sage

UK Gender Pay
Report 2018

Contents

"We are proud that our colleague population is more diverse than the industry average, but we are not satisfied with being the best of a bad bunch. The causes are complex, and the solutions will take time, but we are committed to creating a diverse workplace where everyone can thrive. Seeking diversity and promoting inclusion is central to our vision of becoming a great SaaS company.

"We know that the best ideas come from diversity of thought; critical for our constant focus on innovating for our customers, which is why we have embraced this transparency. We have made encouraging progress on our initiatives this year, but there is more to do so we can attract a diverse pool of talent and develop and retain the brilliant colleagues that serve our customers every day."

— Amanda Cusdin, Chief People Officer

Chapter 1:
In summary

Our industry has famously struggled to attract, retain and develop an adequately diverse workforce.

"We are proud that our colleague population is more diverse than the industry average, but we are not satisfied with being the best of a bad bunch."

The causes are complex, and the solutions will take time, but we are committed to creating a diverse workplace where everyone can thrive.

We believe we have made some encouraging progress on the long-term initiatives set out in last year's report, which are designed to drive cultural change across the organisation. We are broadly gender-balanced across our main UK business- but we are particularly focused on bringing the same focus to leadership roles. Globally 33% of senior leadership positions are held by women, up by 4% in the past year and 39% of manager positions in the UK are held by women. We are proud that a number of 'traditionally male' senior roles are held by women at Sage in particular in our technology, product, finance and sales teams.

Whilst our gender pay data is still better than the national average, and we know that this will not be a linear journey, we want to see sustainable improvement in the numbers.

Chapter 2:
Our vision for diversity and inclusion at Sage

Our long term plan addresses the core elements of the colleague journey, in order to ensure we focus on diversity at every stage

Attract

We are focused on 'hot spots' where we want to urgently improve gender balance namely, Technology, Leadership, Apprentices and Graduates. For Apprentices and Graduates our intake is 50:50. Whilst this won't reduce our gender pay gap in the short term, this long-term strategy is vital for future diversity.

Grow, Reward and Retain

We want to make sure we recognise the brilliant female talent we already have at Sage and help encourage internal promotions. We have set ourselves the longer-term goal of increasing internal promotions for women by a minimum of 10% each year until parity is achieved. In addition, by April 2020, our target is for women to make up a minimum of 40% of the leadership community we have in the UK through the development of our internal high-performance development programme.

We will continuously review our systems, policies and processes ensuring that these are free of gender bias, provide equal opportunities and are inclusive to all. Our colleagues tell us that whilst they really appreciate the flexible working that we already offer at Sage, they would like us to do more and so we are looking into ways to ensure that all Sage colleagues can fulfil career ambitions whilst balancing responsibilities at home and outside of work.

There are two other elements to our approach to a diverse workforce at Sage:

Future Generations

At Sage we are continuing to build out our educational outreach activities to support our future talent. Programmes like Kids@Sage encourage all colleagues to role model careers to their children across our organisation in fun, interactive ways. And outreach activity like our Science, Technology, Engineering and Maths (STEM) Ambassadors, Future Makers AI programme and the FIRST Lego League inspires young people to engage with STEM subjects and experience engineering themselves. We target all of these programmes at diverse groups with equal male/female representation so we can inspire a new generation of female technologists.

Creating a Level Playing Field

We won't be satisfied until we have achieved greater diversity throughout the business—in terms of gender, ethnicity, sexual orientation, disability and more.

In addition to these programmes in place, we are working on a cultural transformation, not just in the UK, but globally. We want to build a more inclusive culture where everyone can be themselves at work, and where everyone is treated with respect.

Chapter 3:
Progress in 2018 and our plans for next year

We have made progress towards our long term vision this year.

Attract

Progress

- Amongst our Global Senior Management Team, the representation of female talent increased to 33%—a 4pp increase from 2016–2017.

- In the UK, we increased our female leadership representation to 39%.

- 50% of all Graduate hires across the organisation were female (vs 8% in 2017).

- 60% of all Apprentices hired this year across the organisation were female (vs 48% in 2017).

- We announced a new series of internships, open only to female and BAME applicants.

- To improve graduate balance, we've partnered with institutes such as Women in Engineering and Science (WES), Women in Science and Engineering (WISE), and Women in Technology (WiT) on graduate recruitment.

Plan

- To accelerate gender balance in our senior leadership roles we will create a clearer policy for senior leadership recruitment whereby all Director roles and more senior leadership roles must include a woman on the short list.

