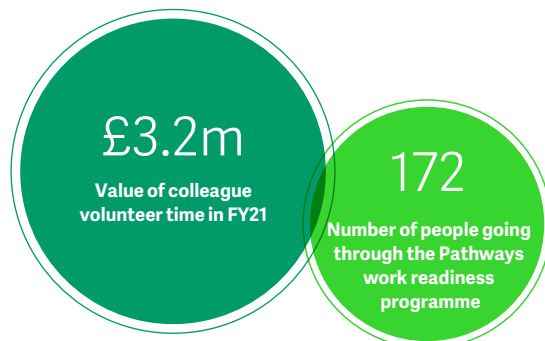
The Environment

While our Protect the Planet pillar describes our ambitious plans to reduce greenhouse gas emissions and protect the local environment in our communities, this section sets out our environmental credentials, and what we are already doing to tackle the climate crisis.

Climate change

To ensure we deliver on our promise of protecting the planet, we have committed to halving our carbon emissions by 2030, against our 2019 baseline, and to achieving net zero emissions by 2040.

Our ambition is to be a sustainability leader within the technology sector. To achieve this, we are continuing to develop our understanding of the carbon footprint associated with our direct and indirect activities. This includes emissions resulting from the activities we control (Scope 1 and Scope 2), as well as the emissions associated with activities across our value chain (Scope 3).

We have also recently submitted our commitment letter to the Science-Based Targets initiative (SBTi) and signed up to both the United Nations Global Compact Business Ambition for 1.5°C and the United Nations Climate Change Race to Zero.

Our carbon footprint

We recognise the importance of reporting against Scopes 1, 2 and 3 emissions, and are committed to continually reviewing our data collection processes across our global operations to ensure our carbon footprint is comprehensive. Our carbon footprint, and the methodology we use to calculate it, are described in detail on page 34.

FY21 Carbon footprint summary (tCO$_2$e)

- Scope 1 emissions: 1%
- Scope 2 emissions (location-based): 3%
- Scope 3 emissions: 96%
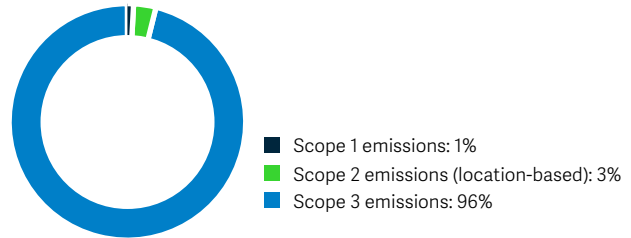
Scope 1, 2 and 3 emissions

Only a relatively small proportion of Sage's carbon footprint relates to greenhouse gas emissions from sources we directly control. In 2021, around 4% of emissions were categorised at Scope 1 or Scope 2. The significant majority of emissions associated with Sage's business relate to activities outside of our direct control. In 2021, around 96% of emissions were categorised as Scope 3.

We have been making year-on-year emission reductions against our 2019 baseline across Scopes 1 and 2. We expect that our reported Scope 3 emissions are likely to increase in the short term as we find ways to better measure emissions throughout our value chain, and include these within our carbon footprint.

Total emissions (tCO$_2$e)

2019: 14,035 2020: 10,090 2021: 5,241

Scope 1 and 2

2019: 113,219 2020: 105,476 2021: 120,661

Scope 3

2019: 127,255 2020: 115,566 2021: 125,902

Scope 1, 2 and 3
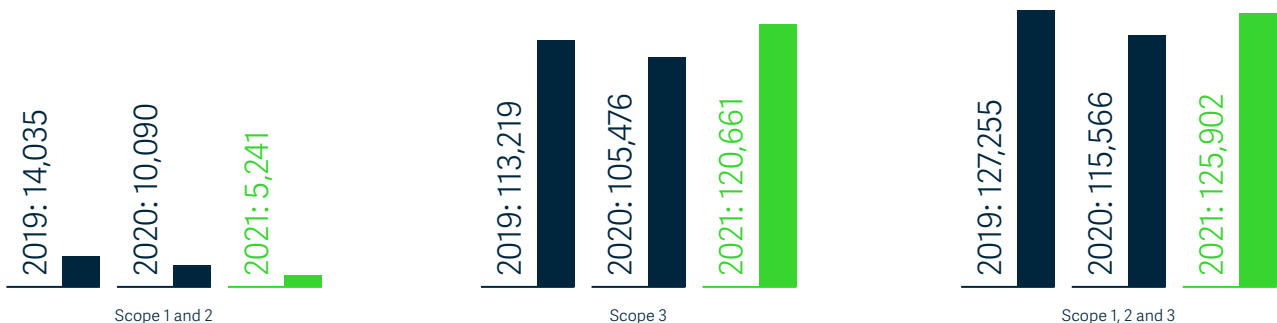
Scope 1 and Scope 2

Emissions within our direct control (Scope 1 and Scope 2) primarily relate to the use of natural gas, electricity and other fuel within our offices. A relatively small proportion also relates to our company-owned vehicles.

In 2021, 4,181tCO$_2$e were generated as a result of energy consumed in Sage offices, a reduction from 7,107tCO$_2$e in 2020.

During the coming financial year, we plan to undertake energy efficiency audits across Sage offices where we have control over energy-consuming activities. This will enable us to assess current energy consumption profiles and will provide insight into opportunities to use energy more efficiently.

Sage procures certified renewable energy for a number of office locations, including the global headquarters in the north east of England. Our ambition is to ensure all Sage offices have access to credible, certified renewable energy by 2030.

In 2021, 52tCO$_2$e were generated as a result of Sage's vehicle fleet, a reduction from 1643tCo2e in 2020. This reduction is a direct result of working from home during the Covid-19 pandemic.

While we have a relatively small fleet of company cars in proportion to the number of Sage colleagues, it is important that we transition our fleet to low-carbon vehicles. We also plan to support colleagues in their own transition to low-carbon vehicles through, for example, the provision of electric vehicle charging infrastructure at our major offices.

Scope 3

As with many non-energy intensive companies, Scope 3 emissions comprise the majority of Sage's carbon footprint, approximately 96% in 2021.
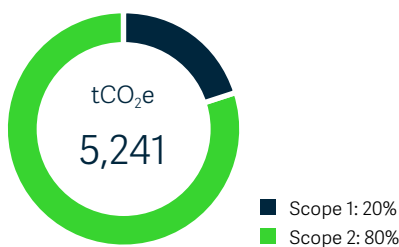
Alongside colleagues working from home, and business travel, the goods and services Sage procures comprise the majority of Sage's Scope 3 emissions.

Emissions from goods and services procured from Sage's most prominent (Category 1) suppliers account for approximately 74% of our total carbon footprint. In 2021, Category 1 suppliers were estimated to contribute around 92,613tCO$_2$e, an increase from 87,202tCO$_2$e in 2020. This has increased due to greater spend with our supply partners.

During 2021, 376tCO$_2$e were emitted as a result of business travel, a reduction from 6,364tCO$_2$e in 2020. This reduction related primarily to reduced business mobility during the Covid-19 pandemic. In the coming year, we plan to set targets to reduce greenhouse gases associated with business travel at a regional level. This will include guidance for colleagues to raise awareness of their role in making good travel choices.

Engaging with our data centre providers is an important step for Sage as we transition to cloud-based products. Accurate knowledge of data centre energy sources is important for our responsible hosting initiatives. We have started the engagement process with several providers, bringing a positive think-tank mindset to enable accurate identification of where our data is stored. Over time, we expect this will improve our approach to calculating CO$_2$ emissions associated with our customers, use of Sage products, and our strategy for reducing these.

FY21 Scope 1 and 2 emissions (tCO$_2$e)

tCO$_2$e
5,241

- Scope 1: 20%
- Scope 2: 80%

FY21 Scope 3 emissions (tCO$_2$e)

tCO$_2$e
120,661

- Purchased goods and services: 74%
- Capital goods: 7%
- Upstream transport & distribution: 1%
- Business travel: 1%
- Fuel and energy related activities: 2%
- Employee commuting and teleworking: 14%
- Waste: 1%

<div style="background: green;">
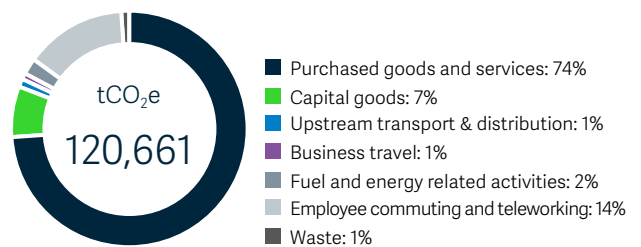
Activities contributing to Sage's carbon footprint

Sage's carbon footprint was 125,902 tCO$_2$e in FY21. This included Scope 1, 2 and 3 emissions relating to Sage's direct, upstream and downstream business activities. Our historical emissions trend and calculation methodology are set out in detail on pages 61 and 63 of this report

The sources of these emissions are described in pages 32 and 33 of this report, and the associated activities are illustrated below. This provides an indication of the relative contribution of each activity to Sage's total carbon footprint.[1]

</div>

Cloud services

Data centres c. 7%

Customers – TBD

Commuting <1%

Heating and cooling c. 4%

Vehicle fleet <1%

Lighting <1%

Maintenance c. 6%

Water and waste <1%

Supply chain c. 67%

Business travel <1%

Working from home c. 14%

Transport and distribution <1%

1. Some of the emission sources described in page 33 have been separated into their component parts to enable a more detailed illustration of the emissions associated with Sage activities. For example, purchased goods and services is comprised of data centres, water and supply chain.
   c. – Approximately
   < – Less than
   TBD – Emissions calculation methodology is under development

Carbon Disclosure Project

Sage has reported against The Carbon Disclosure Project (CDP) since 2016. We recognise the importance of CDP reporting to our stakeholders and have worked hard to improve the quality of our internal data collection as the CDP has become more stringent. Our ambition is to be an A-rated company by 2023.

Sage has demonstrated a generally positive CDP trend and performs well when benchmarked against our industry peers.

