

## **Roles of the Chairman and Chief Executive (as adopted by the Board of The Sage Group plc - on 24 November 2005 and amended on 23 November 2006)**

1. Through the appointment of a Chairman of the Board and a Chief Executive, the Board splits the running of the Board (delegated to the Chairman) and executive responsibility for the running of the Group's business (delegated to the Chief Executive).
2. At the time of appointment, the Chairman should be independent of the Company as that term is defined in the Combined Code.
3. The Chairman is responsible for: -
  - 3.1 the leadership of the Board ensuring its effectiveness and setting its agenda;
  - 3.2 ensuring that directors receive accurate, timely and clear information and that an effective consensus is achieved on all key Board responsibilities;
  - 3.3 ensuring effective communication with shareholders;
  - 3.4 a performance evaluation of the Board, its committees and individual directors;
  - 3.5 through a close, constructive working relationship with the Chief Executive, jointly developing with him the Group's strategy and overseeing its implementation subject to the approval and oversight of the Board as a whole; and
  - 3.6 facilitating effective contribution of non-executive directors and relations between executive and non-executive directors.
4. Specifically it is the responsibility of the Chairman to: -
  - 4.1 run the Board and, with the assistance of the Chief Executive, set its agenda ensuring sufficient time is given to consider critical issues. The agenda should take full account of the issues and the concerns of all Board members. Agendas should be forward looking and concentrate on strategic matters rather than formulaic approvals of proposals which can be the subject of appropriate delegated powers to management;
  - 4.2 ensure, with the assistance of the Executive members of the Board, that the members of the Board receive accurate, timely and clear information, in particular about the Company's performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company;
  - 4.3 ensure effective communication with shareholders and ensure that the members of the Board develop an understanding of the views of major investors;
  - 4.4 manage the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board discussion. It is particularly important that non-executive directors have sufficient time to consider critical issues and are not faced with unrealistic deadlines for decision-making;
  - 4.5 take the lead in providing a properly constructed induction programme for new directors that is comprehensive, formal and tailored, facilitated by the Company Secretary;
  - 4.6 take the lead in identifying and meeting the development needs of individual directors, with the Company Secretary having a key role in facilitating provision. It is the responsibility of the Chairman to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team;
  - 4.7 ensure that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year;
  - 4.8 ensure that succession planning for key roles within the Group is considered on a regular basis. The Chairman will act as Chairman of the Nomination Committee of the Board;
  - 4.9 take principal responsibility for assessing the performance of the Chief Executive;

- 4.10 ensure an effective relationship between executive and non-executive directors, acting as the principal conduit for communications and issues relating to business strategy, planned acquisitions and corporate governance;
- 4.11 ensure that Board committees are properly structured and all corporate governance matters are fully addressed; and
- 4.12 encourage active engagement by all the members of the Board.
- 5.1 The Chief Executive is responsible to the Board for the implementation of the decisions of the Board and of the strategy adopted by the Board. He is also responsible for the accurate and timely preparation of information for the Board.
- 5.2 Together with the other executive members of the Board, the Chief Executive is responsible for the operation of the business of each member of the Group, the identification of acquisition opportunities and all other matters not expressly reserved to the Board, its Committees or the Chairman. In particular, he is responsible for:-
  - 5.2.1 the profitability and overall performance of the Group;
  - 5.2.2 the formulation of strategy for the Group and communication of matters affecting the Group to both internal and external parties;
  - 5.2.3 the overall system of control operated within the Group;
  - 5.2.4 the management of the businesses of the Group in accordance with the strategy approved by the Board, incurring capital and revenue expenditure on projects and new initiatives as appropriate to meet the objectives contained in that strategy;
  - 5.2.5 an effective and motivated management team and its succession planning; and
  - 5.2.6 all matters affecting operations, performance and strategy of the Group within the authority delegated by the Board.