

The Sage Group plc
Mandatory Greenhouse Gas Reporting (MGGR) 2015

Reporting methodologies

The methodology used to calculate our emissions is based in the “Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance” (June 2013) issued by the Department for Environment, Food & Rural Affairs (“DEFRA”). We have also utilised DEFRA’s 2015 conversion factors within our reporting methodology.

1 Overview

This document outlines, and explains the rationale behind the methodologies and assumptions we used in our 2015 Mandatory Greenhouse Gas Reporting (MGGR).

Our MGGR disclosure calculations are based upon our reporting year of 1 October 2014 to 30 September 2015 and include specified Greenhouse Gases (GHGs) for which any Group company is “responsible”. 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, Brazil, France, Germany, Ireland, Malaysia, Morocco, North America, Poland, Portugal, Singapore, South Africa, Spain, Switzerland, the United Arab Emirates and the United Kingdom.

2 Boundary & Scope assessment

2.1 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.

Save as outlined in this report, we have reported on all material emission sources which we deem ourselves to be responsible for. We do not have responsibility for any emission sources that are beyond the boundary of our operational control.

We collected data on building energy, air conditioning refrigerant consumption and business car travel because we believe this consumption reflects the greenhouse gas emissions for which the Group is responsible.

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 Environment, Food & Rural Affairs (“DEFRA”).

2.2 Scope assessment

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

The emissions that have not been included in this year’s report relate to building usage in our operations in Belgium and the United Arab Emirates where energy usage is not itemised in invoices. We have also not included emissions related to refrigerant gas usage in relation to our operations in Belgium, Singapore and the United Arab Emirates as this information has not been gathered throughout the reporting year.

3 Methodology

3.1 Building energy consumption

Sage's building emissions comprise total mains gas and electricity consumed.

The data was collected from local management and collated at a Group level.

Where Sage was a tenant in an office during the 2015 reporting year, we relied upon data supplied by the landlord or head lessor.

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

3.1.1 Gas

Gas is measured in total kilowatt hours and multiplied by the natural gas conversion factor from the 2015 DEFRA conversion factors 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 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.

Our operations in the following countries do not use gas supply: Australia, Austria, Brazil, France, Germany, Malaysia, Morocco, Poland,, Singapore, South Africa and Switzerland.

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. 97% of the reported natural gas consumption is from invoiced activity data.

Belgium and the United Arab Emirates have been excluded from the data reported as energy usage is not itemised on buildings cost invoices.

3.1.2 Electricity

Electricity emissions are calculated on the basis of total kilowatt hours consumed, multiplied by the conversion factor from the 2015 DEFRA conversion factors tables. DEFRA also provide conversion factors for electricity for overseas countries and we have applied these 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. 98% of the reported electricity consumption is from invoiced activity data.

Belgium and the United Arab Emirates have been excluded from the data reported as energy usage is not itemised on buildings cost invoices.

3.2 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 the 2015 DEFRA conversion factors 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 Belgium, Singapore and United Arab Emirates.

Our operations in the following countries did not use any air conditioning refrigerant gas: Australia, Morocco, Poland, South Africa and Switzerland.

3.3 Business travel

We have collected data in relation to Sage's business travel emissions sources from employee business car travel. We do not consider that we are responsible for any non-car business travel (including, for example, commercial flights) as these are not within our operational control.

3.3.1 Employee business travel

This includes business mileage from Sage-owned cars, cars leased by Sage and employee-owned cars.

Where possible, fuel usage was used to calculate emissions. Fuel usage was used for Austria, Belgium, Brazil, France, Germany, Malaysia, Poland, Portugal, Switzerland, South Africa, United Arab Emirates and Ireland & the United Kingdom. Conversion factors used were taken from the 2015 DEFRA conversion factors table using the average diesel car and average petrol car respectively.

Where fuel usage was not available for either a specific car travel type, distance travelled was used. Distance travelled was used for Austria, Australia, Brazil, Morocco, North America, Singapore, South Africa, Spain, and Ireland & the United Kingdom. Conversion factors used were taken from the 2015 DEFRA conversion factors tables using the average diesel car and average petrol car respectively.

In some instances a different data type (e.g. fuel used, distance travelled) was used for different car types (e.g. Sage-owned, employee owned)

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

$$\text{Mile} = * 1.6093$$

In instances where car mileage was not available, fuel cost was used to establish the fuel used in litres using an average fuel cost for the period.

In the UK, a fuel card system is used for selected employees. It is assumed that 80% of the fuel card cost relates to business travel with the remaining 20% relating to personal travel. This personal mileage is not included within the reported consumption.

Conversion factors used were taken from the 2015 DEFRA conversion factors tables, using the average diesel car and average petrol car respectively.