Sage CDP	Climate change	Supplier engagement	Industry global average performance
2016	B	N/A	C
2017	C	N/A	C
2018	B-	N/A	C
2019	B	B-	C
2020	B	B-	C

* 2021 CDP results released in December 2021.

Compliance

The Streamlined Energy and Carbon Reporting (SECR) is a mandatory environmental reporting framework set out by the UK Government. Sage has included the SECR reporting requirements in its Annual Reports and Accounts since 2019, when SECR replaced the Carbon Reduction Commitment scheme. Sage is also fully compliant with the Energy Savings Opportunity Scheme which is a mandatory energy assessment scheme, introduced by the UK Government to assess energy usage every four years and to find new ways to save energy.

Through our pledge to address and respond to the climate crisis, we are committed to understanding Sage's climate-related risks and opportunities. As part of this, we are in the process of implementing the recommendations of the Task Force on Climate-related Financial Disclosures.

Environmental management

Water

Sage's water use (potable supply and waste water treatment) is associated with our global office activities. Where possible, we meter our global offices for accurate water use and we have an alert function to enable immediate action if there is a sudden spike in water consumption. In 2021, we consumed 19 Mega Litres of water within our Sage offices.

Waste

Sage's waste generated is associated with our global office use and involves waste streams such as paper, cardboard, confidential, IT, food and hard facilities. We use a third party to remove and dispose of our waste, which is tracked and recorded as required by the relevant regional regulations.

During 2021, 298 tonnes of waste generated was recorded. This is a decrease on previous years due to office closures during the pandemic. The 2020 figure of 669 tonnes generated was unusually high and related to the extensive fit out of Sage's new headquarters.

A management system approach

We recognise the importance of continual improvement through a regime of Plan, Do, Check, Act. During 2022, we will start the process of creating management plans aligned to:

- ISO 14001 Environmental Management Systems
- ISO 50001 Energy Management Systems

There were no recorded occurrences of environmental non-compliance during FY21.

Sustainable procurement

We encourage our supply chain partners to align with our values, to uphold our standards in relation to environmental and ethical business practices, and to conduct their business in accordance with applicable laws and regulations. All new supply chain partners are asked to complete a sustainability questionnaire as part of our procurement process in which they detail their approach to, and compliance with, a range of environmental, social, governance expectations and requirements.

Our Supplier Code of Conduct sets out the principles that we expect all of our suppliers to follow. These are shared principles that we adhere to ourselves and which we expect our supply chain partners to adopt. By working together to promote good practices, we can ensure these principles are reflected throughout our value chain.

During 2021, we piloted a supplier evaluation programme to help us to better understand how we could assess suppliers' ongoing compliance with our sustainability expectations, and options for working collaboratively to improve the sustainability characteristics of the goods and services that we procure. The findings from this pilot will inform our future approach in this area.
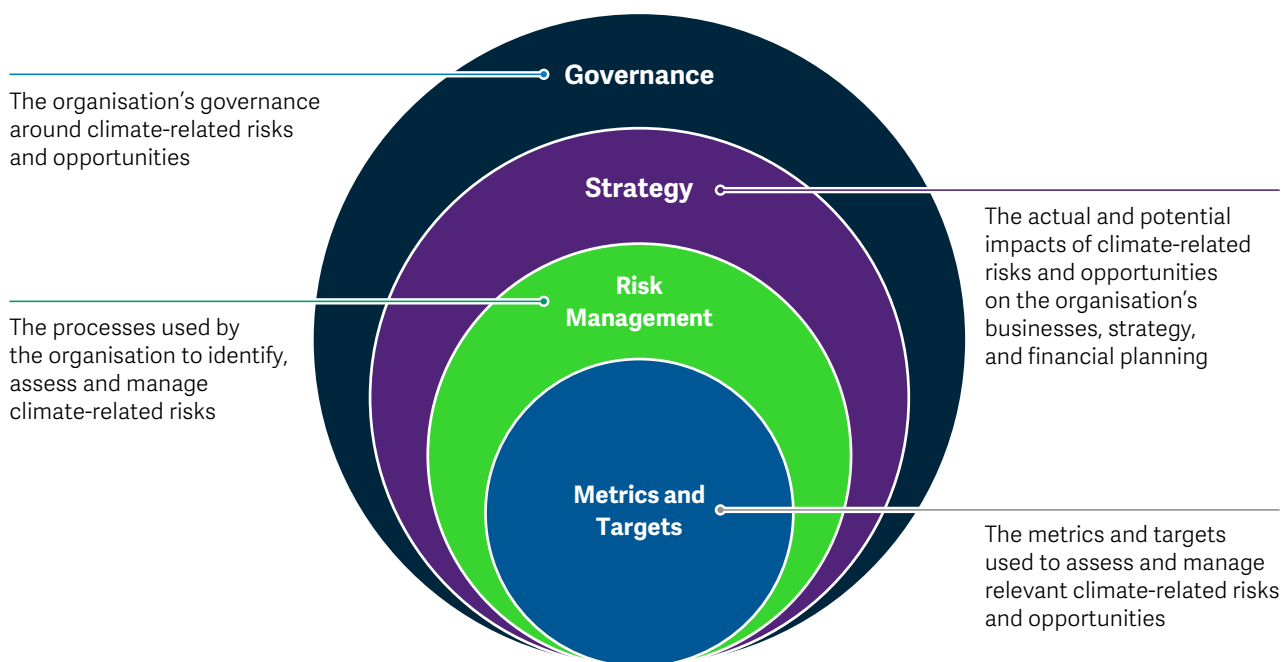
Our Task Force on Climate-related Financial Disclosures journey

As part of our pledge to address the climate crisis, Sage is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to continuing to enhance our understanding of the risks and opportunities that climate change presents to our business.

TCFD Recommendations

The TCFD was established in 2015 by the Financial Stability Board to help identify the information needed by investors, lenders, and insurance underwriters to assess and price climate-related risks and opportunities. Our progress in aligning with the TCFD's recommendations is set out on page 54.

The TCFD recommends 11 disclosures which are based on four subject areas:

The organisation's governance around climate-related risks and opportunities

Governance

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Risk Management

The processes used by the organisation to identify, assess and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Our approach to TCFD

Sage has adopted a four-stage approach towards TCFD implementation:

TCFD readiness

Risks and opportunities screening

Gap analysis of current reporting and processes against TCFD recommendations

Stakeholder engagement to determine material risks and opportunities for further analysis

TCFD readiness

During 2021, we conducted a gap analysis against the 11 TCFD disclosures by engaging Sage's Risk, Governance and Strategy teams to understand the current adoption and alignment status. Each TCFD recommendation was assigned a Red-Amber-Green status.

This enabled us to develop a work programme to become fully aligned to the TCFD recommendations throughout short, medium and long-term planning.

Climate scenario modelling

Modelling of risks and opportunities under at least 2˚C and 4˚C scenario to understand possible future impacts

Adaption and mitigation

Identifying mitigation and adaptation actions and integrating climate modelling into risk management and strategy

Risk and opportunity screening

The TCFD's recommended disclosures focuses on two main areas of risk:

- **Risks associated with the transition to a low-carbon economy:** market and technology; policy and legal; reputation.
- **Risks associated with the physical impacts of a changing climate:** acute and chronic changes in weather.

Sage conducted interviews with multiple stakeholders from across its business to better understand the range of climate-related risks and opportunities that have the potential to affect its business, and its stakeholders.

Interviews focused on understanding climate-related risks and opportunities

Procurement · Corporate affairs · Strategy · Products · Legal

People · Cloud operations · Property · Marketing

At the end of FY21, Sage was defining and rating climate-related risks and opportunities identified through the screening stage, in view of incorporating those rated as significant within Sage's corporate risk management framework. General areas of potential business risk and opportunity identified through the screening stage are summarised below:

Areas of potential business risk	Areas of potential business opportunity
Hosting resilience	New products and services
Reputational damage	Retaining and hiring talent
Increasing cost of energy and carbon	Site efficiencies
Workforce productivity	Enhanced brand image
Damage to facilitites	Renewable energy procurement
Changing customer needs and behaviours	

Next Steps – 2022 and beyond

In early 2022, Sage will undertake a climate scenario analysis of its climate-related risks and opportunities. Scenario analysis provides a more detailed understanding of potential climate impacts arising in different circumstances, enabling mitigation planning for a range of possible eventualities.

Sage will model the risks and opportunities under projected 2˚C and 4˚C warming scenarios based on the Intergovernmental Panel on Climate Change's latest reports and scientific findings.

Governance

We have a robust system of governance to oversee our Sustainability and Society strategy.

The strategy is led by our Chief Executive Leadership Team, and our Board provides oversight of the strategy direction and the progress being made in achieving its intended outcomes. The Board also has ultimate responsibility for approving our sustainability-related policies.

On a day-to-day basis, responsibility for our Sustainability and Society strategy is delegated to the Chief People Officer. Working groups for each of the strategy pillars report into our Sustainability and Society Steering Committee, which in turn reports progress into the Executive Leadership Team.

Sustainability risks and opportunities are channelled through the Global Risk Committee, which reports to the Executive Committee, and escalates matters to the Audit and Risk Committee, where required. Our sustainability activities take place within our ethical business policy framework see page 28, and by the law of the countries where we operate.

