Innovation with purpose

IMPACT REPORT 2022
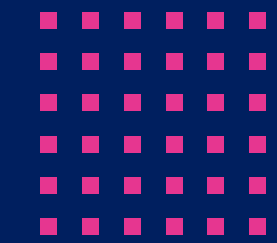
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CEO
Letter

Alan Trefler
Founder and CEO of Pegasystems

We launched our Impact Report last year to celebrate our accomplishments, hold ourselves accountable, and raise the bar for the future. Pega is on a continuous journey, learning and evolving to ensure what we do is meaningful to our clients, partners, shareholders, employees, communities, and environment.

Pega's tagline – Build for Change® – never rang truer than it did in 2022. The technology industry instantly changed when a period of unprecedented growth faced an impending recession and an uncertain economic outlook. We quickly adapted to support our clients, employees, and partners as "doing more with less" became a reality.

As 2022 progressed, digital transformation remained top of mind as organizations experienced growing customer demands, coupled with scarcity in developer skills that left them without the resources to get work done. We responded by making our technology even more accessible, empowering business users to build enterprise-capable solutions, and giving organizations the tools to work smarter and more responsibly.

We continued to adapt to a distributed workforce, taking steps to further support our people. We enabled a more inclusive work environment that empowers our people to bring their genuine selves to work. We invested in wellness initiatives, hybrid work options, benefits, training and career opportunities, and supported communities who need it most.

A critical part of empowering our people is contributing to a healthier, more sustainable world. Pega made significant, pragmatic efforts to make our operations more efficient to address climate risk. We found new ways to decrease our environmental impact and furthered our commitment by optimizing our real estate and use of technology to reduce our carbon footprint.

Our latest Impact Report provides more insight into how we are driving change. We will uphold our responsibility to provide more opportunities for our people, drive value for clients and stakeholders, quickly respond to new challenges, and help each other in times of need. 2022 tested us and proved the resilience of our entire ecosystem – our ability to adapt is central to our success regardless of the hurdles we face. At Pega, we are committed to investing in and making a positive impact on our world, and we look forward to what we can accomplish this year and beyond.

Alan Trefler
Founder and CEO of Pegasystems

Building
for change

Change is constant. At Pega, we empower enterprises to Build for Change®, and this is central to our technology and products. Our mission is to change the way the world builds software so that organizations can adapt quickly in an ever-evolving world.

"We have been, and continue to be, laser-focused on bringing the full power of AI and automation to the enterprise and changing the way we work for the better. With our advancement of ethical and transparent AI, low-code tools for innovative and more inclusive app development, and automation that significantly streamlines workflows, we're helping businesses more effectively connect with their customers like never before while providing better employee experiences."

KERIM AKGONUL, CHIEF PRODUCT OFFICER

▶ Pega is the leading low-code platform for AI-powered decisioning and workflow automation. Our technology and products build agility into enterprise-scale organizations so they can work smarter, unify experiences, and adapt instantly. As an essential part of their digital strategy, Pega helps organizations solve their most pressing challenges — enabling them to hyper-personalize customer interactions, provide customers and employees seamless as-a-service experiences, drive more efficiency and better margins, and gain the agility to embrace change and turn it into competitive advantage.

Our clients realize faster response times, higher retention rates, significant cost savings, acceleration of revenue growth, and long-lasting customer relationships — all because their customers and employees can enjoy a better, more satisfying experience.

Who we are

Tech is our business, people are our inspiration

Founded in 1983, our technology exists to serve people. This intentional human design enables us to tackle business problems and create empowering experiences that deliver on the promise of digital transformation.

Pega's core values drive our people-focused approach. We are:

▲ **Innovative:** We deliver innovative software that helps our clients solve problems today and transform tomorrow.

▲ **Inclusive:** We're committed to maximizing our capabilities through collaboration and diversity of thought.

▲ **Passionate:** We're passionate about what we do for our clients and dedicated to helping them achieve positive outcomes.

▲ **Engaging:** We engage with empathy and active listening to understand the problems that clients need to solve.

▲ **Genuine:** We stay genuine, which is vital to earning our clients' and communities' trust.

▲ **Adaptable:** We recognize that improvement is continuous – which is why our tagline is Build for Change®.

Industries we serve

We're proud to work with the world's leading brands in these industries (<u>See more details here</u>):

◤ Automotive
◤ Communications
◤ Energy
◤ Financial Services
◤ Government
◤ Healthcare and Life Sciences
◤ Insurance
◤ Manufacturing and High-Tech
◤ Media and Entertainment
◤ Retail
◤ Transportation and Logistics
◤ Travel and Hospitality

Our low-code solutions

Pega partners with clients to drive scalable, mission-critical value by connecting essential capabilities across business functions. Our solutions focus on Customer Engagement, Customer Service, and Intelligent Automation. While our solutions solve for myriad business objectives both big and small, they often drive great improvement in five areas: personalizing engagement, accelerating acquisition and onboarding, automating customer service, streamlining operations, and resolving exceptions.

Pioneering low-code

Pega's CEO, Alan Trefler, founded the company in 1983 with the vision of creating software that would revolutionize how businesspeople and developers worked together to bring the power of technology to their businesses. Today, the model-driven software he pioneered is known as "low code." You can hear more about the history of Pega directly from Alan here.

Customer Engagement: Pega's solutions help businesses keep pace with changing markets and customer needs by hyper-personalizing interactions to stay timely and relevant – no matter what happens next.

Pega Customer Decision Hub™ aims to **personalize engagement** with real-time decisioning and AI. It looks through all customer information, determines the next best action in milliseconds, and works across channels while operationalizing data analytics at scale. Customer Decision Hub helps organizations better understand, make decisions, and unify their marketing technology stack to easily shift among service, sales, and retention in real time.

Customer Service: Pega Customer Service™ goes beyond traditional customer relationship management software to **automate customer service** by focusing on workflows that deliver service instead of the database. We combine AI-powered decisioning and workflow automation to orchestrate and guide connected, consistent, hyper-personalized service across self-service, digital, and agent-assisted channels – without replacing the existing agent desktop so organizations can transform at the pace that's right for them.

Intelligent Automation: Pega's intelligent automation solutions accelerate how work gets done, solves problems, and helps eliminate organizational silos that result in inefficiencies. This enables organizations to respond faster and handle new volume efficiently.

The Pega Platform™ enables AI-powered decisioning and workflow automation to work across mission-critical workflows to **accelerate acquisition and onboarding, streamline operations, and resolve exceptions** across business functions. It empowers all the core capabilities needed for process automation, robotic process automation (RPA), AI, and process and task mining to quickly design efficient and effective workflows – providing a smart, scalable low-code platform to accelerate how work gets done, automate for business needs today and tomorrow, and bridge existing systems and process gaps.

Learn more about how Pega has worked with clients to accomplish these and other goals on pega.com.

Awards & recognition

Client achievements

Clients use Pega products to help solve their business problems and generate results. Here are just a few of numerous recent examples:

- **Vodafone increased its profits by £100 million** in a single market by boosting its offer acceptance rate by 300%.

- **Unilever reduced its time to onboard** new vendors from days to hours.

- **Elevance Health slashed its average handle time** across 10,000 agents and 100 service processes by three minutes.

- **The U.S. Census Bureau doubled the productivity** of its 400,000-person field staff with zero downtime.

- **Nationwide Building Society streamlined their payment dispute process,** reducing resolution time by 86%.

See how so many other Pega clients have achieved great success with our products [here](#).

Pega has earned high praise from top technology analyst firms, including Gartner and Forrester. We are recognized as a leading provider across multiple market areas. Read what these and other analysts have said about us [here](#).

Pega has also won product and organizational awards that reflect Pega's industry leadership as well as our dedication to creating better experiences for employees, clients, and partners, including:

- Pega was named a CRM Watchlist winner for the fifth consecutive year for our market impact and strategy in the CRM industry and named best in Marketing Strategy.

- Pega received an American Business Award for Pega Customer Decision Hub™, recognizing our AI-powered decisioning and workflow automation capabilities.

- Pega received a score of 95 out of 100 on the 2022 Human Rights Campaign Corporate Equality Index, one of the premier benchmarks for measuring corporate policies and practices related to LGBTQIA+ workplace equality.

- Pega was named a 2022 Best Place to Work for Disability Inclusion by the Disability Equality Index (DEI), the leading nonprofit resource for business disability inclusion worldwide.

