

The Sage Group plc GHG reporting for 1 October 2016 - 30 September 2017

Reporting Methodologies

The methodology used to calculate our emissions is based on the “Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance” (June 2013) issued by the Department for Business, Energy & Industrial Strategy (BEIS). We have also used BEIS 2017 conversion factors within our reporting methodology.

Overview

This document outlines and explains the rationale behind the methodologies and assumptions we have used in our 2016/17 Mandatory Greenhouse Gas Reporting (MGGR).

Our MGGR disclosure calculations are based upon our reporting year of 1 October 2016 to 30 September 2017 and include the specified Greenhouse Gases (GHGs) for which any Group company is deemed to be “responsible” within our defined reporting boundaries. This greenhouse gas reporting year has been established to align with our financial reporting year.

Sage is a business software company with offices in Australia, Austria, Belgium, Botswana, Brazil, Canada, France, Germany, Ireland, Kenya, Malaysia, Morocco, Namibia, Nigeria, Poland, Portugal, Singapore, South Africa, Spain, Switzerland, the United Arab Emirates, the United Kingdom, and the United States.

Boundary & Scope Assessment

Boundary assessment

We report our emissions data using an operational control approach to define our organisational boundary which meets the definitional requirements of the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 in respect of those emissions for which we are responsible.

Sage has reported on all material emission sources which we deem ourselves to be responsible for. Emission sources that are beyond the boundary of our operational control have not been included in this disclosure.

We collected data on energy in our buildings, air conditioning refrigerant consumption and business car travel, because we believe these encompass the most material emissions to our business.

Our methodology used to calculate our emissions is based on the “Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance” (June 2014) issued by the Department for Business, Energy & Industrial Strategy (BEIS).

Scope assessment

Emissions data has been reported where possible for all the Group operations in Australia, Austria, Belgium, Brazil, Canada, France, Germany, Ireland, Malaysia, Morocco, Poland, Portugal, Singapore, South Africa, Spain, Switzerland, the United Arab Emirates, the United Kingdom, and the United States.

The emissions that have not been included in this year’s report relate to building usage in our operations with a headcount of less than 25 people. This includes the following offices: Brazil-Natal; Brazil- Sao Paulo; Belgium-Grand Bigard; Botswana- Gaborone; Kenya- Nairobi; Namibia- Windhoek; Poland- Bytom; South Africa- Bloemfontein; South Africa- Port Elizabeth; Spain- Bilbao; Spain- Sevilla; Spain- Valencia; United States -Pittsburgh; United States- Elkhart; United States- E&F Independence Pointe Parkway Mathews, NC 28105; UK- Petersfield; United States- Rockland; United States- Massachusetts.

No building data was available for the United Arab Emirates and Nigeria offices.

Methodology

Building Energy Consumption

Sage’s building emissions comprise total mains gas and electricity consumed. The consumption data for each site was collected from local management and collated at a Group level.

Where Sage was a tenant in an office during the 2016/17 reporting year, we relied upon data supplied by the landlord or head lessor.

For shared offices, gas and electricity data was calculated by obtaining the total data for the office building and pro-rated based upon the number of floors occupied by Sage within the building.

Gas

Gas is measured in total kilowatt hours and multiplied by the natural gas conversion factor from the 2017 BEIS conversion factor tables. Where Gas has been reported in units other than kWh this has been converted to kWh as follows:

- GJ = *277.78
- Therms = *29.31

Gas consumption data was obtained from a combination of bills and information provided by landlords/managing agents.

For shared services buildings, gas consumption data was calculated by obtaining the total data for the office building and pro-rating the data based upon the number of floors occupied by Sage within the building.

Our operations in the following countries that do not use gas supply include: Australia, Austria, Belgium, Brazil, France, Germany, Ireland, Malaysia, Morocco, Poland, Singapore, South Africa, Switzerland, and the United Arab Emirates.

Estimation

Where complete information is not available, estimates are made by extrapolation from known activity data by applying an uplift based on average consumption for periods where actual usage is known.

Electricity

Electricity emissions are calculated on the basis of total kilowatt hours consumed, multiplied by the 2017 BEIS conversion factor tables. The most recent IEA (2015) emission factors for electricity, for overseas countries, have been applied where relevant.

Electricity consumption data was obtained from a combination of bills and information provided by landlords/managing agents. For shared services buildings, electricity data was calculated by obtaining total data for the office building and pro-rating the data based upon the number of floors occupied by Sage within the building.

Estimation

Where complete information is not available, estimates are made by extrapolation from known activity data by applying an uplift based on average consumption for periods where actual usage is known.

Refrigerant Consumption

Refrigerant data comprises refrigerant gas usage from office air conditioning units.

Refrigerant usage data was calculated using the quantity of replacement gas used in the period. This is based on the assumption that the top up gas is replacing gas lost to the atmosphere through usage or leakage. Maintenance records are used to collate this data.

Air conditioning refrigerant is calculated on the basis of kg consumed, multiplied by each relevant refrigerant conversion factor, from 2017 BEIS conversion factor tables.

Where refrigerant usage has been reported in units other than kg this has been converted to kg as follows:

$$\text{lb} = * 0.4535$$

For shared services buildings, refrigerant data was calculated by obtaining total data for the office building and pro-rating the data based upon the number of floors occupied by Sage within the building.

No refrigerant gas data was available in relation to our operations in Portugal, and the United Arab Emirates.

Our operations in the following countries did not use any air conditioning refrigerant gas: Australia, Austria, Belgium, Canada, France, Germany, Ireland, Malaysia, Morocco, Poland, Singapore, South Africa, Switzerland

Business Travel

We have collected data in relation to Sage's business travel emissions sources from employee business car travel. We are currently not recording any data for other business travel, but going forward we will assess whether this needs to be included in the reporting scope.

Employee business travel

The methodology of reporting Sage data has changed from 2015/16. We are now reporting all business travel data in 'Company business travel- vehicles', instead of 'Combustion of fuels and operation of facility'. This is in line with the GHG Protocol using Scope 1 (Combustion of fuels and operation of facility), Scope 2 (Electricity, heat, steam and cooling purchased for own use) and Scope 3 (Company business travel- vehicles).

Sage vehicle travel includes business mileage from Sage-owned cars, cars leased by Sage and employee-owned cars. Due to the way data is collected, it is not possible to distinguish between Sage-owned cars (Scope 1) and employee-owned cars (Scope 3). For this reason, data for business travel cars is reported all as Scope 3 emissions. Going forward we will be reviewing the collection of this data to be able to distinguish between the Scope 1 and Scope 3 business travel data.

Car travel figures have been provided in either passenger km's or fuel consumption (litres). These have been converted using the 2017 BEIS conversion factor tables.

Where distance travelled has been reported in units other than km this has been converted to km as follows:

Mile = * 1.6093