Sage Executive Leadership Team

Sustainability and Society Steering Committee

Tech for Good workstream

Fuel for Business workstream

Protect the Planet workstream

Sustainability and Reporting workstream
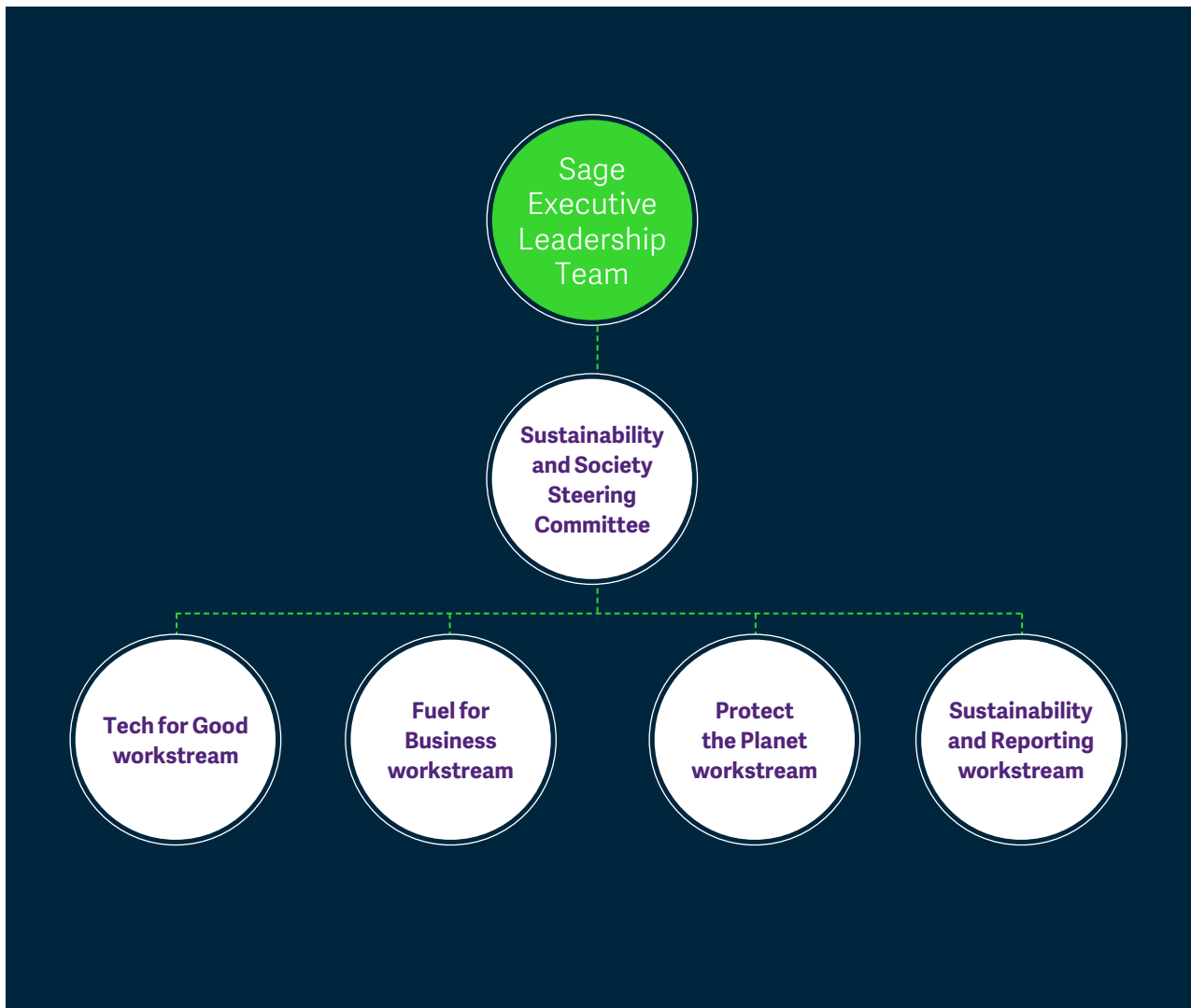
Materiality

Identifying our material issues

Our approach to materiality is fundamental in shaping how we identify the range of Environment, Social, Governance topics that are important to our business and to our stakeholders. It also guides us to the areas where we can make the biggest impact – and which we have chosen to focus on within our Sustainability and Society strategy.

Gaining consensus to inform our strategy

At Sage we believe in purpose-driven performance, and as the UK's biggest global technology company, we believe that purpose extends to our customers, colleagues, investors and society.

The development of Sage's Sustainability and Society strategy was informed by a range of research, studies and engagements carried out during 2021. This helped us to better understand the social, environmental and economic challenges facing our customers, and how we could align our own activities with these. This included:

- A survey of 6,000 SMBs in the UK, US, Spain and South Africa to discover their perspectives on the most important sustainability challenges they faced;
- Focused research in less-advantaged areas of London and the north east of England to find out what prevents people from starting new businesses;
- A comprehensive peer review which looked at how high-performing businesses position themselves on sustainability issues and demonstrate leadership; and
- Interviews with over 40 Sage leaders to gain feedback into how our research aligned with existing business goals focused on our customers, colleagues, shareholders and society.

Looking forward

The strategy's purpose of Knocking Down Barriers and its three pillars are clearly defined and will continue to offer focused areas for priority action.

As we implement our Sustainability and Society strategy, we will continue to review the materiality of a wide range of ESG issues to guide how we approach this agenda comprehensively and holistically.

A project is currently underway to undertake an enhanced ESG materiality review. This involves a comprehensive review of materiality work previously undertaken alongside a gap analysis to identify where further insight could be provided into the views and expectations of Sage stakeholders.

Further proactive engagement will take place with stakeholder groups including, for example, colleagues, customers, shareholders and business partners, to help enhance Sage's prioritisation of ESG topics, and how these can contribute towards Sage's strategic transition to a digital business.

This will inform the development of a series of roadmaps that will set out our long-term level of ambition and goals for the topics most material to Sage. The outputs of this work are expected in FY22.

Stakeholder engagement

Understanding our stakeholders' priorities

Considering our stakeholders when shaping our Sustainability and Society strategy is central in our journey to being a purpose-led, inclusive business. We have taken our time to ensure our initiatives resonate with our stakeholders and help build a foundation of mutual respect, trust and understanding.

Understanding our stakeholders' interests and priorities influences the sustainability issues we focus on, how we measure and report our progress and how we communicate challenges and achievements.

Customers

About our customers

SMBs are the growth engine of the global economy. Accountants are the professionals who rely on us to help them deliver a great service to their clients, whatever their size. They are a diverse and dynamic group who we are proud to call our customers.

Our customers' interests

Customers are focused on running and growing their business as the global economy starts to re-open while accessing products that keep their business compliant. Alongside great-quality customer service, our customers value actionable insights from their data. While improving efficiencies and productivity remain priorities for our customers, the wellbeing of their staff and the environment is increasingly important to them.

Our engagement with customers

- In FY21, Sage launched a Sustainability Hub to provide insight and information for SMBs. The Hub provides SMBs with expertise and actionable advice on reducing their carbon impact and having a positive impact on their communities.

- Sage has joined forces with the Association of Chartered Certified Accountants to co-chair a senior level roundtable to review how to support SMBs in the transition to net zero. This involved launching a white paper focusing on simplify carbon-reporting for SMBs jointly with the International Chamber of Commerce (ICC) during CoP26.

Colleagues

About our colleagues

Colleagues are the life blood of Sage. Every day they serve our customers through innovation, integrity and passion. As a purpose-led business our colleagues play a critical role in effecting change in their local communities through our action philanthropy model and our people powering change.

Our colleagues' interests

Colleagues want to work for a company that values them, and that provides them with an opportunity to thrive. They expect us to address societal issues relating to diversity and inclusion, the environment, and the future of work. Our colleagues are proud of the work we do in our communities through our Sustainability and Society strategy and Sage Foundation.

Our engagement with colleagues

- Over 6,000 Sage colleagues around the world tuned into a live virtual event to launch our Sustainability and Society strategy as part of Sage's 40th anniversary celebrations in 2021.
- 2,900 Sage colleagues showed their support for our new strategy by taking part in our Sage Foundation Pledge campaign which gifted colleagues with Sage funds to make a donation to a non-profit organisation that supports one of our three sustainability and society pillars. This served to inform colleagues and to support the strategic sustainability pillars.
- During FY21, Sage reviewed options for including ESG as an element of its executive incentive scheme. Consideration is being given to short and longer term measures that will emphasise the commitment of Sage leaders to delivering its Sustainability and Society Strategy outcomes, and to ensuring the breadth of stakeholder ESG interests continue to be addressed.

- In FY21, Sage set up an internal Task Force on Climate-related Financial Disclosures stakeholder group. This included colleagues from Risk, Governance, Facilities, Cloud Operations, Procurement, People, Strategy, Product and Marketing, to discuss the risks and opportunities associated with transitioning to a low-carbon economy and the impacts of climate change on our business. The results will be included within Sage's risk register and risk management processes.
- A Sustainability and Society Yammer Group, accessible to all Sage colleagues, was created to enable stakeholders to discuss the Sustainability and Society strategy, ask questions, suggest ideas and engage with like-minded colleagues around the globe by learning about initiatives that are currently taking place.
- Our Health, Safety and Wellbeing Policies ensure that a healthy, safe and supportive working environment is maintained at Sage, which protects the wellbeing of all of our colleagues. This includes our Colleague Assistance Programmes, Headspace app, 'wellbeing days' for all colleagues in FY21 and the Healthy Mind Coaches programme.
- Our Kiva credits programme allows colleagues to influence where charitable funds are provided to small businesses and micro enterprises.
- Sage colleagues can support a charity they care about by applying for a donation, or fundraising match-fund, to the value of £200 (or local equivalent) every year, via Sage Foundation. Match funding builds an inclusive culture that allows colleagues to create thriving communities.

Stakeholder engagement *continued*

Shareholders

About our shareholders
Our shareholders enable growth and ongoing investment in Sage.

Our shareholders' interests
Shareholders are interested in our long-term strategy, our operational performance and strategic execution. Our financial performance is important to them and, increasingly, they are concerned about broader societal issues and the role we play in addressing them.

Our engagement with shareholders
- During FY21, Sage maintained engagement with shareholders in relation to ESG. This included the launch of Sage's new Sustainability Society strategy as well as topic specific information on request.
- At the launch of our new Sustainability and Society strategy in June 2021, we established a dedicated sustainability section on Sage's website Sage.com. Investors are invited to visit these pages to discover more about our sustainability efforts and targets.
- This year, we included ESG information alongside our half-year and full-year results, specifically highlighting our sustainability achievements and ambitions, to contribute towards transparency with the investor community.

Society

About our society stakeholders
In today's world, not everyone is given an equal chance. Discrimination, bias, and unequal access to education and technology are creating barriers to success for many people. It's our pledge, as one of the UK's biggest technology companies, to knock down these barriers to create equal opportunity. We are committed to investing in education, technology and environmental change to give individuals, SMBs and our planet the opportunity to thrive.