- Pega was named a Best Company for Women to Advance because of our inclusive culture by Parity.org.

- Pega received a Building Impact award for our commitment to volunteerism and dedication to supporting local Boston nonprofit organizations addressing critical social issues.

See a full list of awards

Putting software development in the hands of more people

We believe solutions should reflect how a larger universe of people think, communicate, and work.

Doing good helps us do well while creating life-changing career opportunities

For Pega, broadening the base of software developers that support us, our partners, and clients is an ongoing priority. While the need for developers continues to rise, most applications still require archaic coding languages that few understand.

We have a better way to develop software – one that offers a visual and collaborative approach that opens employment opportunities to a more diverse group of people. We believe solutions should reflect how a larger universe of people (race, gender, culture, and experience) think, communicate, and work, and the final product will be better for it.

See our developer success stories

We also partner with organizations that serve groups seeking jobs and new technology skill sets, including Legerity, who helps refugees; Revature, who recruits graduates of historically black colleges and universities; and TechVets UK and WithYouWithMe, who work with military veterans. Pega provides an instructor-led training curriculum for these organizations and others to leverage, and our low-code technology enables participants to learn new skills and potentially find careers within the Pega ecosystem.

Through Pega University, we're training professors to teach college students a university-level curriculum on Pega software. Students gain skills that can create opportunities with Pega clients and partners, and there is no cost to schools to offer our courses. Pega Academy is available to anyone looking to pursue a career in application development. We offer a full range of enablement from just-in-time needs to specialized skills to industry-leading certifications. Courses are self-directed and available free of charge to developers of all experience levels.

Innovation that matters
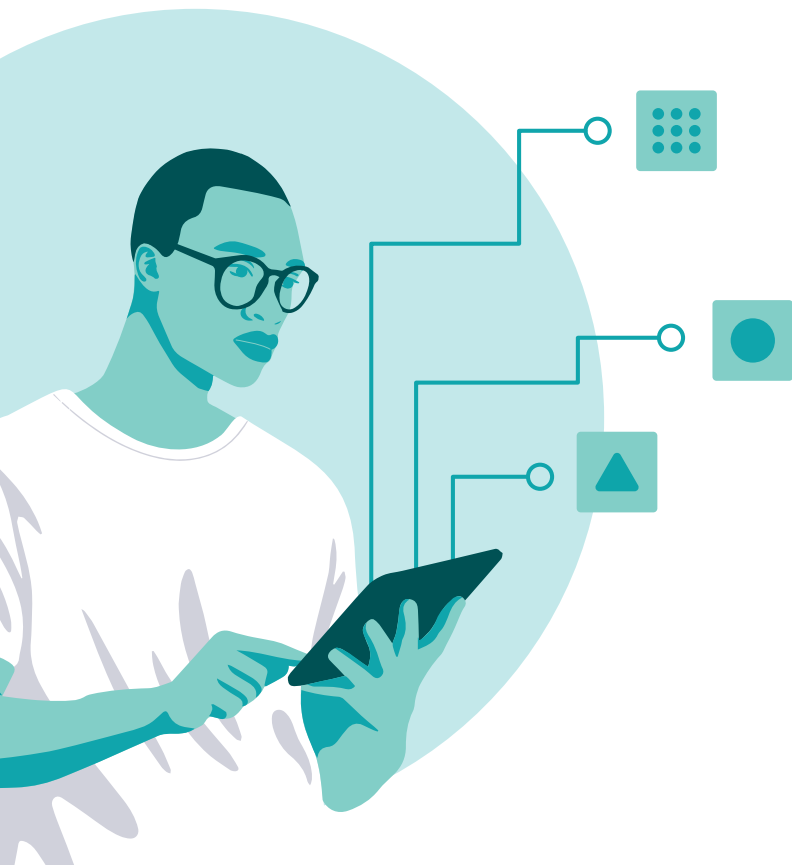
Pega Community Hackathon

The 2022 Pega Community Hackathon attracted a record-high 1,100+ participants who signed up to build meaningful apps that help solve real-world business and social problems using Pega's low-code development environment.

In addition to the top two overall awards for Best-in-Show and Runner-Up, participants competed in five categories: top student, social impact, best use of App Studio, best use of business workflow application, and community choice. We made a charitable contribution to a charity of the social impact winner's choice. The full list of winners can be found here.

See the full list of winners

Ethical artificial intelligence

Artificial intelligence is a key component of Pega's software. At its best, AI is a powerful tool for generating insights that help determine what customers need and when they need it. It's a way to operationalize empathy at scale and build longer-lasting, more sustainable relationships.

But if AI goes awry, it can have the opposite effect. Minimizing risk while maximizing reward takes judgment and sensitivity at the point of design. We've put this into practice by developing our Ethical Bias Check capability, which helps clients proactively detect bias and adjust offending algorithms or business rules accordingly.

Pega T-Switch™ enables organizations to set appropriate thresholds for AI transparency or opaqueness. Conversely, an opaque deep-learning model can be very powerful where optimal financial results outweigh other concerns, as well as when AI isn't required to follow prescribed rules or explain its decisions. Our decision-management environment allows trackability and accountability for any number of algorithms, model versions, rules, and strategies.

Consumers and regulators want technology they can trust. This is possible through responsible AI, which is built to engage customers with empathy, fairness, and transparency.
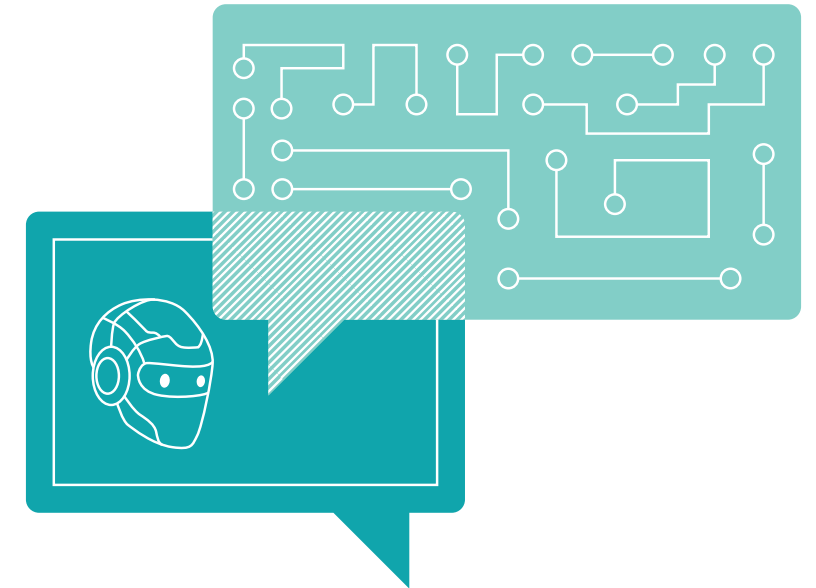
Accessibility

According to the Centers for Disease Control and Prevention, one in four adults in the U.S. live with a disability. Accessibility is an integral part of our product lifecycle. Starting in the design phase, we discuss and build prototypes of optimal solutions for features so that they meet – and, ideally, exceed – the expectations of all users, including those needing assistive technologies.

We strive to create an accessible and inclusive work environment at Pega. We have a growing partnership with Disability:IN, a comprehensive benchmarking tool that helps companies build a roadmap of measurable, tangible actions they can take to achieve disability inclusion and equality.

In 2022, Pega established a baseline understanding for disability equality and inclusion throughout our organization and to identify areas of improvement. In our first year, we received a perfect score of 100 on Disability:IN's Disability Equality Index. Through our award-winning internship program, we prioritize recruiting from disability-focused organizations. In 2022, we focused our summer internship project – sponsored by our PwD ERG – on creating strategic plans for improving accessibility at Pega.

Our **Accessibility Statement** provides more information about our accessibility initiatives.

We test with native users of assisted technologies throughout our development process and follow internationally recognized standards from the World Wide Web Consortium's Web Content Accessibility Guidelines in all our efforts. Our product and marketing teams work in partnership with our Persons with Disabilities (PwD) employee resource group (ERG) to set guidelines and educate the broader company on accessibility.

Developing ESG solutions with partners

Pega is committed to being a leader in environmental, social, and governance (ESG) matters. A prime example is how we work with other industry-leading partners to drive more operational efficiency to help mutual clients meet their ESG goals. Pega and our partners are experts at aligning people, processes, and technologies to support clients' ESG initiatives. Our ESG partnership offerings concentrate on four key objectives: battery lifecycle management, carbon reduction, employee engagement, and sustainable supply chains.

