

The Sage Group plc

Anti-Slavery and Human Trafficking Statement 2018



Introduction

At Sage we are passionate about doing business the right way, and always staying true to two of our core company values – Do the Right Thing and Make a Difference. We are strongly committed to ensuring that our organisation is free from slavery and human trafficking and that all Sage colleagues as well as the people who work on our behalf are protected. We envision a world where all people and communities thrive because they are living with economic stability and social equality. For us, this is the right way to do business.

Organisational Structure and Background

Sage began as a small business in the UK 35 years ago, and over 13,000 colleagues now support millions of entrepreneurs across 25 countries as they power the global economy. We reinvent and simplify business accounting through brilliant technology, working with a thriving community of entrepreneurs, business owners, tradespeople, accountants, partners and developers. As a FTSE 100 business, we are active in supporting our local communities and invest in making a real difference through the philanthropy of the Sage Foundation https://www.sage.com/company/sage_foundation

Sage is a market leader for integrated accounting, payroll and payment systems, supporting the ambition of the world's entrepreneurs. We create software solutions which can be delivered directly to customers, or via our network of accounting partners and distributors.

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

Our colleagues

Sage operates a rigorous recruitment selection process for all hiring decisions which includes obtaining documented proof of the individual's right to work in the country in which they will be employed. We will always pay colleagues at least the minimum wage rate applicable in the geography in which they work. Many companies claim that their people are their greatest asset. At Sage this is especially true, our people not only create and deliver our products but they also act as ambassadors for Sage both at work and in their communities, amongst the small businesses and entrepreneurs we serve. We therefore place great importance on investing in our colleagues' development, and this includes providing them with the knowledge and tools they need in order for them to do business the right way. Our relationship with our colleagues starts at the hiring stage, and we aim to ensure that everyone is treated fairly and with compassion throughout their time at Sage, with all the rights and benefits that colleagues are entitled to by law enhanced by our award-winning benefit and wellbeing offerings.

All colleagues are guided by the five values which we share. These shape how we think, plan and make decisions to deliver operational excellence and best serve our customers. We are

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passionate about doing business the right way, and all of our colleagues are required to demonstrate the highest ethics.

Our Code of Conduct provides a clear set of rules for all colleagues and the standards of behaviour expected across all areas of our business including in relation to modern slavery concerns. The Code is overseen by the General Counsel & Company Secretary. We take compliance with our Code of Conduct extremely seriously. All colleagues are required to complete an online Code of Conduct training module when they join Sage, and on a regular basis thereafter. Members of our senior management in all parts of the business are held accountable for the compliance of their teams in completing this and all other compliance training modules. We measure training compliance on a regular basis and report on this as part of our wider risk-reporting processes to the Global Risk Committee and the Board.

We provide a confidential helpline for colleagues to raise concerns about anything they see which goes against our Code and this helpline is available 24 hours a day, 7 days a week. Calls made to the helpline are monitored by our General Counsel & Company Secretary and investigated by our Risk team. Reports on concerns raised through the hotline are made to the Board on a regular basis. The poster campaign we launched in 2017 to colleagues in all countries in which we operate was successful in raising awareness of the whistleblowing hotline scheme. The Audit & Risk Committee monitors the investigation and outcomes of all whistleblowing reports globally.

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

Our Supply Chain & Risks

In FY17, we spent £497m with third parties in IT, marketing, real estate and facilities and professional services (excluding rent and business rates). 60% of this spend took place in the UK and USA. All of our spend commitments are made using written contracts and we do not pay cash for services. Our major suppliers are large multinational companies who have their own ethical standards of behaviour in place. Cushman & Wakefield, a global property consultancy firm, have provided all of our facilities management services including building security where Sage is the only building occupant and cleaning, since 2016. Our contract with them specifies that they must comply with the Modern Slavery Act 2015 (**MSA**). We believe that this arrangement mitigates in great part the most significant slavery and human trafficking risks identified in our supply chain.