Society interests
Starting a business can provide a route to a better life. People in under-represented groups sometimes need support to help start and grow a business, which can provide a route to long-term employment, job satisfaction and wealth creation. For SMBs, having a positive societal and environmental impact, and a commitment to diversity, matters to their business. We believe that we have a role in helping them to make their businesses more sustainable.

Our engagement with society
- To help knock down barriers to business ownership in the UK, Sage will partner with the Purpose Coalition. As a Purpose Coalition Levelling Up Commissioner, Sage's Chief Executive will focus on making the opportunity to start and grow your own business accessible to everyone.
- As a member of the World Business Council for Sustainable Development, Sage will join over 200 leading global businesses to work together to accelerate the transition to a more sustainable world.

- During FY21, Sage engaged with a number of suppliers to discuss the approach to net zero. This involved understanding supply chain partners', priorities and plans to transition to a low-carbon economy.
- During FY21, Sage Foundation established a Green Grant fund which supports charity partners that align with our goal of protecting the planet.
- Launched in 2015, Sage Foundation celebrated its 5th anniversary in FY21. To date, colleagues contributed over 130,000 days volunteering and £1,9m has already been raised towards the $2 Million by 2022 Challenge. Over 1,600 non-profit organisations have benefitted from discounted or donated software.

Global Reporting Initiative

This Global Reporting Initiative (GRI) Index[1] is intended as a reference to guide stakeholders to information contained within Sage's 2021 Sustainability Report that relates to GRI General Disclosures and Topic-specific Standards.

GRI 102: General Disclosures

GRI Standard	Disclosure title	Report reference
Organisation profile		
102-1	Name of the organisation	Back cover
102-2	Activities, brands, products, and services	Pages 2-3
102-3	Location of headquarters	Back cover
102-4	Location of operations	Page 2
102-7	Scale of the organisation	People data table, page 57 SASB data table, page 48
102-8	Information on employees and other workers	People data table, page 57
Strategy		
102-14	Statement from senior decision-maker	Page 4
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 1
102-17	Mechanisms for advice and concerns about ethics	Page 28
Governance		
102-18	Governance structure	Page 40
102-19	Delegating authority	Page 40
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 40
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 40
102-29	Identifying and managing economic, environmental, and social impacts	Page 40-41
102-30	Effectiveness of risk management processes	Page 40
Stakeholder engagement		
102-40	List of stakeholder groups	Pages 42-43
102-43	Approach to stakeholder engagement	Pages 42-43
102-44	Key topics and concerns raised	Pages 42-43
102-46	Defining report content and topic boundaries	Pages 10-11
102-50	Reporting period	Contents page
102-55	GRI content index	Page 45
102-56	External assurance	Contents page

Global Reporting Initiative *continued*

GRI 200: Economic

GRI Standard	Disclosure title	Report reference
Economic performance		
201-2	Financial implications and other risks and opportunities due to climate change	Pages 37-39 TCFD table, page 54
Indirect economic impacts		
203-2	Significant indirect economic impacts	Page 28
Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Page 28
Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	SASB table, page 48

GRI 300: Environmental

GRI Standard	Disclosure title	Report reference
Energy		
302-1	Energy consumption within the organisation	ESG Fundamentals data table, page 61 SASB Table, page 48 Carbon footprint methodology, page 63
Water and effluents		
303-1	Interactions with water as a shared resource	Page 35 SASB table, page 4
303-5	Water consumption	Page 35 ESG Fundamentals data table, page 61 SASB table, page 48
Emissions		
305-1	Direct (Scope 1) GHG emissions	Page 32 ESG Fundamentals data table, page 61 Carbon footprint methodology, page 63
305-2	Energy indirect (Scope 2) GHG emissions	Page 32 ESG Fundamentals data table, page 61 Carbon footprint methodology, page 63
305-3	Other indirect (Scope 3) GHG emissions	Page 32 ESG Fundamentals data table, page 61 Carbon footprint methodology, page 63
305-4	GHG emissions intensity	ESG Fundamentals data table, page 61 Carbon footprint methodology, page 63
305-5	Reduction of GHG emissions	Page 32-33 ESG Fundamentals data table, page 61 Carbon footprint methodology, page 63
Waste		
306-1	Waste generation and significant waste-related impacts	Page 35
306-2	Management of significant waste-related impacts	Page 35
306-3	Waste generated	Page 35 ESG Fundamentals data table, page 61
306-5	Waste directed to disposal	Page 35 ESG Fundamentals data table, page 61
Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	Page 35

GRI 400: Social

GRI Standard	Disclosure title	Report reference
Employment		
401-1	New employee hires and employee turnover	ESG Fundamentals data table, page 57
401-3	Parental leave	ESG Fundamentals data table, page 57
Occupational health and safety		
403-6	Promotion of worker health	Page 23
403-9	Work-related injuries	ESG Fundamentals data table, page 57
Training and education		
404-1	Average hours of training per year per employee	ESG Fundamentals data table, page 57
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 22
404-3	Percentage of employees receiving regular performance and career development reviews	People data table, page 57
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Page 21 ESG Fundamentals data table, page 57
405-2	Ratio of basic salary and remuneration of women to men	Page 21, ESG Fundamentals data table, page 57
Freedom of association		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 20
Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SASB table, page 48

1. Sage's 2021 Sustainability Report has not been prepared in accordance with the GRI Standards. This Index references information that is relevant to each stated disclosure – and does not infer the extent to which the information has fully or partially met the criteria associated with each stated disclosure.

   This GRI Index refers only to information contained within Sage's 2021 Sustainability Report. Sage publishes various supplementary documents which present wider information that is relevant to a range of GRI disclosures, for example Sage's Annual Report and Accounts and web site, www.Sage.com.

   As such, this Index does not describe the comprehensiveness of Sage's entire information disclosure that is potentially relevant to GRI. This Index does reference the snapshot of GRI-relevant information that is presented, specifically, in Sage's 2021 Sustainability Report. Sage is committed to transparent and comprehensive ESG disclosure. The GRI framework will be adopted by Sage as one of a number of ESG reporting frameworks that will underpin Sage's approach to ESG materiality, reporting and stakeholder engagement. Sage intends to build on the initial referencing of GRI-related information that is set out in this Index, and will prepare future Sustainability Reports in accordance with the GRI Standards.

Sustainability Accounting Standards Board

Sustainability Accounting Standards Board (SASB)

This table presents Sage's Sustainability Accounting Standards Board (SASB) disclosure for FY21. As a technology and communications sector company, Sage has set its SASB disclosure against the Software and IT Services Sustainability Accounting Standard, version 10-2018.

SASB disclosures

Topic	Code	Accounting metric	FY21 Performance	Further information
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 64,905 Gigajoules, (2) 75% electricity, (3) 35% renewable electricity	Total energy consumption relates to Sage's global office portfolio and is captured under Scope 1 and 2, as per the GHG Reporting Protocol. Total energy consumed comprises natural gas and electricity. All purchased Renewable Energy comes with the appropriate certification for guarantees of origin.
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) Zero, (2) 19,344m^3, less than 1% is consumed in regions with High or Extremely High Baseline Water Stress	Sage does not withdraw water straight from ground or surface water sources. Total water consumed data relates to our global office portfolio. Sage has a number of serviced offices where landlords do not meter for the Sage office area hence we use estimated data. Sage uses regional intensity rates when estimating water consumption. Approx 65% of Sage's water consumption calculation is extrapolated.
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data centre needs	Sage production environments are hosted on a combination of leased co-location and public cloud providers. Environmental considerations when planning for data centre needs have previously included the risk of natural disasters, and in Q4 FY21, we began working with providers to obtain data on energy utilisation and associated CO_2e emissions to contribute to the achievement of Sage Sustainability goals. This work will continue throughout FY22 and includes integrating environmental considerations into the Sage global cloud strategy.	

Topic	Code	Accounting metric	FY21 Performance	Further information
Data Privacy and Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioural advertising and user privacy	At Sage we commit to do the right thing for our customers, colleagues, partners and shareholders. As part of this commitment, we treat people fairly and openly, and apply inclusivity principles. We recognise individuals' rights to privacy and to control their own personal data. We maintain a data protection accountability framework to ensure our customers and colleagues, and other individuals, are able to trust Sage to process their personal data responsibly, and so that risks are appropriately identified and controlled, with data privacy identified as a Group Principal Risk.	Information on how and why Sage processes personal data can be found in our privacy notices: https://brand. sage.com/d/tydz87xTxDDd/ privacy-links
Data Privacy and Freedom of Expression	TC-SI-220a.2	Number of users whose information is used for secondary purposes	Sage is committed to data protection and user privacy. We process personal data in accordance with our privacy policies and ensure we have a lawful basis for processing, whether in respect of the original purpose for which we have obtained that data or for any secondary purpose(s).	
Data Privacy and Freedom of Expression	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	There have been no monetary losses as a result of legal proceedings associated with user privacy during FY21.	Legal proceedings resulting in material monetary losses are disclosed in Sage's Annual Report.
Data Privacy and Freedom of Expression	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	From time to time we may receive law enforcement requests in certain jurisdictions. We will respond to or support those requests in circumstances where the relevant law enforcement body has provided us with satisfactory evidence of the legal or regulatory requirement compelling us to do so.	
Data Privacy and Freedom of Expression	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Sage is not aware of any such current country-specific restrictions on its products and services. In countries where products and services are offered by Sage, any applicable local legal and regulatory requirements are respected and adhered to.	