Solving ESG problems in 2022

Key partnerships in 2022 included:

◢ Working with Areteans, a software firm focused on Pega products, to provide Areteans CZERO Next Best Action for Carbon Reduction. CZERO received a 2022 SEAL Sustainable Product Award for helping organizations gain insights into carbon emissions to achieve sustainability goals and adapt to changing regulations.

◢ Teaming up with EY to create the EY-Pega Sustainable Supply Chain Solution, which helps companies reach their goals of strengthening supplier relationships, boosting operational capabilities, and improving resilience across supply chains.

◢ Partnering with post-sale technology expert MILS Engineering on MILS Engineering EV Battery Management, a complete end-to-end solution for managing the electronic vehicle battery lifecycle.

◢ Collaborating with Pega specialist srcLogic on srcLogic Congruence, which helps companies improve their diversity, equity, inclusion, and belonging initiatives via internal surveys and comprehensive data analytics.

Good governance
at work

We empower our people to make ethical decisions and expect them not to compromise their personal integrity or the integrity of our company.

▶ This begins with our corporate responsibility to comply with applicable laws and regulations everywhere we operate, which extends to our policies and codes of conduct.

"At Pega, we're continuously evaluating our internal and external processes to understand risk while holding ourselves to the highest standards of ethics and compliance. We empower our employees with the tools and training to help ensure transparency and accountability so we can deliver leading solutions while adhering to industry regulations for the ultimate benefit of our employees, partners, and clients."

KEN STILLWELL, CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER

Our governance model

Strong oversight from the top

Accountability is central to Pega's organizational culture. It flows from the Board of Directors and executive leadership team, sets the tone for our business, and ensures the company holds itself accountable to the highest ethical standards.

The Board is responsible for establishing broad corporate policies and reviewing the company's overall performance. The Board's primary mandate is to oversee Pega's management and serve the best interests of the company, taking into account its various stakeholders. The Audit Committee (a subcommittee of the Board) oversees the integrity of our financial statements, financial reporting, and auditing functions, meeting at least quarterly with external auditors and internal audit management. The Audit Committee also reviews Pega's policies and processes regarding risk assessment and risk management, including risks related to data privacy, cybersecurity, and ESG matters. The Board's Nominating Corporate Governance Committee (NGC) oversees Pega's corporate governance guidelines and ensures we set and adhere to appropriate governance standards. NGC also leads the Board's performance evaluation and recommends individuals qualified to become board members. The Compensation Committee oversees all matters related to executive and employee compensation.

Compliance and Risk: Working Group and Governing Committee

The Compliance and Risk Working Group meets monthly and provides strategic direction and oversight for the governance of companywide policies and related resources. Two co-chairs head the working group: our Senior Director of Internal Audit and our Compliance and Legal Administration Program Manager. The group is cross-functional, as members are leaders from across the business and/or their delegates. The group reports to Pega's Compliance and Risk Governing Committee (an executive-level group that meets quarterly) and provides insights on risk management and regulatory, compliance, and governance matters.

ESG governance

The Board receives regular briefings on ESG matters and updates from executive management, including our Chief Operating Officer, Chief Financial Officer, Chief People Officer, and General Counsel – all of whom are responsible for our ESG strategy and roadmap. These executives sponsor Pega's dedicated ESG Committee, comprised of senior leaders across functions and regions who drive and oversee our ESG efforts.

Keeping risk in check throughout the organization

Enterprise risk management

Pega has an enterprise risk management program, managed by our global internal audit department. This department conducts periodic audits for compliance with internal controls and works closely with all levels of management to identify and prioritize risk, providing periodic updates to executive management and the Audit Committee.

Engaging our stakeholders on ESG

Our key stakeholders are our clients, investors, employees, partners, suppliers, and communities. All have an interest in our performance on ESG issues – and they have a say both in how we prioritize these issues and the actions we take to address them.

To successfully prioritize ESG issues, Pega completed a materiality assessment with internal stakeholders from across the business. The assessment, sent as a detailed survey, helped us understand the issues most important to internal stakeholders, issues we can impact given the nature of our company, and how our organization's economic, environmental, and social impacts are perceived. Stakeholders assessed each risk and opportunity from a value/impact perspective, enabling Pega to identify top material ESG issues to our business and align our ESG priorities accordingly. Our materiality assessment informs our enterprise risk matrix and will guide our ESG strategy.

External ESG partnerships

Industry collaborations and partnerships with external organizations are a critical part of our stakeholder engagement. These include:

- **CDP (formerly Carbon Disclosure Project):** A global disclosure system for environmental efforts, allowing us to benchmark and map areas of improvement

- **Sustainability Roundtable, Inc.:** A membership-based, strategic advisory offering ESG program assistance

- **Tech Compact for Social Justice:** A member of the Mass Technology Leadership Council's efforts to develop a more-inclusive tech ecosystem

- **Wall Street Journal CEO Council:** A forum to engage with business leaders on business and global issues

- **World Economic Forum:** A global platform to engage on important macro topics, such as digital transformation and the democratization of software

Climate risk

Climate risk is one of the biggest risks the world faces. Pega believes it's crucial to do our part to address it. To measure our impact, we focus on reporting Scope 1, 2, and 3 carbon emissions. We are developing a supplier engagement program to mitigate our Scope 3 emissions going forward.

We participate in the annual disclosure of environmental impact conducted by the nonprofit CDP (formerly known as the Carbon Disclosure Project), considered the gold standard in environmental reporting. The CDP submission process gives us the opportunity to identify and assess our operational climate risks and understand where we stand relative to others. Additionally, as part of Pega's global physical security site assessment, we assess each site for various risks –

including climate-related risks – and identify actionable items to safeguard the business and employees.

In 2021, we responded to CDP's disclosure for the first time and earned a B- rating, placing us ahead of the average rating for U.S.-based companies. In 2022, we expanded our CDP reporting from covering eight global offices to all of our 16 globally leased spaces and 22 managed spaces, and we maintained our B- score in the process.

To read more about our approach to climate, see the Environment section of this report or our **CDP Report** (login required).

Policies and practices that support good governance

- Our **Code of Conduct** clearly articulates our standards of behavior for our people.

- Our **Supplier Code of Conduct** outlines how we expect our suppliers to conduct themselves ethically and with integrity.

- In 2022, as part of our commitment to supplier inclusivity, we continued to develop the Supplier Diversity Program we initiated in 2021. We also tightened the sustainability requirements our suppliers must meet.

- Our **Corporate Governance Guidelines** provide the framework for our governance practices.

- Pega is committed to continued improvements in developing and deploying sustainable and socially responsible procurement practices. In 2022, we continued to reduce our volume of printed materials, accelerated migration of vendors to e-invoicing, and worked to further reduce waste by recycling or reusing obsolete technologies.

Anti-corruption and compliance training

Pega requires employees to complete anti-corruption and compliance training. These courses educate employees on anti-corruption and bribery laws and help ensure compliance.

All employees are required to complete the following courses on an annual basis:

- Pega's Code of Conduct

- Global Anti-Corruption and Bribery Prevention

- Data Protection, Privacy, and Information Security

- Prevention of Workplace Harassment

In addition, new hires are required to complete our Prevention of Insider Trading course.

Data privacy and cybersecurity

As concerns about security vulnerabilities and cybersecurity issues increase, so does our attention to addressing them. Information is one of the most valuable assets of modern businesses, and protecting it in an ever-changing threat landscape requires a multi-tiered approach.

Our data security, privacy, and compliance programs adhere to industry-leading practices. We regularly validate Pega Cloud® against globally recognized security and privacy standards and have selected ISO 27001/27002 as our corporate trust anchor. To manage cyber risk, we have aligned with the ISO 31000 risk management framework.

In addition, Pega has achieved ISO 22301 certification, which measures an organization's level of preparedness to maintain critical functions during a crisis or unexpected event.

The full list of our certifications and attestations is available on the Pega Trust Center. We also publish a comprehensive list of the sub processors we use to provide our Pega Cloud services, so clients are aware of how we manage their data.

