

1. Introduction

This Modern Slavery Act Statement (the “**Statement**”), relating to the year ending 30 September 2019 for The Sage Group plc. (“**Sage**”) (the “**Company**”), is made pursuant to section 54(1) of the Modern Slavery Act 2015 (“**MSA**”) and outlines the steps we have taken as an organisation to assess our operations and supply chain and mitigate the risks of slavery and human trafficking. This Statement has been approved by the Board on 18 November 2019. It is also made on behalf of all subsidiaries (including Sage (UK) Ltd incorporated in the UK) within the Sage Group who may be required to make a statement pursuant to the Modern Slavery Act 2015.

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

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

2. Organisational Structure and Background

Sage began as a small business in the UK 35 years ago, and over circa 13,000 colleagues across 23 regions we help businesses perform at their best. Sage is trusted by millions of businesses and non-profits worldwide to deliver the best cloud technology, with the best support and partners to manage finances, operations, and people. 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

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

3. Our colleagues, process and governance

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

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

Our Code of Conduct (the "**Code**") provides clear guidance for all colleagues on how we do the right thing and sets out 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 take responsibility 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. Sage is committed to dealing with concerns about the Company in an open and reasonable manner and providing protection from retaliation. Reports on concerns raised through the hotline are made available to the Board on a regular basis. 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 Chief Financial Officer, Chief People Officer, General Counsel & Company Secretary, EVP Business Operations and VP Risk and Assurance, to ensure that they accurately reflect current legislation and best practice. There is a policy governance framework in place to administer the review process and operationalise any policy changes across the relevant business processes and procedures. Regular training and awareness

activities form a core part of our program to embed Sage policies across all parts of our business. All policies are accessible to colleagues 24/7 via Sage's intranet.

At Sage, one of the many ways in which our colleagues can live the Sage values is through volunteering with Sage Foundation. Sage Foundation's mission is to create routes into education, work and entrepreneurship for young people, women and military veterans. During FY19, Sage colleagues volunteered 31,250 working days supporting Sage Foundation and improving the life of others. Whilst the activities of Sage Foundation do not directly address modern slavery, by empowering these vulnerable groups and providing work and education opportunities we can help towards creating an environment in which slavery risks are reduced.

4. Our Supply Chain & Risks

In FY19, we spent £495m with third parties in IT, marketing, real estate and facilities and business services (excluding rent and business rates). 54% of this spend took place in the UK, USA and Canada. 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 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 recognise 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 (the "**Supplier Code**") along with our Supplier Order Terms and Conditions, can be found [here](#). The Supplier Code sets out clearly the standards of behaviour we expect from all our suppliers across a range of issues and specifically addresses fair treatment of their employees and slavery and human trafficking in their own supply chains. The Supplier Code has been translated into six languages and was implemented by our Procurement team led by the EVP Property & Procurement who reports into our Chief Financial Officer. The Supplier Code also sets out clearly how suppliers can raise concerns to us, with escalation up to the EVP Property & Procurement and the General Counsel & Company Secretary. Suppliers can also report concerns using our 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. All new suppliers must agree to sign up to our Supplier Code giving us comfort that they understand the importance we place on these issues right from the start of our relationship with them. Our standard form procurement contracts include language requiring suppliers to comply with

anti-slavery and human trafficking legislation, including the MSA where applicable, and we continue to roll these out more broadly across the business where existing contracts come up for renewal. We have now implemented a single purchase and invoicing system in 14 countries, which gives us assurance that all our lower value procurement activity is being approved in accordance with 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.

We continue to capture data on the number of contracts which contain our agreed anti-slavery wording. For Financial Year 2019, 31.27% of new contracts by value contained this wording, having increased from 28.82% in Financial Year 2018. We continue to categorise contracts only on a yes/no basis, meaning that whilst some contracts were categorized as “no” because they did not contain anti-slavery wording, others were being captured which either had bespoke anti-slavery wording or some other commitment, or which did not require anti-slavery wording because they are for the provision of non-applicable services such as individual consultancy.

5. Actions taken during 2019

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 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 monitored and reported on the completion of our mandatory Code of Conduct training for all colleagues and followed up on overdue modules with colleagues and their line managers where necessary.
- We collected data on the number of new and existing supplier contracts which included our standard terms and conditions and anti-slavery clauses.
- We established a process to carry out enhanced due diligence on high risk and high value suppliers using a tool purchased from Dow Jones, which will highlight to us any issue which might adversely impact Sage’s reputation, including modern slavery issues. This process went live at the beginning of October 2019.

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

6. Effectiveness

Plans for the next financial year

We will continue to re-assess the risks in our supply chain to make sure the steps we take to protect against modern day slavery and human trafficking are relevant and effective proportionate to Sage. In our 2018 Modern Slavery Act Statement, we indicated our plan to record more detailed information on the workforce employed in each country in which we operate and our supplier spend by category. This information is now maintained by the People's Strategy team and the Procurement team respectively and is updated on a monthly basis. The Procurement spend helps us identify our supplier categories. The workforce headcount broken down by country, helps us undertake appropriate risk assessment and identify any high-risk countries to mitigate risks, as appropriate.

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 operate and seek to meet our reporting obligations globally in a simple, consistent and transparent manner.



Steve Hare
CEO
The Sage Group plc.
Date: 18 November 2019