Sustainability Accounting Standards Board *continued*

Topic	Code	Accounting metric	FY21 Performance	Further information
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Sage does not generally disclose this information for reasons of customer and commercial confidentiality unless required by law. Qualifying incidents would be reported to the relevant regulators (e.g. the Information Commissioner's Office in the UK) and impacted individuals, where we are legally required to do so and within the timeframes mandated. To the extent that any relevant regulator should find fault with our data breach management and/or data security practices, they will publish their findings/sanctions. There were no such findings or sanctions in FY21. For general information about data security risk management please refer to the Sage Annual Report 2021 page 50.	
Data Security	TC-SI-220a.5	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Sage is committed to maintaining and continually improving its data security programme. Cyber security is a Group Principal Risk, and a Global Security Committee has been established for internal governance. Security programmes are tracked through Sage's centralised strategic tracking process. The Global Security Committee provides oversight and direction to all aspects of cyber and information security within Sage. This includes advising management on Sage's current cyber and information risk exposure, and ensuring that the appropriate technical and organisational measures are in place. Sage's security controls are aligned to industry best practice and standards. Further information can be found in Sage's FY21 Annual Report, pages 50 (Risk Management) and pages 57 (Principal Risks).	

Topic	Code	Accounting metric	FY21 Performance	Further information
Recruiting and Managing a Global, Diverse and Skilled Workforce	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	(1) 6%, (2) less than 1%[1]	Having a global resource pool is key to Sage's growth agenda, enabling the right person to be placed in the right role. Sage employs a robust talent acquisition process, and a comprehensive Global Mobility framework is under development to manage the compliance and governance of risks associated with having colleagues reside in countries which are not their own, such as for example, immigration, tax, and employment law. Sage also partners with external specialist advisors to oversee and provide counsel. The procedures within the framework ensure parity across colleagues and locations. The management information enables accurate and timely reporting.
Recruiting and Managing a Global, Diverse and Skilled Workforce	TC-SI-330a.2	Employee engagement as a percentage	Employee net promotor score (eNPS): +35 Employee satisfaction (eSAT): 81%	Employee engagement is calculated using employee net promotor score (NPS) methodology, asking colleagues to score in response to the question "I would recommend Sage as a place to work to friends and family" on a scale of 0-10. A final score between -100 and +100 is calculated based on % of promotors minus % of detractors. Colleagues are asked for voluntary feedback, at least twice a year, following which aggregate feedback and action plans are agreed at levels across the business by managers, and at a function and region/country level. We are transparent with our results and share these with colleagues to support ideas generation for improvements. eSAT is used as a additional measure of colleague engagement, representing Engagement and Satisfaction. eSat scores range from 0 (worst) to 100 (best), and reflect the average response to the question: "How happy are you working at Sage?" This question is proven to have the highest correlation with drivers of engagement, along with outcome such as retention and productivity. The eSat question is asked with every employee engagement 'Pulse' survey so that we can track engagement.

Sustainability Accounting Standards Board *continued*

Topic	Code	Accounting metric	FY21 Performance	Further information
Recruiting and Managing a Global, Diverse and Skilled Workforce	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Refer to the ESG Fundamentals data table, with the Sage Sustainability and Society Report 2021, page 57.[2]	Sage's global Diversity, Equity and Inclusivity (DEI) strategy is underpinned by our DEI commitments and supported by the global DEI Policy and Governance Structure. This includes our DEI Accountability and Advisory Boards, chaired by our Chief Executive Officer and our Chief People Office, respectively. This provides a framework for Sage to measure and publish progress against our representation targets and to drive the programmes that will ensure we are reflective of the communities in which we are located, and the customers we serve. The key programmes include an initiative to identify and remove systemic and implicit bias from our recruitment process, an educational outreach programme to ensure a diverse pipeline of talent, and a five-stage programme to increase diversity across all our leadership teams. Sage recognises that not all colleagues identify within the gender binary. Through the 'All About Us' project colleagues are able to voluntarily share their gender identity with us and in the future we will be including a non-binary category in our reporting.
Intellectual Property Protection and Competitive Behaviour	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	There have been no monetary losses as a result of legal proceedings associated with anti-competitive behaviour in FY21.	At Sage, we are committed to promoting open and fair competition. We work in compliance with the applicable competition laws in the countries where we operate.
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions, (3) total customer downtime	SLA performance of the global product portfolio, excluding Sage Intacct, was 99.92% for the FY21 12-month period, excluding planned maintenance. Sage Intacct in FY21 is separately tracked and reported. The 12-month rolling availability at the end of FY21 was 99.998% for Sage Intacct, which is viewable at https://www.sageintacct.com/system-status.	Sage's global product portfolio includes all cloud and cloud-hosted products and cloud services for cloud-connected products. Sage tracks and reports internally on all performance issues and service disruptions. Incident notifications are publicly posted at start, during and post-incident on https://status.sage.com.

Topic	Code	Accounting metric	FY21 Performance	Further information
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Sage publicly notifies and reports on the status of all product service disruption incidents. Global Sage incidents are reported at the start, during and post-incident at https://status.sage.com. Sage Intacct incidents are reported separately at https://status.intacct.com. Full incident history is available at both sites. Sage Intacct also provides service dashboards at https://www.sageintacct.com/system-status. We are working to deliver service health dashboards for all products in addition to Intacct, which will also be made available publicly and share the SLA performance of each product transparently.	
	TC-SI-000.A	(1) Number of licences or subscriptions, (2) percentage cloud-based	Penetration (1) Subscription: penetration 70%, +5pts year on year (2) Sage Business Cloud: penetration 67%, +7pts year on year[3]	Sage considers subscription penetration and Sage Business Cloud penetration rates to be key performance indicators for measuring progress in our strategy to transition from licence sales and professional services implementations to subscription and cloud revenue.
	TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	(1) n/a, (2) 100%	Data processing capacity has not been consolidated for this financial year.
	TC-SI-000.C	(1) Amount of data storage, (2) percentage outsourced	(1) n/a, (2) 100%	Data storage capacity has not been consolidated for this financial year.

Footnotes

1 TC-SI-330a.1 Foreign nationals: Employee's entity is not the same country / region as their nationality.

Located offshore: Colleagues temporarily assigned to territories other than their normal location. It does not include those who have permanently relocated.

Undisclosed: There are certain territories in which we are not permitted to hold information on colleagues' nationalities, e.g. Germany, due to Works Council rules. Therefore the % stated do not include this data element.

A Sage region may include multiple countries e.g. Sage Technology Ltd entity is set up across UK and Ireland.

2 TC-SI-330a.3 Management: People Manager; a colleague with direct reports.

Technical: Colleagues in Product Delivery and ISV, IT, Global Information Security and CTO (excluding People Managers previously identified).

Ethnicity

Through the 'All About Us' colleague self-identification project, Sage is currently in the first six months of colleagues sharing their race and ethnicity information in regions where capture is legally and culturally appropriate.

Race and ethnicity information is now being shared by colleagues in UK, Ireland, US, Canada (Indigenous and Visible Minority) and South Africa.

As the data builds, our analysis will become more granular, comparing our data to the external working-age population census data in regions where it exists and reviewing our data by our role levels and types. Ensuring that our programmes and interventions are data informed is key to our sustained approach to drive equity into our processes and practices.

We expect to report on race and ethnicity against the categories of management, technical and other in our FY22 report.

Participation rates are currently low and so the data does not depict Sage's current position accurately when analysed by the categories defined. For transparency the information shares our current position by reporting region.

3 TC-SI-000.A % Subscription Penetration: Organic software subscription revenue as a percentage of organic total revenue.

% Sage Business Cloud Penetration: Organic recurring revenue from the Sage Business Cloud (native and connected cloud) as a percentage of the organic recurring revenue of the Future Sage Business Cloud Opportunity.

% Cloud Native Penetration: Cloud Native recurring revenue as a percentage of Sage Business Cloud (Portfolio 1) recurring revenue.

Task Force on Climate-related Financial Disclosures

Task Force on Climate-related Financial Disclosures

Sage intends to fully comply with the Task Force on Climate-related Financial Disclosures (TCFD) as required, during FY22. This table summarises Sage's current status against these recommendations.

Governance

Recommendation	Response
a) Describe the board's oversight of climate-related risks and opportunities	Sage's Board has overall responsibility and accountability for the implementation of the Sustainability and Society strategy, which includes Sage's approach to environmental sustainability.

One area of focus for the Board in FY22 will be to determine an appropriate governance structure for Board and Board Committees to monitor the ongoing performance and delivery of the strategy, including climate change risks and opportunities.

The Executive Committee endorsed Sage's TCFD approach in July 2021. The risk and opportunity outcomes from the Climate Scenario Analysis will be presented to the Board in 2022. |
| b) Describe the management's role in assessing and managing climate-related risks and opportunities | Responsibility for Sage's environmental sustainability strategy, including the approach to TCFD, is devolved to the Chief People Officer. Day-to day co-ordination of the approach to TCFD is led by Sage's Sustainability and Society team in collaboration with leaders across Sage functions.

Information flows between regional risk teams and the Global Risk Committee which monitors, manages, and brings climate-related risks to the attention of the Audit and Risk Committee, with oversight and decision making reserved by the Board. |

Strategy

Recommendation	Response
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term (consider providing by sector and/or geography as appropriate)	In FY21, Sage conducted a climate risk and opportunity screening exercise, involving interviews with key internal stakeholders across the Company. The process was used to explore the range of climate impacts that may have the potential to present material short, medium and long-term risks and opportunities to Sage. The findings from this exercise will be consolidated early in FY22 and will be presented to the Global Risk Committee for endorsement. Examples of the types of climate-related risk and opportunity that are now being considered, and which will be further reviewed and defined, include: **Potential areas of risks** **Physical** *Acute Physical* – Damage to sites and facilities caused by severe storms and flooding. *Chronic Physical* – Reliance on hosting services that may be vulnerable to weather events such as flooding or storms, which may cause service disruption. **Transition** *Reputational* – Reputational impact if climate targets are not achieved. *Market* – Changing customer behaviours may affect demand for energy-consuming products and services. *Regulation* – Increased carbon pricing may result in additional business cost. **Potential areas of opportunity** *Products* – For example, potential to develop low-carbon products to align to changing customer demand. *Reputation* – For example, enhanced reputation with customers, shareholders, and colleagues by becoming a sustainability leader within the technology sector.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	During FY21, Sage conducted a process of identifying climate-related risks and opportunities and their impact on our value chain. Sage will complete the evaluation of the materiality of the identified climate-related risks and opportunities in FY22. Subsequently, Sage will consider the extent to which these risks and opportunities are already taken into account within business strategy and financial planning and how new risks and opportunities may contribute to, and inform, future decision making.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C lower scenario	Climate Scenario Analysis will be undertaken in FY22 to assess our most material physical and transition climate-related risks under both a 2°C scenario and a 4°C scenario. Modelling results will be used to further inform Sage on evolving risks and opportunities across the business.