TRAINING AND ANTI-PHISHING PROGRAMS

Technical security controls are a vital part of our information security framework but are not in themselves enough to secure all information assets. Effective information security also requires awareness and proactive support of all staff. Consequently, we require all employees to take cybersecurity and anti-phishing training annually, with additional training assigned as needed. Required training covers:

- Business continuity

- Mobile device security

- Phishing

- Physical security

- Personal Identifiable Information (PII)

- Remote and flex work security

- Secure application development courses for software engineers and architects

- Security awareness

Pega actively conducts phishing tests on all employees and contractors every two weeks. The tests use phishing email templates actively being used in the real world. Users who fail must take additional training.

The sustainability imperative

Build for Change® isn't just a tagline for Pega – it's in our DNA.

▶ Our people, company, solutions, and products are all about change. We're committed to environmental sustainability and our global teams focus on making our operations more efficient and sustainable. Collecting and measuring data on our energy use is a priority, and we track our consumption and emissions at key sites. We've seen how transparency around our carbon footprint and goals can rally people who work at and with Pega.

"Pega has made tremendous strides along our sustainability journey, including energy saving enhancements in existing and new offices, and better tracking and measuring of our environmental impact. These efforts have enabled Pega to better understand how to continue mitigating our impact on the environments we live and work in, reduce emissions in line with the Science Based Targets initiative (SBTi), and better communicate results to customers and partners while remaining an effective business."

DAN RYAN, VICE PRESIDENT, REAL ESTATE AND FACILITIES

Managing our carbon footprint

Pega's pathway to carbon neutrality is multifaceted. While we are at the beginning of this journey, we are focused on measuring, managing, and reporting our footprint, specifically focusing on:

▲ Expanding our tracking and management of energy consumption and emissions at all global offices and managed spaces

▲ Lowering energy consumption and associated carbon emissions throughout our operations

▲ Working with third parties to offset remaining carbon emissions, resulting in carbon neutrality in our eight largest Pega offices

▲ Reporting environmental data to third parties, such as CDP and Ecovadis, a business sustainability rating company frequently consulted as a procurement tool by client organizations considering products and services

Finally, we support our clients through product innovation to help them better track and meet their emissions reduction goals, notably with our Pega Cloud® auto-hibernation capability.

Signing on with SBTi

In 2022, Pega joined the Science-Based Targets initiative (SBTi), a collaboration among CDP, the United Nations Global Compact, the World Resources Institute, and the Worldwide Fund for Nature. SBTi asks organizations to set targets for reducing greenhouse gas emissions in accordance with decarbonization goals of the Paris Agreement.

Pega signed SBTi's commitment letter in 2023. We have committed to set a science-based emissions reduction target aligned with SBTi's target-setting criteria. Per SBTi's requirements, we have two years after the signature date to set the target, submit it to SBTi for validation, and publish our approved target on the SBTi website.

Our path to carbon neutrality includes purchasing offsets for our Scope 1 and 3 emissions and RECs for our Scope 2 emissions. Below is our breakdown for 2022.

RECs

Australia	76 MWh
Germany	25 MWh
India	2,852 MWh
Netherlands	132 MWh
Poland	755 MWh
UK	172 MWh
U.S.	1,082 MWh
France	74 MWh
Total RECs	**5,254 MWh**

Offsets

Scope 1	44 MTCO2
Scope 3 - Business travel	3,108 MTCO2
Scope 3 - Employee commuting	243 MTCO2
Scope 3 - Work from home	1,678 MTCO2
Scope 3 - Data centers	1,331 MTCO2
Total Offsets	**6,563 MTCO2**

Sustainable operations

Reducing our energy consumption

In 2020, we set a goal to reduce our energy consumption by 5% by 2025 – and achieved it four years ahead of schedule. By adopting a hybrid model of working, we continue to optimize our real estate portfolio to meet the needs of employees while reducing the amount of energy consumed to keep those spaces operational. We pressed forward with our energy consumption efforts even further in 2022. Integrating green building design and increasing our use of energy-saving technologies have especially contributed to our success.

GREEN BUILDING DESIGN

- Our Cambridge HQ and Waltham office buildings received the Leadership in Energy and Environment Design (LEED) Gold certification.

- Our Bangalore office is 70% powered by renewable energy provided by the builder.

ENERGY-SAVING EQUIPMENT UPDATES

Energy measurement, tracking, and conservation are priorities for Pega. For example, we aim to procure equipment whose Energy Star rating is at least three. In 2022, we initiated measures in our global offices that included:

- A pilot gap audit to check leakages in ducting systems using thermal imaging

- Conversion from warm lights to LED lights in certain offices

- Optimization of internal lighting by harvesting daylight

- Retrofit/replacement of old equipment either via upgrade or replacement with energy-efficient systems

70%
of our Bangalore office is powered by renewable energy.

Reducing our water usage and waste

In 2020, we set a goal to reduce our water consumption by 2% per year, targeting a 10% decline by 2025. We kept our per-head, per-day water consumption below the industry average in 2022. Currently, we're using these conservation methods to improve our per-capita footprint:

▲ Installation of aerators for wash basins and dishwashers

▲ Fitting of metering grids to measure water consumption

▲ Replacement of manual water faucets with sensor taps in certain offices

▲ Consumption of 100% ethically sourced paper in certain offices

▲ Use of green cleaning products for regular housekeeping activities

▲ Segregation of waste and improvement of our landfill diversion rate

PARING DOWN ON PLASTICS

We began a program to eliminate single use plastic from all our offices in 2020. To support this practice, our India office authored a manual titled "Elimination of Single Use Plastic from the IT Corridor of Hyderabad." This was recognized and launched formally through the Hyderabad Software Exporters Association and circulated amongst the India IT industry. We continued this program within all Pega offices and achieved an average of 65% elimination in all our global offices.

HELPING CUSTOMERS MEET THEIR GOALS THROUGH PRODUCT INNOVATION

Pega's commitment to carbon neutrality extends beyond what we do for ourselves as a company. We help other organizations by developing innovative solutions they can use to achieve their own emissions-reduction goals.

Pega Cloud®, our flagship solution for working in the cloud, helps organizations reduce their energy consumption and carbon footprint through its auto-hibernation capability. Auto-hibernation pauses the cloud resources for non-production environments during periods of inactivity.

When it comes to our products, we practice what we preach: Using Pega Cloud® auto-hibernation enabled us to avoid generating an estimated 118.49 metric tons of CO_2 in 2022.

Our people are
our superpower

Our success begins and ends with our people.

▶ We believe no problem is too complicated for us to solve. We engage, inspire, attract, and retain world-class diverse talent by connecting our people to our purpose. The result: a culture of learning and recognition.

"Our people are at the center of our growth, the driving force behind innovative products, and the heart and soul of our client-first commitment. We continuously strive to build upon our inclusive community where people feel that they belong. We do this by deeply rooting inclusion into our culture, seizing every opportunity for engagement, investing in the development of our best and brightest, and prioritizing wellness."

KATHERINE PARENTE, CHIEF PEOPLE OFFICER
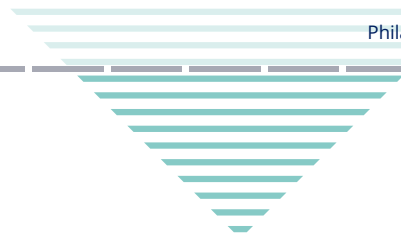
Supporting our people

Our cultural foundation has always been a commitment to our people and enabling them to be at their best and own and live our values.

We're committed to a culture that enables us to operate as a team where our employees feel united in community, connected in mission, and supported in life. We offer our employees opportunities to grow and celebrate all voices.

94% of employees confirmed that their manager is supportive of flexible working arrangements.

A hybrid working model with built-in flexibility

In 2020, Pega shifted to a hybrid working model out of necessity. Now, a few years later, we have adopted the hybrid model as our standard. But we didn't stop there. We've taken hybrid's underlying concept of flexibility and built it into how we support our employees more broadly.

Pega has embraced flexibility and woven it through our workday mindset and benefits offerings. In our most recent employee engagement survey, 94% of employees confirmed that their manager is supportive of flexible working arrangements.

Wellness initiatives

In 2022, we established our Engagement Working Group to bring ideas directly from the workforce to senior leadership. Led by two co-chairs, the group meets weekly and consists of employees – all of whom are volunteers representing all regions, functions, and demographics.