Given the nature of Sage's business model, we believe the risk of modern slavery in our supply

chain is low compared to businesses operating in other sectors such as manufacturing and retail. We have not identified any instances of modern slavery occurring in our supply chain and therefore it can be difficult to measure the effectiveness of our policies in reducing the risk of slavery and human trafficking. However, we recognize that there is not room for complacency and will continue to work to enhance our policies and procedures and measure awareness within our business.

Our Supplier Code of Conduct, which was launched in 2017 and can be found [here](#), sets out clearly our expectations and the standards of behaviour we expect from all our suppliers across a range of issues and specifically addresses fair treatment of their employees and slavery and human trafficking in their own supply chains. The Code has been translated into six languages and is implemented by our Procurement team led by the EVP Property & Procurement who reports into our CFO and interim COO. The Code also sets out clearly how suppliers can raise concerns to us, with escalation up to the EVP Property & Procurement and the General Counsel & Company Secretary. Suppliers can also report concerns using our independent, confidential whistleblowing hotline, with any incoming reports reviewed by the General Counsel & Company Secretary, investigated by the Risk team and reported to the Board.

Our standard form procurement contracts now include language requiring suppliers to comply with anti-slavery and human trafficking legislation, including the MSA where applicable, and we continue to roll these out more broadly across the business where existing contracts come up for renewal. Last year we reported the implementation of our own enterprise management solution Sage Enterprise Management in 5 countries. In 2018 we added a further 9 countries, bringing the total to 14. Implementing a single purchase and invoicing system in this way gives us assurance that all of our lower value procurement activity is being approved in accordance with our procurement policies and delegation of authority procedures. For higher value contracts, our procurement sign-off process includes a due diligence check to ensure that negotiated contracts include a requirement for suppliers and their sub-contractors to adhere to our Supplier Code of Conduct.

Actions taken during 2018

We have taken the following steps to improve awareness around issues around slavery and human trafficking this year and to measure the effectiveness of our policies and procedures. All of these actions are intended to take effect across all countries in which our business operates, but have been rolled out in stages, and so are more firmly embedded in some countries than others.

- We rolled out Sage Enterprise Management to 9 new countries.
- We delivered anti-slavery and human trafficking training to our Procurement colleagues so that they understood the importance of eliminating modern slavery in all its forms and they knew where to find the tools to help them procure goods and services in a compliant way.
- We monitored and reported on the completion of our mandatory Code of Conduct training for all colleagues, and took disciplinary action for non-completion where necessary.

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- We collected data on the number of new and existing supplier contracts which included our standard terms and conditions and anti-slavery clauses.

There were no instances of slavery or human trafficking concerns raised to us during the financial year under review.

Effectiveness

Plans for the next financial year

During FY19, we shall be continuing the roll-out of Sage Enterprise Management to additional countries and review and enhance the metrics we use to measure the effectiveness of the actions we have taken so far with respect to our policies and procedures. Having gathered data on the number of supplier contracts which include our new standard terms, we shall conduct a breakdown of those contracts identified as not including our preferred contract clauses and review these on a risk-assessed basis. We shall continue to focus on activities which embed our current policies, processes and procedures (including contract due diligence) more effectively in those countries we identify as requiring greater support to reach the expected standard. We shall monitor the implementation of modern slavery legislation in other countries in which we operated, such as Australia, and seek to meet our reporting obligations globally in a simple, consistent and transparent manner.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Sage Group plc's slavery and human trafficking statement for the financial year ending 30 September 2018 and has been approved by the Board of The Sage Group plc. It is made on behalf of all subsidiaries within the Group who may be required to make a statement pursuant to the Modern Slavery Act 2015.

A handwritten signature in black ink, appearing to be "SH", with a long horizontal stroke extending to the right.

Steve Hare
CFO and interim COO
The Sage Group plc.
Date: 30 September 2018