Risks

Recommendation	Response
a) Describe the organisation's processes for identifying and assessing climate-related risks	In 2021, Sage started to consider climate-related risks as part of our Group risk management policy and framework. The Board approved ESG as a Group Principal Risk, demonstrating the importance of climate change for Sage. The Global Risk Committee reviews material risks to our business and the plans to mitigate and manage their potential impact.
	Part of Sage's Enterprise Risk Framework also includes criteria for risk rating which we will use to assess the severity of climate-related risks, including financial materiality.
b) Describe the organisation's processes for managing climate-related risks	Business risks are overseen by the Global Risk Committee. Sage also has regional Risk Committees to oversee business risk impact at a regional level.
	Sage uses a defined risk-rating criteria to assess exposure to key risks, including climate change, which considers the likeliness and impact of each risk.
	As Sage's climate-related risks are further reviewed and defined, Sage will continue to integrate climate risk into global and regional risk management processes.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Management teams across Sage functions are responsible for identifying, assessing, and managing different types of climate-related risks within their respective areas of responsibility.
	For example, climate risks associated with cloud hosting are considered by Sage's Product Team, whereas physical risks to the built environment resulting from extreme weather are considered by Sage's Property team.
	Further detail of how Sage tracks, monitors, and reports risks is set out in the Risk Management section of this report.

Metrics and Targets

Recommendation	Response
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Sage is preparing its Science Based Targets initiative (SBTi) implementation plan and will submit this plan to the SBTi before end June 2022. This implementation plan will include metrics to monitor progress against emissions reductions.
	Absolute and intensity-based (revenue) energy and GHG emissions metrics are currently used to track progress against emissions targets.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Sage calculates and discloses emissions from our Scope 1 and Scope 2, in compliance with SECR regulations. Sage also discloses emissions for certain Scope 3 categories.
	Further detail about our GHG methodology and our emissions can be found on page 61 of this report.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In June 2021, Sage committed to a 1.5°C aligned target. Sage is currently in the process of developing an implementation plan to achieve this target which will be used to guide our actions.
	This involves achieving net zero by 2040 across Scopes 1, 2 and 3 emissions by 2040, reducing the impact of our business operations and cutting emissions by 50% by 2030 against our baseline year of 2019.

Data table: ESG fundamentals

Sage Foundation

Measure	FY19	FY20	FY21
Number of volunteer days	31,250	24,309	22,055
Value of colleague volunteer time since inception of SF (GBP – £ million)	4.2	3.4	3.2
Funds raised in the financial year towards $2 Million Challenge (USD – $ million)	0.720	0.660	0.670
Number of grants awarded to NPOs[3]	292	201	178[1]
Number of new NPOs that benefitted from a Sage Business Cloud Product donation[2] or discount	549	670	413
Sage Business Partners signed up to the Partner Programme[4]	N/A	83	122

Footnotes

1. To achieve higher impact, value of grants increased in FY21 and as a result number of grants decreased.
2. Switched from donated software to discounted software in Jan 2021.
3. Non-Profit Organisations.
4. The Sage Foundation Partner Programme engages Sage Business Partners in various philanthropic activities, including volunteering, fundraising, grantmaking, and non-profit customer support.

Diversity, equity and inclusion disclosure

Measure	FY19	FY20	FY21
Employment profile			
Total number of employees	12,764	11,776	11,760
Number of Sage colleagues	12,384	11,493	11,361
Number of contractors	201	98	121
Number of students	179	185	278
Proportion of Sage colleagues with a permanent contract	>99%	>99%	>99%
Employee profile – full time : part time (Male)	98% : 2%	98% : 2%	98% : 2%
Employee profile – full time : part time (Female)	88% : 12%	87% : 13%	88% : 12%
Employee engagement			
Glassdoor rating[1]	3.6	4.4	4.2
eSAT score[2]	NA	81	81
eNPS score[3]	-6	32	35
Glint Internal Engagement Belonging Index (Pulse 1 : Pulse 2)[4]		81 : 79	79 : 82.4
Colleague Success Network (CSN)[5]		2%	4%
Global 'All About Us' Voluntary Colleague Participation[6]	NA	NA	20%
Glass Door DEI Score[7]	NA	NA	4.4
Gender (Male : Female : Undisclosed)			
Board[8]	70% : 30%	67% : 33%	73% : 27%
Executive Committee	80% : 20%	69% : 31%	56% : 44%
Executive Committee and their direct reports	61% : 39%	61% : 39%	58% : 42%
Senior leadership[9]	63% : 37%	63% : 37%	58% : 42%
People manager[10,12]	NA	NA	60% : 40%
Technical role[11,12]	NA	NA	69% : 30% : 1%
Other job type[9,12]	NA	NA	50% : 49% : 1%
All colleagues	54% : 46% : <1%	55% : 45%: <1%	57% : 42% : 1%
Number of Management Teams achieving gender goal[13]	NA	NA	16%
Mean Gender Pay Gap (UK)	10.2%	7.6%	7.3%
Mean Gender Bonus Gap (UK)	28.6%	9.2%	8.6%
Ethnicity			
Employee ethnicity/race profile[14]	See (11)	See (11)	See (11)
Mean Ethnicity Pay Gap (UK) (All UK staff)[15]	NA	NA	7.8%
Mean Ethnicity Bonus Gap (UK) (All UK staff)[15]	NA	NA	19.8%

Measure	FY19	FY20	FY21
Parental leave			
Total number of employees that took parental leave	483	362	328
Return to work and retention rates of employees that took parental leave	88%	84%	91%
Age			
Regions and offices achieving Representation Goal[15]	N/A	N/A	N/A
Leavers and joiners			
Voluntary attrition	12.3%	7.2%	9.6%
Joiners	2,370	1,559	2,196
Rate of joiners[16]	19%	13%	19%
Leavers	2,584	2,610	1,524
Rate of leavers[17]	20%	22%	13%
Development			
Average training days per employee	2.8	3.5	4.1
Percentage of total employees who received a regular performance and career development review	85%	95%	95%
Health, safety and wellbeing			
Absence rate	15%	16%	28%
Number of injuries	94	45	11
Lost time injury frequency rate	N/A	N/A	0.15
Other			
Charter Commitments[18]	N/A	N/A	N/A
Other Engagement and gender goals[19]	N/A	N/A	N/A

1. Glassdoor rating – Company ratings on Glassdoor are determined by recent employee feedback. Company ratings are based on a 5-point scale: 0.00 – 1.50 Employees are "Very Dissatisfied", 1.51 – 2.50 Employees are "Dissatisfied", 2.51 – 3.50 Employees say it's "OK", 3.51 – 4.00 Employees are "Satisfied" 4.01 – 5.00 Employees are "Very Satisfied".
2. eSAT is used as a additional measure of colleague engagement, representing Engagement and Satisfaction. eSat scores range from 0 (worst) to 100 (best), and reflect the average response to the question: "How happy are you working at Sage?" This question is proven to have the highest correlation with drivers of engagement, along with outcome such as retention and productivity. The eSat question is asked with every employee engagement 'Pulse' survey so that we can track engagement continually.
3. eNPS does not provide % engagement, but instead gives a score between -100 and +100, a higher the score indicating employees are more engaged.
4. Glint Internal Engagement Belong Index – the average score derived from scores achieved on six questions specifically related to diversity, inclusion and sense of belonging; a subset of the full colleague engagement question set.
5. Colleague Success Network (CSN) – Colleague-organised groups intentionally aligned to specific intersections of diversity that focus on the development and growth of colleagues, as well as making an impact to the business through supporting Sage's cultural transformation in becoming a great SaaS business.
6. Global 'All About Us' Voluntary Colleague Participation – the name given to the process to support colleagues to voluntarily and confidentially offer personal information about aspects of their identity to Sage, as part of a data-informed approach to action-oriented DEI programmes.
7. Glass Door DEI Score – Glassdoor's sixth and newest workplace factor rating, empowering employees to rate how satisfied they are with diversity and inclusion at their current or former company, based on a five-point scale.
8. The gender balance data reflects the information as at 30 September 2021. After year-end, the Board gender balance has increased and at the date of this report is at 30% female representation.
9. Senior leadership – Refers to top 50 leaders in Sage including Executive Committee and Executive Team members.
10. People Manager – a colleague with direct reports.
11. Technical role – colleagues in Product Delivery and ISV, IT, Global Information Security and CTO (excluding people managers previously identified).
12. See Role Gender Table.
13. A gender ratio of no more than 60% of any one gender. Inclusive of management teams of two with different genders and management teams of three comprising different genders. See People Management Teams Table.
14. See Race and Ethnicity Representation by Region FY21 table
15. Our Ethnicity Pay Gap is calculated on a sample size of 35% of our UK colleagues which is not yet statistically significant. Any assumptions made from the data must be treated with caution and could change significantly as ethnicity disclosure increases.
16. Regions and offices are reflective of work-age population census data. Sage is currently baselining data and intends to report in FY22.
17. Number of joiners per total heads at year end.
18. Number of leavers per total heads at year end.
19. Commitment to adopt the following Charters: Change the Race Ratio, Race at Work Charter, CEO Action for Racial Equity, Valuable 500, Partnership for global LGBTQ+ Equality.
20. Engagement Goal: 20% of colleague population engaged with CSNs YoY.
    Gender Goal: No more than 60% of any one gender by FY26.
    Gender Goal: No more than 60% of any one gender by FY26 (Executive Committee). Executive Committee and their direct reports include Executive Directors, other Executive Committee members, Company Secretary and their direct reports comprising individuals whom they have direct line management responsibility for, excluding administrative and support roles (for example, personal assistants).
    Gender Goal: No more than 60% of any one gender by FY26 (Extended/Senior Leadership Team) Extended/Senior leadership refers to top 50 leaders in Sage including Executive Committee and Executive Team members.