- We will continue to roll out blind application screening for our Engineering teams to improve gender balance in technology areas.

- We have launched a training programme aimed at parents who have been out of the workforce for at least two years. We created the programme with women in mind. We will run 'Pathways' as a pilot in Newcastle (The Office of National Statistics estimates that 85% of people seeking to return to work in the North are women) in spring 2019 with a view to rolling the model out across other markets.

Grow, Reward and Retain

Progress

- We have created a Global Diversity Council to provide leadership and challenge to the business on how we continue to create a diverse workforce. It comprises a diverse team, from apprentices to Country Managing Directors and is chaired by the Chief Executive Officer and Chief People Officer.

- We launched an accelerated development programme in our Marketing function and 75% of participants in the program are women; providing them with opportunities to experience unfamiliar and challenging situations and build a stronger internal support network.

- The Women@Sage business resource group and our regional Diversity & Inclusion Champions group were launched, designed to create stronger networks of women and their supporters across the business.

- We launched our first ever global Diversity and Inclusion Awards in 2018 to raise awareness and recognise our colleagues. Partnering with our Sage Foundation to pilot a donation matching element, we attracted 1000 nominations for colleagues globally enabling us to also support the charity Economic Change within the UK.

- We developed and launched a mandatory unconscious bias e-learning module to help raise awareness about the context behind our choices and decisions.

Plan

- Develop a bespoke Returners Program which directly addresses individual needs identified across the business. The pilot launches in September 2019 and is expected to attract a significant number of women returning to work after career breaks.

- Our High Performance programme will extend to our Services area in 2019 and continue to extend and promote equal development opportunities for our talented colleagues.

- Our Global Diversity Council will meet quarterly to ensure the Diversity and Inclusion strategy is embedded and supported throughout the organisational strategy.

- Run our second annual Diversity & Inclusion Awards celebrating colleagues' achievements.
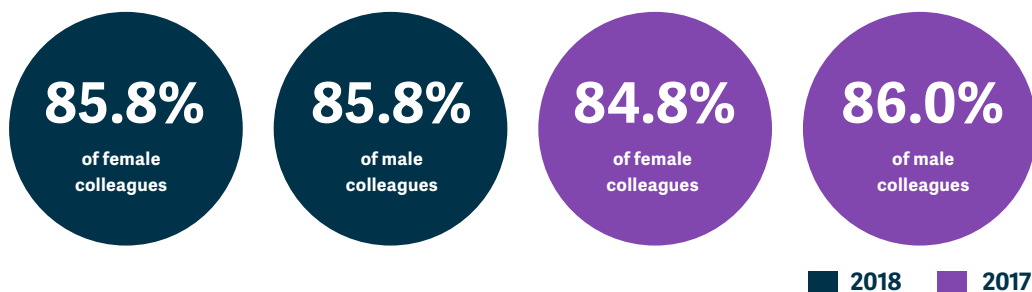
Chapter 4:
Overview

The following table shows our overall median and mean gender pay data based on hourly rates of pay as of the snapshot date of 5 April 2018. It also shows median and mean bonus pay data for bonuses paid in the year.

	Mean		Median	
Gender Pay Data	12.2%	5.9%	4.3%	-2.6%
Gender Bonus Pay Data	53.0%	24.3%	-21.2%	-36.8%

■ **2018** ■ **2017**

What proportion of colleagues received bonus pay?

85.8% of female colleagues	**85.8%** of male colleagues	**84.8%** of female colleagues	**86.0%** of male colleagues

■ **2018** ■ **2017**

Whilst we are not comparing exactly like for like, it's still important to understand why the numbers have moved in the wrong direction:

- Overall women hold fewer senior positions at Sage than men, so tend to have lower salaries.
- In the last year, we have hired more men than women, and on average, those men were more highly paid due to the role type, location and seniority.
- In the short term, initiatives in place such as apprenticeships and graduate schemes are bringing more women in to more junior roles which drives a short-term negative impact. It is the right strategy long term, but it does impact overall balance.

What do the figures mean?
There were changes to the Group's population during the year which have changed the reported figures, so we are not exactly comparing 'like for like'.

In 2017, we reported data for two entities within our business—Sage UK and Sage Group, the parent company. Due to the qualifying criteria, in 2018, Sage Group no longer needs to be reported, but we are reporting another part of our business—Global Services. As a result, we are reporting on a different set of data and it's not a like for like comparison.