The group came up with a number of initiatives to foster engagement, including wellness days and no-meeting Fridays. The entire company shuts down on wellness days so that employees can focus on self-care, while no-meeting Fridays offers employees space to focus and recharge without interruption.
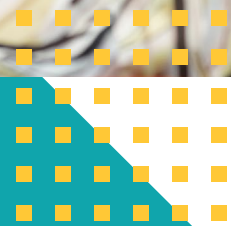
Training and career development

Our culture is rooted in our legacy of lifelong learning, and employees are encouraged and empowered to continuously learn and develop. Employee development underpins our efforts to execute our strategy and continually deliver innovative products and services. We invest in our employees' career growth and provide them with a wide range of development opportunities, including formal and informal learning, mentoring, and coaching.

We offer six programs for people managers and leaders in a cohort format comprising all functions and geographies, including workshops on inclusive leadership and leading with empathy. These programs are:

◢ Aspiring Manager

◢ Leader of Leaders

◢ Pega Leader

◢ People Manager Enablement

◢ People Manager Essentials

◢ People Manager Foundations

Pega encourages employees to build on their current skills and explore new areas with training missions offered by Pega Academy. With access to our on-demand digital Learning Gateway, employees can develop advanced skills, which helps us hire and promote from within. Employees can request rotations on different teams to gain exposure to different functions, explore new career paths within Pega, and increase perspective and empathy. In 2022, 94% of our employees participated in some type of formal education.

In 2022, 94% of our employees participated in some type of formal education.

Benefits beyond the expected

It's important our people find a balance between work and personal lives. One way we acknowledge this is by taking employee benefits beyond the expected. We're committed to offering comprehensive and competitive total rewards packages and resources that meet diverse needs.

PegaUP! total well-being

The PegaUP! program supports employees' health and overall well-being by focusing on physical, emotional, financial, and personal wellness. We design our benefits to support these pillars:

Physical: Our competitive healthcare programs provide optimal coverage options for employees and their families. We provide an on-demand fitness platform and healthy-living nutrition program. Employees can participate in global challenges and other wellness activities.

Emotional: We have resources and programs to support and nurture employees' mental and emotional health. These include a global employee assistance program for employees and their families, mindfulness and fitness app subscriptions for all employees, and guided meditation tools, to name a few.

Financial: We provide support and resources to help employees achieve their financial goals. These include retirement programs, new-hire and periodic equity grants, an employee stock purchase plan, life and accidental death and dismemberment insurance, short- and long-term disability insurance, financial seminars, and more.

Personal: We offer programs to help employees thrive at home and at work, including an education assistance program, generous parental leave, our Working Parent & Caregiver and Working Parents & Caregivers of Special Needs networks, phased return to work for primary caregivers, time-away programs, and backup care.

Compensation

Rewards at Pega follow a strong pay-for-performance philosophy, and we take several steps to ensure we offer competitive compensation. Programs such as our Corporate Incentive Compensation Program (CICP) – an annual bonus initiative – are linked both to company and individual performance. We also conduct a full annual compensation review to maintain competitiveness in the market.

Employee engagement and recognition

$80,660 donated through our Talent Recognition program to 61 charities in 15 countries

Employee engagement

It is important that our employees feel heard and recognized – by each other, their manager, team, and company leadership. To encourage and enhance dialogue, we regularly gather feedback through various touchpoints, notably our Continuous Feedback tool that allows employees and their managers to celebrate accomplishments, discuss challenges, and drive development conversations. We provide training to employees on giving and receiving feedback using frameworks, case studies, and in-session practice.

We conduct periodic engagement surveys for employees to answer questions on culture, recognition, communications, and compensation. We also run shorter pulse surveys to get quick feedback on specific topics affecting employee engagement.

In September 2022, 85% of employees participated in our engagement survey. Leadership identified three focus areas that will form a part of Pega's strategic goals and priorities:

◢ **Diversity representation.** At the company level, we enable diverse talent to grow, advance, and build long-term careers in leadership positions through structured programs.

◢ **Cross-team collaboration.** At the team level, we foster cross-team collaboration in a hybrid work environment inspired by our values.

◢ **Career growth and mobility.** At the individual level, we build pathways for career growth through transparency, clear career paths, and emphasis on performance differentiation.

Our Engagement Working Group's objectives have evolved to include the following:

◢ Acting as a consultative body on topics affecting the employee experience

◢ Driving global actions that enhance employee engagement

◢ Representing the voice of our people

In response to employee feedback for more direct and two-way communication with senior leadership, we launched Ask Anything sessions – a forum for employees to share their thoughts and pose questions to the executive team. These live, one-hour sessions provide employees direct access to CEO Alan Trefler and his leadership team.

Our recognition program

We believe everyone at Pega deserves respect and appreciation for their contributions and impact on our clients and communities. Our global recognition program acknowledges employees in the following ways:

◢ The Chairman's Award is a prestigious peer-nominated honor for employees who have created client success, driven results for growth, and modeled the company's values.

◢ Quarterly Team Splash Awards recognize teams that create impact on clients or colleagues.

◢ Employee of the Month recognizes members of the Pega team who model our core values and have made contributions above and beyond what's expected.

◢ Pega-versaries celebrate milestone years of service, including the beloved bobblehead gift for employees who've been with us for 15 years. We sent 634 Pega-versary gifts in 2022.

◢ Employees can recognize colleagues for great work through Fond, Pega's talent recognition program. For each such recognition, employees earn points they can apply toward a donation to a featured global or local charity.

Diversity, equity, inclusion,
and belonging

Inclusion is at the heart of Pega's core values. We are intentional about **diversity, equity, inclusion, and belonging** **in everything we do.**

▶ In 2022, Pega expanded our inclusion efforts beyond the traditional umbrella of Inclusion & Diversity. We wanted to make our culture more inclusive, equitable, and supportive of career advancement, and nurture an environment in which employees could feel a shared sense of purpose and a greater sense of belonging. The result: We've broadened our approach and renamed it Diversity, Equity, Inclusion, and Belonging, or DEI&B.

"Creating a welcoming and inclusive environment where everyone feels they belong is how Pega grows and thrives. We strive to foster an environment that celebrates and embraces differences. Over the last year, we implemented a range of initiatives aimed at creating an inclusive workplace, including increasing employee resource group (ERG) memberships, continuing to raise awareness, and supporting local and global communities to building a diverse and equitable environment for all employees."

NAZNINE TILAK, VICE PRESIDENT, LEARNING, DEVELOPMENT & DEIB

Our approach to DEI&B

Supporting DEI&B is a continuous process of welcoming and celebrating different talents, experiences, backgrounds, and identities. This universe includes racial, cultural, generational, religious, and economic perspectives, as well as those informed by gender, gender identity, sexual orientation, national origin, disability, veteran status, gender expression, and other self-identification factors. We believe that an inclusive culture is more than accepting people different from us: It means recognizing that everyone belongs and is critical to our success.

◢ To promote **diversity**, we attract and recruit diverse talent, provide opportunities to advance careers through professional development, and nurture a sense of community with ERGs.

◢ To support **equity**, we recognize differences and design our practices and processes to provide resources and opportunities to meet the unique needs of our employees.

◢ To foster **inclusion**, we educate to create mutual understanding, inspire dialogue, and align our DEI&B practices and strategy across the business.

◢ To cultivate **belonging**, we listen to employees and design programs and practices based on feedback. We strive to make everyone feel their voice is heard, respected, and valued in everything we do. We aim to bring out employees' best authentic selves to enhance engagement, commitment, and achieve our goals.

DEI&B partnerships

In partnership with Pega's global social impact program, PegaCares, we invest in organizations that align with our mission to broaden the pipeline of future technologists from underserved backgrounds. This enables us to expand our reach and inspire participation in the tech industry for underrepresented communities. These partners include:

◢ Avtar
◢ Cyversity
◢ Disability:IN
◢ Forté Foundation
◢ Girls in Tech
◢ National Society of Black Engineers – Boston
◢ Out and Equal
◢ Out in Tech
◢ Pride Circle
◢ WeAreTechWomen
◢ Year Up

The Pega Scholars Program provides scholarships to underserved students around the globe who are pursuing a degree in technology or computer science. Recipients receive funding for undergraduate studies, as well as connections to industry mentors and Pega leaders. Administered in partnership with Scholarship America, ten recipients are selected for each annual cycle. Students who received awards in 2022 hail from all undergraduate levels and are studying physics and computer engineering, information technology, and computer science. The program's 2022 cycle saw a 312% growth in the number of applicants compared to the prior year.