Gender diversity[1,2] by country (FY21)

Country	People Manager			Technical			Other		
	Female	Male	Undisclosed	Female	Male	Undisclosed	Female	Male	Undisclosed
Australia	45%	55%	0%	11%	89%	0%	54%	46%	0%
Austria	40%	60%	0%	48%	52%	0%	31%	69%	0%
Belgium	50%	50%	0%	20%	80%	0%	35%	65%	0%
Canada	30%	70%	0%	38%	62%	0%	34%	66%	0%
France	47%	53%	0%	33%	67%	0%	54%	46%	0%
Germany	23%	77%	0%	22%	78%	0%	43%	57%	0%
India	14%	86%	0%	13%	87%	0%	11%	89%	0%
Ireland	43%	57%	0%	27%	73%	0%	44%	56%	0%
Israel	25%	75%	0%	36%	64%	0%	100%	0%	0%
Kenya	100%	0%	0%	N/A	N/A	N/A	17%	83%	0%
Malaysia	50%	50%	0%	N/A	N/A	N/A	50%	50%	0%
Morocco	43%	57%	0%	0%	100%	0%	62%	38%	0%
Namibia	N/A	N/A	N/A	N/A	N/A	N/A	100%	0%	0%
Nigeria	N/A	N/A	N/A	N/A	N/A	N/A	50%	50%	0%
Poland	29%	71%	0%	30%	68%	2%	33%	67%	0%
Portugal	63%	38%	0%	18%	82%	0%	54%	46%	0%
Romania	0%	100%	0%	25%	75%	0%	100%	0%	0%
Singapore	40%	60%	0%	67%	33%	0%	60%	40%	0%
South Africa	52%	48%	0%	38%	62%	0%	61%	39%	0%
Spain	40%	60%	0%	32%	68%	0%	66%	34%	0%
Switzerland	21%	79%	0%	5%	95%	0%	48%	52%	0%
United Kingdom	42%	58%	0%	28%	72%	0%	45%	55%	0%
United States	36%	63%	1%	39%	57%	4%	48%	49%	3%
Grand Total	**40%**	**60%**	**0%**	**30%**	**69%**	**1%**	**49%**	**51%**	**1%**

1. Sage recognises that not all colleagues identify within the gender binary. Through the 'All About Us' project colleagues are able to voluntarily share their gender identity with us and as insight builds we will be including a non-binary category in our reporting.
2. The data shows that we are making progress with the gender pipeline to increase female representation in management roles, but that there is still significant work to be done at a leadership level and in our representation within technical roles. We must continue our focus on working externally to create early pipelines of talent and internally in all regions to create an environment where everyone can reach their full potential.

N/A Not Available

ESG fundamentals *continued*

Sage Management Teams achieving 60:40 gender ratio (FY21)

Executive Leader	Number of teams	Red	Amber	Green
Chief Technology Officer	6	5	0	1
Chief People Officer	10	5	3	2
Chief Marketing Officer	25	8	12	5
Chief Corporate Development Officer	6	3	2	1
Chief Operating Officer	333	130	151	52
Chief Financial Officer	23	9	11	3
Chief Customer Success Officer	2	0	1	1
General Counsel & Company Secretary	8	4	2	2
Total Teams	413	164	182	67
		40%	**44%**	**16%**

Red: No gender ratio – 100% of one gender. Applicable to 40% of our Management Teams with two or more managers.

Amber: A gender ratio exists. Applicable to 44% of our Management Teams with four or more managers have some gender diversity.

Green: A gender ratio of 60:40 or within 5%. Applicable to 16% of our teams achieve the ambition. Management Teams of two with a 50:50 split sit in this bracket. Management Teams of three comprising different genders sit in this bracket.

Race and ethnicity representation by region FY21

Ethnicity	AME	APAC	Central Europe	North America	Northern Europe	Southern Europe
Asian	10%	0%	0%	7%	5%	0%
Black/African/Black S.African/ Caribbean/Black British/African American	44%	0%	0%	8%	1%	0%
I do not wish to self identify my race or ethnicity	0%	0%	0%	9%	0%	0%
Indigenous	0%	0%	0%	0%	0%	0%
Multiple Ethnic Groups	7%	0%	0%	2%	1%	0%
Other Ethnic Group	0%	0%	0%	3%	0%	0%
White	36%	0%	0%	33%	30%	0%
Non participation/ 'All About Us' not activated in region for race and ethnicity capture	3%	100%	100%	38%	63%	100%

Race and ethnicity information is now being shared by colleagues in UK, Ireland, US, Canada (Indigenous and Visible Minority) and South Africa.

As the data builds our analysis will become more granular, comparing our data to the external working-age population census data in regions where it exists and reviewing our data by our role levels and types. Ensuring that our programmes and interventions are data informed is key to our sustained approach to drive equity into our processes and practices.

We expect to report on race and ethnicity against the categories of management, technical and other in our FY22 report.

Participation rates are currently low and so the data does not depict Sage's current position accurately when analysed by the categories defined. For transparency the following information shares our current position by reporting region.

Sage carbon emissions

Emission data by activity	Activity	FY19 -tCO$_2$e	FY20 -tCO$_2$e	FY21 -tCO$_2$e
Direct (Scope 1)	Natural Gas	1,383.7	1,172.8	812.9
	Refrigerants	389	167.3	186.3
	Fuels (Diesel, Petrol, Kerosene, Liquid Petroleum Gas)	n/a[1]	n/a[1]	8.3
	Company owned vehicles	2252.7	1643	52
	Subtotal	4,025	2985	1,060
Indirect (Scope 2)	Location based emissions	8,850	7,107	4,181
	Market based emissions	1,160	6,250	3,154.6
	Subtotal	8,850	7,107	4,181
Scope 1 and 2 Total Emissions		14,036	10,090	5,241
Carbon intensity ratio: Location-based CO$_2$e emissions per total GBP £1,000,000 revenue (Scope 1 & 2) (tonnes/revenue)		7.2	5.3	2.8
Scope 3	Cat.1 – Purchased goods and Services	92,068.3	87,082.0	92,613.2
	Cat. 2 – Capital goods	Included in Cat.1	1,766.7	7,974.7
	Cat. 3 – Energy related activities (T&D/WTT)[2]	1,664	1,740.3	1,548.6
	Cat. 4 – Upstream transport and distribution	416.9	308.1	493.5
	Cat. 5 – Waste	33.2	245.6	107.6
	Cat. 6 – Business travel	8,438.7	6,363.9	376.3
	Cat. 7 – Employee commuting and teleworking	10,598	8,067.0	17,547.4
	Subtotal	113,219	105,646	120,661
Total Emissions		127,255	115,736	125,902
Total Gross Emissions Location-based (tCO$_2$e)		127,255	115,736	125,902
Total Gross Emissions Market-based (tCO$_2$e)		118,405	114.879	124,875
Carbon intensity ratio: Location-based CO$_2$e emissions per total GBP £1,000,000 revenue (Scope 1, 2 & 3) (tonnes/revenue)		65.7	60.8	68.2

1. Other fuels not calculated for 2020 and 2019 due to insufficient data and lack of materiality.
2. Transmission and Distribution and Well to Tank.

ESG fundamentals *continued*

Sage total energy use data

Total energy use (Gigajoules)[1]	2019	2020	2021
Electricity	97,942	62,281	48,927
Gas	27,095	22,962	15,978
Total	125,037	85,243	64,905

1. Conversion Factor 1 kWh = 0.0036 Gigajoules

Sage energy intensity ratio data

Energy intensity	2019	2020	2021
Revenue (GBP £m)	£1,938	£1,903	£1,846
Energy Used (MWh)	34,733	23,679	18,029
Energy Intensity (MWh/Revenue)	17.9	12.4	9.8

Sage fuel use data

Fuel Types (tCO_2e)	2019	2020	2021
Liquid Petroleum Gas	2.5473	0.68	0[1]
Diesel	1,703	945	27
Petrol	693	336	7
Unknown	501	604	18
Total	2,900	1,885	52

1. Due to no Liquid Petroleum Gas-powered fleet or grey vehicles.

Sage total electricity consumption data

Scope 2 electricity consumption (Gigajoules)	2019	2020	2021
Electricity from Certified Renewable Sources	16,336	13,231	16,986
Electricity from Non-Renewable Sources	79,688	49,050	31,941
Total Electricity Consumption	96,024	62,281	48,927
Renewable	21%	27%	35%

Sage three-year total water usage data

Water usage[1]	2019	2020	2021
Mega Litres	1,371	42	19

1. Water consumption is from Sage office portfolio. Office closure due to Covid-19 pandemic is having an impact on water reduction and is captured in Scope 3, Cat 1.

Sage three-year total waste generated data

Waste generated	2019	2020	2021
Metric Tons	282	669	298

Carbon footprint methodology and assumptions

Emission data by activity	Activity	Methodology
Direct (Scope 1)	**Natural gas**	**Data received:** annual consumption values of gas per site. **Approach:** Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis. Where raw data was not provided, extrapolations have been conducted in line with the following: • Where no primary data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. • For sites in regions with no regional intensity due to no actual data, a global intensity has been applied. • For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.
	Refrigerants	**Data received:** refrigerant leakage top-up in the reporting year. **Approach:** Used primary data where available. Where primary data was not provided, extrapolations have been conducted in line with the following: • Where no primary data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. • For sites in regions with no regional intensity due to no actual data a global intensity has been applied. • For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.
	Fuels (Diesel, Kerosene, Liquid Petroleum Gas)	**Data received:** Diesel consumption in litres per site. **Approach:** Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis. • Where primary data was not provided, extrapolations have been conducted in line with the following: • Where no data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. • Where regional intensities are not available due to lack of actual data, the global average intensity has been applied. • For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.
	Company-owned vehicles	**Data received:** Global mileage per fuel type and vehicle size for October 2020 – August 2021. Mileage data provided separately for Spain. **Approach:** • September data extrapolated based on an average of the previous three months.

