

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 23 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.

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 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. During 2017 we introduced a new online Code of Conduct training module on our Code which all existing colleagues are required to complete. The training was rolled out using our new learning management system which enables us to track and monitor completion across all of colleagues accurately and consistently for the first time. New colleagues must complete the training within a set period of joining Sage. Members of our senior management in all parts of the business are held accountable for the compliance of their teams. 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. During 2017, we launched a poster campaign to raise awareness of the whistleblowing hotline to colleagues in all countries in which we operate, and provided posters translated into six additional languages.

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, 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 2016, we carried out an analysis of our supply chain and we identified that the majority of our spend with third parties is in IT, marketing, real estate and facilities and professional services. 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.

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. However, we do not intend to be complacent and will continue to work to improve our policies and procedures to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

Last year, we determined that facilities management support – namely security guards,

cleaning and catering – may be a potential touch point for modern slavery within our supply chain. Accordingly, we have engaged Cushman & Wakefield, a global property consultancy firm, to source all of our facilities management services including building security where Sage is the only building occupant and cleaning. 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.

Our Supplier Code of Conduct, which was launched this year 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. 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 have been rolled out more broadly across the business during the last year. Our Finance Transformation Programme includes the phased roll-out of our own enterprise solution, Sage X3 across the business. This year it has been rolled out to 3 countries, bringing the total to 5. 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. Work is underway for FY18 to ensure this process is consistently applied across the whole Sage business.

Actions taken during 2017

As discussed in more detail above, we have taken the following steps to address issues around slavery and human trafficking this year. 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 designed and implemented new and mandatory Code of Conduct training for all colleagues, rolled out on our new learning management platform enabling us to track and monitor completion. Compliance with the training requirement is monitored via our regular risk reporting processes to the Global Risk Committee and our Board.
- We conducted an awareness campaign in respect of our whistleblowing hotline for colleagues, with posters provided in all countries in which we operate.
- We engaged Cushman & Wakefield, a global property consultancy firm, to source all of our facilities management services including where required building security, and

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cleaning, the area of our supply chain which we considered the most likely touchpoint for modern slavery.

- We introduced our new Supplier Code of Conduct setting out the standards we expect of our suppliers, which specifically addressed human trafficking and slavery.
- We provided access for our suppliers to our whistleblower hotline to raise any concerns.
- We standardised our procurement contract terms and introduced specific due diligence checks in our procurement sign-off process for larger procurement deals.

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

Plans for the next financial year

During FY18, we shall be continuing the roll-out of X3 to additional countries and focusing on measuring the effectiveness of the actions we have taken so far with respect to our policies and procedures. We shall be gathering data on the number of supplier contracts which include our new standard terms, as compared to the total number of contracts overall in order to establish some KPI metrics. We shall also focus on activities which embed our current policies, processes and procedures more effectively in those countries we identify as requiring greater support to reach the expected standard. We shall create training on our Supplier Code of Conduct for suppliers and ensure that the due diligence process for large contracts is more consistent.

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 2017 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 read "Stephen Kelly".

Stephen Kelly
Chief Executive Officer
The Sage Group plc
Date: 30 September 2017