Recruitment practices

At Pega, how we approach recruitment is critical to building and maintaining a diverse talent pool while furthering our business goals. To help ensure that we drive progress toward our goal of attracting and hiring diverse talent, we use a diversity lens through each stage of recruitment. A dedicated Diversity Talent Attraction Partner is involved in every phase of recruiting and is responsible for reviewing and refining global talent attraction practices.

We promote diverse referrals; provide interview training and an inclusive hiring guide for hiring managers and recruiters; ensure use of gender-neutral language in job postings; leverage diverse job boards; and employ a structured interview process and interview panels representing diverse groups of employees. We actively engage diverse student and community groups, including:

◢ Community organizations

◢ DEI&B-focused conferences and job fairs to engage prospective talent

◢ Diverse alumni associations

◢ Diverse student groups

◢ Job boards, publications, and awards that share and advertise roles to a diverse community of talent

◢ Pega co-branded events to attract and engage diverse pipelines of talent

Fostering a culture of inclusion and belonging

Encouraging allyship, dialogue, and education

Advanced Allyship Program. At Pega, allyship means building relationships based on empathy, trust, consistency, and accountability with those who come from different backgrounds. Our Advanced Allyship Program is a self-paced, six-module course that helps participants understand allyship, discover implicit biases, build empathy, and appreciate the challenges faced by underrepresented groups. It includes digital and experiential learning and provides a comprehensive set of tools for practicing allyship.

Inclusive Leadership and Inclusive Workplace Workshop. In 2022, Pega hosted Inclusive Leadership and Inclusive Workplace Workshops available to all employees worldwide. The workshop is designed to encourage participants to be more aware of their biases and act as advocates for others from underserved communities. Participants explore what it means to be inclusive, ways to recognize biases, and how to move from a state of unawareness to a state of advocacy to translate learning into action.

The Leadership Consortium. Pega continues to engage with The Leadership Consortium, a program that brings together participants from best-in-class companies in a virtual development experience that accelerates leadership impact. The program focuses on high-potential talent from underrepresented groups and is led by Harvard Business School faculty members. Participants emerge as more self-aware leaders who lead stronger teams and have broader strategic command.

Gender equity

Pega believes that equitable practices and a sense of belonging are core components of an inclusive environment that supports, celebrates, attracts, and advances women.

Our commitment to these components includes our approach to total rewards, and we routinely examine pay by gender before and after our annual compensation cycle. We review this analysis with our leadership to ensure we remain focused on driving efforts that support and encourage equity in compensation across the organization. We report on our gender pay data in our UK Gender Pay Gap Report, which is available online.

Data is up to date as of 12/31/22, excludes interns and contract workers.

GENDER

Female	30%
Male	70%

REGION

Americas	39%
India	31%
EMEA	24%
APJ	6%

RACE & ETHNICITY

White	67.75%
Asian	14.55%
Black or African American	3.86%
Hispanic or Latino	3.59%
Native Hawaiian or Other Pacific Island	0.18%
American Indian/Alaskan Native	0.09%
Two or More Races	2.13%
Undisclosed	7.85%

Employee resource groups

Pega's employee resource groups (ERGs) provide engagement and safe spaces for communities. Our ERGs organically formed in 2020 and are voluntary, self-governing, and sponsored by a senior executive on the leadership team. They focus on raising awareness, fostering an inclusive work environment, boosting professional development, and strengthening employee engagement and sense of belonging. Approximately 20% of our employees are active members of at least one ERG.

ERGs' efforts emphasize four major priorities: recruitment and retention, career advancement, allyship and community, and social impact. We've implemented clearly defined leadership roles and meetings cadence, and each ERG's leadership team aligns the group's strategy with these four priorities. Our ERG playbook helps current and new ERG leaders learn and drive their responsibilities. In addition, we encourage cross-ERG collaboration with regular multi-ERG meetings, shared virtual collaboration spaces, and co-hosting of organization-wide initiatives.

There are seven ERGs at Pega, each of which has a designated commemorative month to recognize and celebrate the histories and contributions of their respective communities.

Our ERGs and their celebratory months are as follows:

Asian@Pega
Asian American and Pacific Islander Heritage Month (May)

Black@Pega
Black History Month (February)

Latinx@Pega
Hispanic/Latinx Heritage Month (September 15 – October 15)

Pride@Pega
LGBTQIA+ Pride Month (June)

PwD@Pega (for Persons with Disabilities)
Disability Employment Awareness Month (October)

Veterans@Pega
National Veterans and Military Families Month (November)

Women@Pega
Women's History Month (March)

2022

2022 ERG highlights

ASIAN@PEGA

Asian@Pega aims to elevate the unique cultures and identities of our Asian and Pacific Islander colleagues. They inspire and empower one another through connections and initiatives that span across all geographies. In 2022, these included conversations and fireside chats with Asian leaders, anti-Asian harassment training, and several interactive sessions.

BLACK@PEGA

Black@Pega's mission is to be a global collective to interconnect, share, learn, grow, and discuss common interests to nurture growth both within and outside of Pega, as well as to listen and engage with the members and allies of our Black community. In 2022, Black@Pega hosted an educational Juneteenth event, book clubs for members and allies focused on Black history and achievements, as well as training sessions, lunch-and-learns, and events celebrating connections in the African American community.

LATINX@PEGA

Latinx@Pega focuses on the engagement, retention, and professional development of its members, as well as on partnering with PegaCares to contribute to Latinx-specific social impact efforts. The group is committed to expanding the existing base of allies to the Latinx community, adding to the energy, connections, and passion for the future of a more inclusive workplace. In 2022, the ERG raised funds for Hurricane Fiona disaster victims and relief for the Petrópolis flooding in Brazil, hosted fireside chats and events, and volunteered with Massachusetts-based nonprofit **Food for Free** to pack 360 boxes of healthy groceries for local families in need.

PRIDE@PEGA

Pride@Pega serves Pega's LGBTQIA+ employees, the wider Pega community, and its allies, and provides employees with opportunities for inclusion, professional networking, mentorship, and personal development. The group hosts and facilitates panels, a speaker series, and Pride Month celebrations to support and celebrate Pega's LGBTQIA+ family and allies and educate the organization about LGBTQIA+ issues. In 2022, Pride@Pega hosted events and conversations with prominent LGBTQIA+ organizations; established trans@Pega, an online space to better support trans and non-binary colleagues; attended the Out & Equal conference, the largest LGBTQIA+ conference in the world; and sponsored a global 5K with Positive Tracks to support LGBTQIA+ youth programs.

2022 ERG highlights (cont.)

PWD@PEGA

PwD@Pega focuses on raising understanding of visible and invisible disabilities and breaking unconscious bias, creating a culture of transparency and a buoyant community. It serves Pega employees who may have either a visible or invisible disability, illness, or unique need, such as physical, neurological, mental, emotional, or cognitive disabilities. PwD@Pega offers members a network and the chance to participate in activities that drive education, awareness, professional advancement, and social impact efforts. 2022 activities included driving accessibility training for employees in partnership with Pega's accessibility team, hosting internal and external events, and sponsoring The Carroll Center for the Blind's Walk for Independence.

VETERANS@PEGA

Veterans@Pega embraces the unique perspectives and experiences military veterans bring to our organization. The group creates and drives initiatives to enrich and expand our community of veteran employees. In 2022, Veterans@Pega held a fireside chat; contributed to Pega's Movember campaign with a 100 Million Step Challenge to support men's and veterans' health, benefiting Movember, REORG Charity, and Fisher House Foundation; and supported wreath-laying events at veteran memorial sites in Poland.

WOMEN@PEGA

Women@Pega, one of the first ERGs at Pega, is committed to empowering women to grow, achieve, and exceed their personal and professional goals. It contributes to Pega's inclusiveness and offers a safe space for women to share experiences, learn from each other, and engage on advancing their careers. In 2022, Women@Pega continued to expand and add new chapters and regions, hosted events for both Pega and external women leaders; brought awareness to topics about domestic violence, child loss, suicide, and bereavement; hosted workshops on topics such as empowerment, equity, imposter syndrome, and empathy; and created events to support working parents.

SUPPORTING ACTIVE MILITARY AND VETERANS
Pega is proud to collaborate with military and veteran organizations, including:

◢ **Armed Forces Covenant.** We're a signatory to the United Kingdom Armed Forces Covenant, a pledge to treat those who serve or have served in the UK Armed Forces, as well as their families, with fairness and respect. We honor the pledge by supporting the employability of military personnel, service leavers, veterans, and their family members through our partnership with TechVets, a member of the Forces Employment Charity.