Carbon footprint methodology and assumptions *continued*

Emission data by activity	Activity	Methodology
Direct (Scope 1)	**District heating**	Three sites marked district heating for extrapolations: Vienna (1,060 m²), Frankfurt (3,054 m²) and Leipzig (3,037 m²). District heating has been excluded due to the lack of a suitable specific benchmark. As only three sites report use of district heating this is deemed immaterial to Sage's overall carbon footprint. These sites cover 7,151 m² (> 4%) of total floor area and without a suitable benchmark, extrapolating district heating would be inaccurate and an overestimation of the footprint.
Indirect (Scope 2)	**Electricity**	**Data received:** Annual consumption values of electricity per site. **Approach:** Used primary data where available. Where primary data did not cover the entire reporting period, we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis. Where primary data was not provided, extrapolations have been conducted in line with the following: • Where no data was available, extrapolations were made using regional intensities based on floor area. Where floor area is unavailable, FTE intensities have been used. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. • For sites in regions with no regional intensity due to no actual data a global intensity has been applied. • For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.
Scope 3	**Cat.1 – Purchased goods and services**	Categories 1,2 and 4 were calculated using spend data and emissions factors are from CEDA v5. • Categorisation took place based on 'level 2' categorisations within the spend data.
	Cat. 2 – Capital goods	• Spend categories are excluded where they are accounted for elsewhere in the footprint – this was based on the same assumptions as the 2020 footprint. e.g. waste expenses removed as accounted for in Category 5. • Uncategorised spend emissions were calculated and deemed immaterial (1% of emissions) thus they have been excluded from the footprint. • For the final two months of 2021 (August – September), where we have missing data due to our reporting cycle, we have extrapolated based on the previous year's spend data which was provided for 2020. • Local data on postage was received for UK/Ireland, therefore this has been excluded from spend and primary data has been calculated separately.
	Cat. 3 – Energy-related activities (Well to Tank and Transmission and Distribution)	**Data received:** Primary data from the Scope 1 and 2 footprint was used to calculate this emissions category. Emissions factors for Well to Tank and Transmission and Distribution are from the UK Government factors for company reporting (published by BEIS 2021).
	Cat. 4 – Upstream transport and distribution	See Category 1 description.

Emission data by activity	Activity	Methodology
Scope 3	Cat. 5 – Waste	**Data received:** Annual waste generated per site categorised by waste disposal method and waste type where known. **Approach:** Where primary data was not provided extrapolations have been conducted in line with the following: • Where primary data was not provided for the entire reporting period (e.g. missing two months), we have pro-rated the daily usage for the remaining months of the year. The number of months with missing data varies on a site-by-site basis. • Where no primary data was available, extrapolations were made using regional intensities based on FTEs. Sites reporting actual data which were closed or opened during the reporting year were excluded from these intensities to avoid skewing the data. • Where regional intensities were not available due to lack of actual data the global average intensity has been applied. • Desk-based research into country-specific waste recycling rates was undertaken using publicly available resources to categorise waste estimations into landfill and recycled waste based on national recycling rates. • For sites requiring extrapolation which were opened/closed during the reporting year the extrapolated value has been adjusted to reflect the months that the site was open.

	Cat. 6 – Business travel	Primary data was provided for air travel, hotel stays, taxis, and grey fleet. This was a combination of mileage and spend data. Where mileage was provided, BEIS 2021 factors have used, where spend data was provided, we have used CEDA V5.
		
		The calculations are based on the following assumptions:
		
		Flights:
		• For UK flights, the "to/from UK" emission factors have been used.
		• For non-UK flights, the "international to/from non-UK" emission factor has been used.
		• Where no flight class information was provided, the "average passenger" emission factor has been used.
		• Where mileage was not provided by Sage, mileage was calculated using our partner consultancy's Flight distance calculator delivery tool (a data base of flight distances between airports).
		• Flight haul was determined following DEFRA's logic:
		  • Shorthaul (to/from UK): Up to 3,700km.
		  • Longhaul (to/from UK): Over 3,700km.
		• Extrapolations for the missing month of September due to the reporting cycle have been used based on the following logic:
		  • If only three months of primary data were available, no extrapolation for final month of September to avoid over calculation.
		  • If over three months of data were available, we have taken the average of the previous eleven months.
		  • Exclude data provided in local data systems and base the calculations around Certify (Sage's travel data platform) data to avoid double counting as Certify data is more conservative.
		
		Hotel stays:
		The USA site had information on three hotel stays with unknown locations in June 2021, so the locations were assumed to be based in the USA based on guidance from Sage.
		• Extrapolations for the missing month of September due to the reporting cycle have been used based on the following logic:
		  • If only three months of primary data were available, no extrapolation for final month of September to avoid over calculation.
		  • If over three months of data were available, we have taken the average of the previous eleven months.

Carbon footprint methodology and assumptions *continued*

Emission data by activity	Activity	Methodology

Scope 3		**Taxis:**
		Primary data for all locations covered 1 October 2020 – 31 August 202.
		Extrapolations for the final missing month of September were calculated based on the daily averages of taxi usage per region and scaled up for the remaining missing days in the year.
		Trains:
		• Extrapolations for the missing month of September due to the reporting cycle have been used based on the following logic:
		  • If only three months of primary data were available, no extrapolation for final month of September to avoid over calculation.
		  • If over three months of data were available, we have taken the average of the previous eleven months.
		  • If the train journey was UK based, use the "national rail" emission factor.
		• If the train journey was non-UK based, use the "international rail" emission factor.
		Grey Fleet:
		• Extrapolations for the missing month of September due to the reporting cycle have been used based on the following logic:
		  • If only three months of primary data were available, no extrapolation for final month of September to avoid over calculation.
		  • If over three months of data were available, we have taken the average of the previous eleven months.
		Hire cars: Data received was expense data.
		Extrapolations for the final missing month of September were calculated based on the daily averages of hire car usage per region and scaled up for the remaining missing days in the year.
		• Where local data (mileage data from specific country data systems) was provided this was used.

	Cat. 7 – Employee commuting and homeworking	We have used the Homeworking and Commuting tool which we developed with industry partners. Emissions are calculated using the % of employees who worked from home in each month of the year provided by Sage. Where no data was provided, we have extrapolated based on the average of the previous three months of actual data. For certain sites with missing months in the same region, we have extrapolated the percentages based on countries in the same region or the same country. The use of natural gas within the tool is based on desk-based research undertaken using publicly available resources.

Assumptions

Data type	Sites impacted	Methodology
Chilled water	Atlanta, Toronto	Chilled water has been provided for the Atlanta and Toronto sites in refrigeration tonnes. This refers to the energy consumed for water cooling. The site provided the conversion 1 Refrigeration Tonne (RT) = 3.517 kWh. The value provided has therefore been converted into kWh.
District heating	Vienna, Leipzig, Frankfurt	Three sites marked district heating for extrapolations: Vienna (1,060 m^2), Frankfurt (3,054 m^2) and Leipzig (3,037 m^2). District heating has been excluded due to the lack of suitable specific benchmark. As only three sites report use of district heating this is deemed immaterial to Sage's overall carbon footprint. These sites cover 7,151 m2 (> 4%) of total floor area and without a suitable benchmark, extrapolating district heating would be inaccurate and an overestimation of the footprint.
Waste		Western Europe sites have reported waste data in m^3. The waste categorisation was queried with the sites and confirmed as landfill: 'The type of waste is cardboard, paper and ordinary industrial waste. All waste is non-inert and non-hazardous generated by our company.' Volume to weight conversions for Paper/Card waste were applied using the following conversion factor (1m^3 paper/card waste = 0.6 tonnes): (https://www.sustainabilityexchange.ac.uk/conversion_factors_for_calculation_of_weight_to_vo).
Waste	All	For sites reporting landfill waste with no indication of waste type this has been assumed as the commercial/industrial emissions factor from the UK Government (BEIS 2021).

Carbon footprint methodology and assumptions *continued*

Carbon footprint methodology and assumptions

Methodology

We have calculated our emissions using the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. This is consistent with the method adopted in previous years. We have used the UK Government's "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" (March 2019) issued by the Department for Business, Energy & Industrial Strategy (BEIS), to design our emissions and data disclosure table.

Scope of carbon reporting

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we report our emissions data using an operational control approach to define our organisational boundary. Under this approach, we have accounted for 100% of GHG emissions from operations over which Sage Plc. has control.

Emissions sources included in the operational footprint are energy and fuel consumption, water usage, waste generated from activities, and the impacts of business travel, whether from distance travelled or fuel used. Sage additionally calculates Scope 3 indirect emissions for upstream emissions sources.

The Greenhouse Gas Protocol recommends that emissions are calculated, where possible, from the reporting organisation's activity data. For Sage, this means emissions data from all global operations that had a present at some point during FY21, including Australia, Austria, Belgium, Canada, France, Germany, India, Ireland, Israel, Malaysia, Morocco, Poland, Portugal, Romania, Singapore, South Africa, Spain, Switzerland, the UAE, the UK, and the US.

Verification

Sage completed independent third-party verification, to the level of limited verification, of its greenhouse gas (GHG) emissions for the footprint year of October 2019 – September 2020 (FY20). Sage will undertake a similar verification exercise for the FY21 footprint by the end of December 2021. The data published in this report has not been independently verified as of the publication date of this report.

Emissions factors

The UK Government emissions factors for company reporting (published by BEIS) have been used to prepare Sage's carbon footprint. The most recent International Energy Agency (IEA 2020) international conversion factors were applied for non-UK electricity.

Scope 3 emissions sources apply a combination of the Comprehensive Environmental Data Archive (CEDA version 5) and UK Government factors depending on the data provided. e.g., expense data or primary data.

In some cases, we have extrapolated total emissions by using available information from part of a reporting period and extending it to apply to the full reporting year. For further details, our methodology document can be found at http://www.sage.com/investors.

Sage exists to knock down barriers so everyone can thrive, starting with the millions of small and mid-sized businesses served by us, our partners and accountants. 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. Knocking Down Barriers also means we use our time, technology and experience to tackle digital inequality, economic inequality and the climate crisis.

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