"We are working hard every day at Sage to ensure greater diversity and equality. We know this makes us a better business and creates an invigorating culture where people can thrive. We have rolled out a number of new initiatives this year which are helping to drive change. However, we must address the statistics that have not moved in the right direction. We are focussed on transforming our culture and we know there is more to do. We are committed to empowering every individual at Sage, and ensuring we have a more diverse business, not just in the UK, but globally.'

— Steve Hare, Chief Executive Officer

Chapter 5:
Appendix

Gender Identity
The gender pay gap reporting regulations require that employees are categorised as male or female. At Sage we recognise that not all colleagues identify within the gender binary. We are not capturing this data today however, we are investigating ways to better support our non-binary colleagues.

Entry Split: Sage UK and Sage Global Services UK
Sage has over 2,500 colleagues across a number of different entities. Only two of those entities exceed the required reporting threshold of 250 people—Sage UK and Sage Global Services UK.
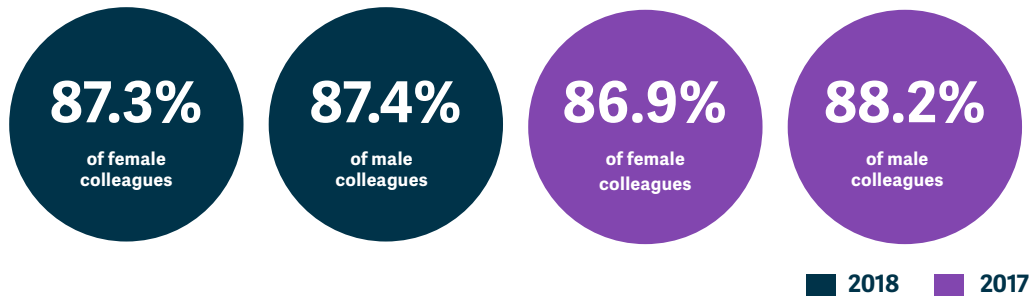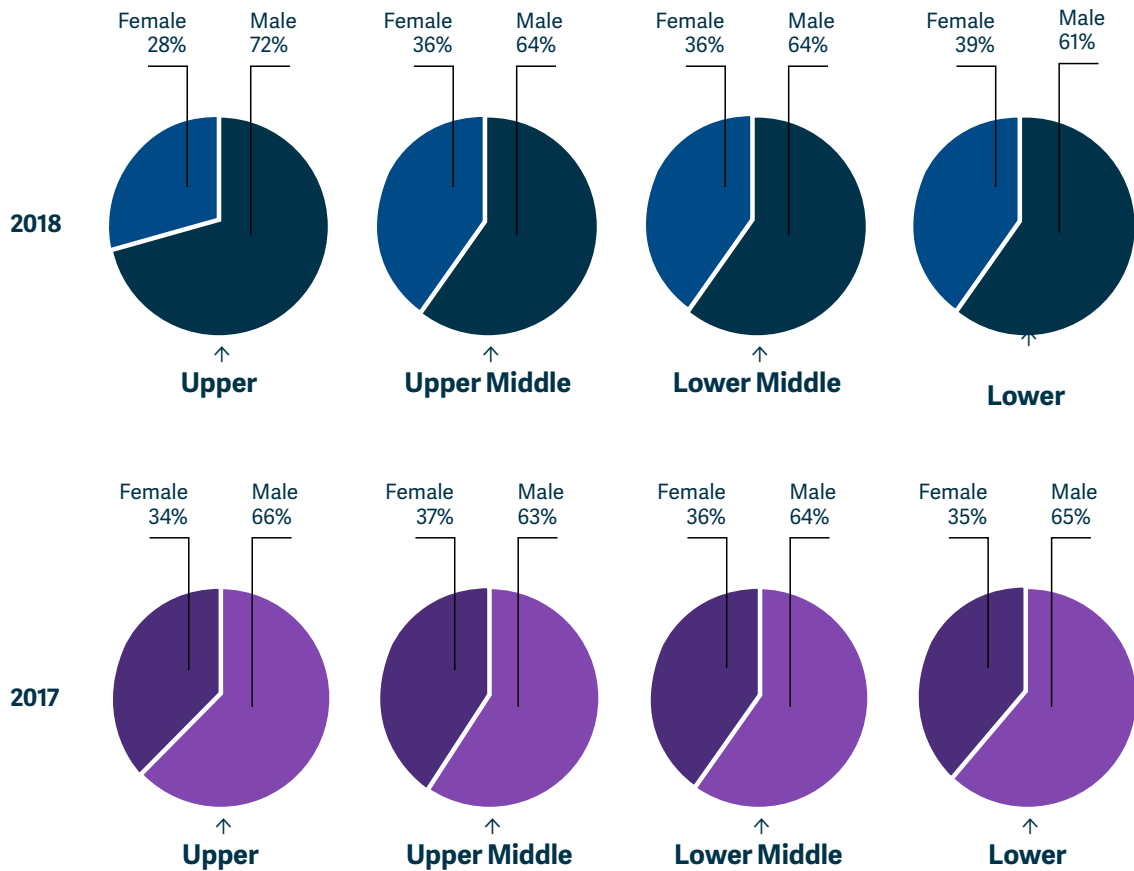
Sage UK