◢ **Defence Employer Recognition Scheme.** In 2022, Pega was awarded the prestigious Silver Award from the Defence Employer Recognition Scheme in recognition of our continued commitment to supporting the UK Armed Forces community. The Silver Award is reserved for companies that proactively demonstrate that their recruiting and selection processes don't disadvantage service personnel and the armed forces community.

◢ **Defence Women's Network.** Pega supports the Defence Women's Network (DWN), an organization that encourages discussion and exploration of gender and equality issues. The DWN aims to break down barriers and end discrimination in the workplace and foster greater focus on diversity and inclusion across the defense industry. In 2022, Pega sponsored and attended DWN's annual Conference dinner, and we are expanding our partnership in 2023 by sponsoring the conference and collaborating on joint events and webinars.

◢ **Hiring Our Heroes/U.S. Chamber of Commerce Foundation.** We work with Hiring Our Heroes (HOH), a workforce development initiative to help U.S. veterans, transitioning service members, and military spouses find meaningful employment. Our collaboration centers on HOH's Corporate Fellowship Program. Highly skilled transitioning service members receive firsthand experience and on-the-job training in the private sector.

◢ **TechVets UK.** TechVets UK is a nonprofit member of the Forces Employment Charity that empowers UK veterans to access job opportunities in the tech sector and enables businesses to capitalize on veterans' skills. We provide free training courses from the Pega Academy online learning platform. Members who have successfully completed the required courses earn free Pega certifications in their desired fields. We work with TechVets UK's partners and clients to promote and create pathways to employment opportunities.

◢ **WithYouWithMe.** Pega partners with WithYouWithMe, an Australian veteran's learning and development organization, to help WithYouWithMe develop highly trained IT professionals by delivering courses on digital process automation to fill gaps in their technology skills.

Community engagement
and philanthropy

Pega strives to be a responsible corporate citizen and active contributor in the communities where our employees, clients, and partners live and work.

▶ Through our global social impact program, PegaCares, we support local and global nonprofit organizations that align with our focus areas: women and girls in technology, youth education and development, and environmental sustainability, while also encouraging employee-led efforts. We're proud to partner with organizations around the world that promote opportunity, equitable participation, and better outcomes for all.

"PegaCares inspires global action with local impact. From our response to the war in Ukraine to youth education initiatives in India to our clean-up projects in the United States, our employees show up to do good, together. Our initiatives reflect the needs of all communities where Pega employees live and work, as well as invest in areas where Pega is best positioned to make an impact."

LINDSEY CLARK, SENIOR SOCIAL IMPACT PARTNER

Global charity partnerships

WOMEN AND GIRLS IN TECHNOLOGY

Pega is a strategic partner and supporter of Girls in Tech, a global nonprofit focused on eliminating the gender gap in technology. In 2022, we sponsored the annual Girls in Tech Conference and Pega's Chief People Officer, Kate Parente, participated in a panel discussion on Thriving in the New Hybrid Workplace.

We also support Science Club for Girls, a Cambridge, Massachusetts-based nonprofit that provides free, experiential programs to foster excitement, confidence, and literacy in science, technology, engineering, and mathematics (STEM) for girls and gender-expansive youth from underrepresented communities. In 2022, Pega sponsored the organization's Catalyst Awards and packed 250 STEM kits to support spring programs.

In 2022, we contributed to more than 350 nonprofits in 19 countries and participated in more than 100 volunteer events and projects globally.

EDUCATION AND YOUTH DEVELOPMENT

In 2022, we continued to invest in educational initiatives around the globe. For example:

- We launched a new partnership with Chapter One (formerly known as Innovations for Learning/TutorMate) to support its online reading program in the UK. A team of Pega volunteers from our Reading, UK office virtually meet weekly with students aged five to seven from a local elementary school to provide vital reading support.

- We continued to partner with 10000 Codeurs to support digital education for African youth.

  - We sponsored a series of three webinars in French to introduce Pega and low-code technology to 10000 Codeurs participants.

  - In partnership with Pega Partner Lyance, participants received training on Pega technology and two achieved Pega certifications.

  - To support 10000 Codeurs' expansion into English-speaking African countries, our localization team assisted with the translation of seven web pages from French to English, and our Black@Pega ERG and 10000 Codeurs hosted a webinar in English with plans to continue with a webinar series in 2023.

ENVIRONMENTAL SUSTAINABILITY

Pega supports One Tree Planted, an environmental nonprofit, in global reforestation initiatives. We continued our pledge to plant a tree for each employee and new hire in 2022, in addition to supporting planting projects throughout the year. We helped One Tree Planted plant 12,360 trees in England, Mexico, India, and Africa.

We partnered with several other environmental NGOs on cleanup initiatives, including Charles River Conservancy (Cambridge, Massachusetts); Waterways Watch Society (Singapore); and Plastic Whale Foundation (Amsterdam). Global Pega employees picked up litter, planted vegetation, and beautified green spaces in their local communities.

Supporting employee-led efforts

Pega empowers employees to participate in social impact efforts – and the causes they're passionate about – via giving and volunteering programs. We provide and encourage all employees to take two days of paid volunteer time to work for their chosen causes, either individually or through Pega-sponsored events.

PLATFORM FOR EMPLOYEE GIVING AND VOLUNTEERING

We launched a global giving and volunteering platform in the first quarter of 2022. The platform, Deed, powers our new global donation match program in addition to our other employee giving and volunteering initiatives.

◢ Pega matches up to US$500 (or its equivalent outside the US) per employee annually for contributions to more than 1.8 million eligible charities.

◢ Employees can use Deed to explore and sign up for volunteer events and request Pega donate to a charity they support through a team activity for which they're raising funds.

In 2022, nearly 2,500 employees visited the Deed platform, 839 participated in the donation match program, and nearly 400 logged volunteer hours.

Ukraine response

The impact of the war in Ukraine has been massive. In 2022, Pega employees in the company's Krakow office went above and beyond in their efforts to assist their neighbors. Pega more than doubled the number of volunteer days off in Krakow, from two to five. In addition, Pega Poland employees:

◤ Teamed with local organizations on the ground to deliver critical aid both for people in need in Ukraine and the almost two million Ukrainian refugees finding sanctuary in Poland

◤ Opened their homes to refugees, donated critical supplies for Ukrainian hospitals, and drove to the border to provide refugees with transportation

◤ Volunteered and provided essential provisions for refugee shelters in Poland, including a support center at the Krakow office complex

◤ Partnered with the UK-based charity Laptops 4 Livelihoods to collect 70 laptops to donate to Ukrainian refugees. The team installed Linux OS on each one to ensure they were operational for children in school.

In addition, working through PegaCares, employees across the global Pega community volunteered their time and services to collaborate with local organizations, including:

◤ PegaCares sponsored a campaign to support nonprofits and NGOs providing direct relief to Ukraine. The campaign raised a total of nearly US$300,000.

◤ Our EMEA-based enterprise architects supported refugee families with food, hygiene products, shoes, and laptop equipment.

◤ Approximately 20 employees participated in a London-to-Paris cycling marathon and raised more than $40,000 for Fundacja Widowisk Masowych, a charity that sends medicine and protective gear across the Polish border to Ukraine. A group of Krakow-based employees raised funds in a parallel cycling ride.

◤ Employees in the Reading, Cambridge, and Tokyo offices participated in charity walks in solidarity with Ukraine.

PegaCares:
Spotlight on India

Pega India's Corporate Social Responsibility Committee helps guide social impact in India. The committee works in partnership with Prayas, a group of volunteers who manage Pega's relationships with local NGOs and source volunteer activities for our local employees. In this year's report, we highlight PegaCares' efforts in India.

◢ **Teach for Change annual event.** Pega supported flagship NGO partner Teach for Change with its annual Children's Day competitions by organizing an event for 175 student finalists selected from over 40,250 students. Over the last five years of collaboration with Teach for Change, Pega has helped more than 67,000 students by sponsoring a literacy program, digital centers, and reading rooms.

◢ **Computer lab inauguration.** We donated eight computers to Zilla Parishad High School in Hyderabad and inaugurated its computer lab. In addition, we provided an instructor to teach students computer skills.

◢ **Daan Utsav event.** To celebrate Daan Utsav, India's annual festival of giving, employees donated clothes, books, and stationery items to three NGOs.