Reward Gaps	Mean		Median	
Pay Gap	13.5%	4.3%	7.3%	0.1%
Bonus Gap	19.2%	3.1%	-7.8%	-16.8%

■ 2018　■ 2017

Proportion of employees who receive bonus pay:

87.3%
of female colleagues

87.4%
of male colleagues

86.9%
of female colleagues

88.2%
of male colleagues

■ 2018　■ 2017

Quartiles:

2018

Female 28% | Male 72%
↑
Upper

Female 36% | Male 64%
↑
Upper Middle

Female 36% | Male 64%
↑
Lower Middle

Female 39% | Male 61%
↑
Lower

2017

Female 34% | Male 66%
↑
Upper

Female 37% | Male 63%
↑
Upper Middle

Female 36% | Male 64%
↑
Lower Middle

Female 35% | Male 65%
↑
Lower

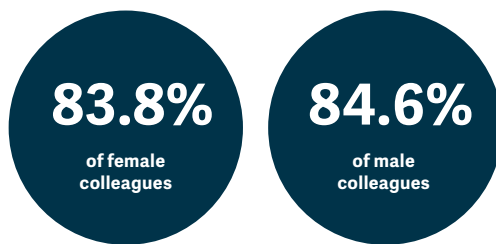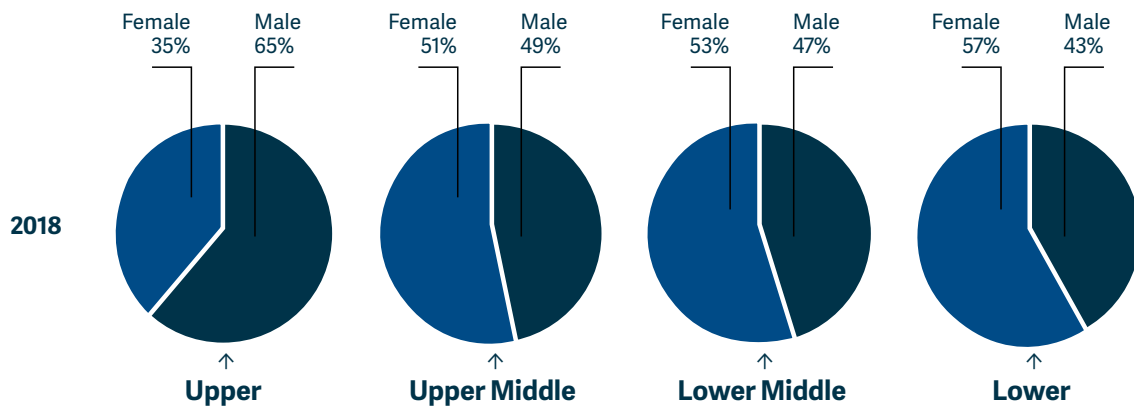sage

Sage Global Services UK—as above, this entity was not above the required reporting threshold in 2017

Reward Gaps 2018	Mean	Median
Pay Gap	21.9%	14.5%
Bonus Gap	58.4%	27.2%

Proportion of employees who receive bonus pay:

83.8%
of female colleagues

84.6%
of male colleagues

Quartiles:

	Female 35%	Male 65%	Female 51%	Male 49%	Female 53%	Male 47%	Female 57%	Male 43%

2018

↑
Upper

↑
Upper Middle

↑
Lower Middle

↑
Lower

"I confirm that the figures in our disclosure are accurate and have been calculated in accordance with gender pay gap reporting requirements as outlined in the legislation and accompanying guidance"

— Amanda Cusdin, Chief People Officer

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