◢ **Floating solar aerators.** We worked with the environmental NGO Dhruvansh to set up floating solar aerators in the heavily polluted Neknampur Lake. The project's goals were to make the lake a zero-energy waste area, a knowledge and research hub for students, and a recreational place for adults.

◢ **Help for COVID-affected families.** In collaboration with the NGO Nirmaan, our employees personally connected with 63 COVID-affected families, identified their needs, and distributed livelihood kits.

◢ **Summer kits for traffic police.** Employees assembled and provided 100 kits to help Hyderabad's traffic police beat the city's intense summer heat.

◢ **Telangana flood distribution drive.** We contributed 700 grocery kits to help families cope with heavy rains and flooding in the state of Telangana, where our Hyderabad office is located.

◢ **Tree plantings.** Volunteers planted tree saplings on two floating islands in Mushki Cheruvu Lake to help preserve and support the local ecosystem.

◢ **Udayan Shalini fellowship program.** Prayas organized an office visit for 40+ girls with the help of the NGO Udayan Care that included sessions on career-building and cyber-awareness. Pega is sponsoring the education of 75 girls in Hyderabad and Bangalore through the NGO's Udayan Shalini fellowship program, which promotes and supports higher education for girls from disadvantaged backgrounds.

◢ **Virtual volunteering sessions.** Prayas collaborated with Women India, the local Women@Pega chapter, on virtual volunteering sessions conducted by Nirmaan. Thirty-three volunteers from Pega supported 1,300 beneficiaries during the sessions, which focused on mental health, stress management, and presentation skills.

Data **Index**

Global Reporting Initiative (GRI) Index

This report has been prepared using the 2021 [Global Reporting Initiative](#) (GRI) Standards. Pegasystems has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

General Disclosures 2021 (GRI 2)

Organization and its reporting practices

GRI 2-1

Legal Name

Pegasystems Inc.
Note: Pega is publicly traded under the ticker symbol PEGA.

Ownership and legal form

[2023 10-K (FY 2022)](#) pgs. 1,2

Headquarters

Global Headquarters
1 Main Street
Cambridge, MA 02142

Countries of Operation

[2023 10-K (FY 2022)](#) "We face risks from operations and clients based outside of the United States" pg. 12; "Item 2. Properties" pg. 22

GRI 2-2

Entities included in sustainability reporting

[2023 10-K (FY 2022)](#) "Item 2. Properties" pg. 22; "Basis of Presentation" pg. 43

GRI 2-3

Reporting period, frequency and contact point

Reporting Period: January 1, 2022–December 31, 2022

Frequency of sustainability report: annual

Frequency of Financial reporting is in-line with sustainability reporting

2022 Impact Report publication date: 5/8/2023

GRI 2-4

Restatements of information

Not applicable

GRI 2-5

External assurance

Pega Cloud and corporate maintain multiple industry certifications, please refer to pega.com/trust for the list. Pega's Audit Committee, a subcommittee of the Board, is informed of any observations or findings related to certifications by the Pega Security Steering Group, comprised of senior executives.

Pega Internal Audit conducts an independent audit of Pega Impact Report and sustainability data and reports results directly to the Audit Committee. In the future we will look at third party assurance of this data.

Activities and workers

GRI 2-6

Sector, activities, products and services

- -

2023 10-K (FY 2022) "Item 1. Business"; "Our Business" pg. 4-9

Markets served

- -

2023 10-K (FY 2022) "Our Markets" pg. 7, 8

Scale of organization

- -

2023 10-K (FY 2022) "Item 1. Business" pg. 4-22

About Pega website

2023 10-K (FY 2022) "Results of Operations" pgs. 28-29 and "Liquidity and capital Resources" pgs. 30-31

Supply chain

- -

2022 Impact Report "Policies and practices that support good governance" pg. 15; "Energy-saving equipment updates" pg. 19

Slavery and Human Trafficking Statement

2023 10-K (FY 2022) "Subscription transition" pg. 4; "Cash provided by operating activities" pg. 30

GRI 2-7

Total number of employees

- -

6,133 employees as of January 31, 2022

2023 10-K (FY 2022) "Our People" pg. 9

Governance

GRI 2-9

Governance structure

- -

2023 10-K (FY 2022) "Item 10. Directors, Executive Officers, and Corporate Governance" pg. 65

2023 Proxy Statement (FY 2022), "Corporate Governance" pgs. 15-19

GRI 2-10

Nomination and selection of the highest governance body

- -

2023 Proxy Statement (FY 2022), "Corporate Governance" pgs. 15-19

GRI 2-11

Chair of the Board

- -

Alan Trefler is Pegasystems' CEO and Chairman of the Board.

GRI 2-19

Remuneration policies

- -

2023 10-K (FY 2022) "Item 11. Executive compensation" pg.65

2023 Proxy Statement "Director compensation" pg. 22; "Compensation Discussion and Analysis" pg. 23

GRI 2-20

Process to determine remuneration

- -

2023 10-K (FY 2022) "Item 11. Executive compensation" pg.65

2023 Proxy Statement "Director compensation" pg. 22; "Compensation Discussion and Analysis" pg. 23

Strategy, policies and practices

GRI 2-22

Statement on sustainable development strategy

- -

2022 Impact Report "CEO Letter" pg. 1

GRI 2-23

Policy commitments

- -

Corporate Governance Guidelines
Code of Conduct
Supplier Code of Conduct
Slavery and Human Trafficking Statement
2022 Impact Report "Ethical artificial intelligence" pg. 9; "Good governance at work" pg. 11; "Anti-corruption and compliance training" pg. 15

GRI 2-26

Mechanisms for seeking advice and raising concerns

- -

Code of Conduct
Supplier Code of Conduct
Reporting Accountability Concerns

GRI 2-28

Membership associations

- -

2022 Impact Report "Engaging our stakeholders on ESG" pg. 13; "Diversity, equity, inclusion and belonging" pg. 26

Stakeholder Engagement

GRI 2-29

Stakeholder engagement

- -

2022 Impact Report "Engaging our stakeholders on ESG" pg. 13

2023 Proxy Statement "Communications from Shareholders and Other Interested parties to the Board" pg. 18

Disclosures on material topics (GRI 3)

GRI 3-1

Process to determine material topics

- -

2022 Impact Report "Engaging our stakeholders on ESG" pg. 13

GRI 3-2

List of material topics

- -

2022 Impact Report "Engaging our stakeholders on ESG" pg. 13

- Privacy & Data Protection
- Governance & Ethics
- Customer Satisfaction
- Talent & Culture
- Belonging & Diversity
- AI Ethics

Disclosures from GRI topic standards for each material topic

Economic Performance

Management Approach

- -

2023 10-K (FY 2022) "Item 1. Business" pgs. 4-22

GRI 201-1

Direct economic value generated and distributed

- -

2023 10-K (FY 2022) "Item 8. Financial Statements and Supplementary Data" pgs. 35-63

GRI 201-2

Financial implications and other risks and opportunities due to climate change

- -

2022 CDP Climate Change Response

Indirect Economic Impacts

Management Approach

- -

2022 Impact Report "Community engagement and philanthropy" pg. 32

GRI 203-2

Significant indirect economic impacts

- -

2022 Impact Report "Community engagement and philanthropy" pg. 32

Impact at Pega website

Energy

Management Approach
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18; "Climate risk" pg. 14

GRI 302-1

Energy consumption within the organization
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18

GRI 302-2

Energy consumption outside of the organization
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18

GRI 302-4

Reduction of energy consumption
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18

GRI 302-5

Reductions in energy requirements of products and services
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18

Water and Effluents

Management Approach
- -

2022 Impact Report "Reducing our water usage and waste" pg. 20

GRI 303-5

Water consumption
- -

2022 Impact Report "Reducing our water usage and waste" pg. 20

Emissions

Management Approach
- -

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18; "Climate risk" pg. 14

GRI 305-1

Direct (Scope 1) GHG emissions
- -

See "Pega's Carbon Emission Details" table at the end of this report.

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18; "Climate risk" pg. 14

GRI 305-2

Energy indirect (Scope 2) GHG emissions
- -

See "Pega's Carbon Emission Details" table at the end of this report.

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18; "Climate risk" pg. 14

GRI 305-5

Reduction of GHG emissions
- -

See "Pega's Carbon Emission Details" table at the end of this report.

2022 Impact Report "The sustainability imperative" pg. 17; "Managing our carbon footprint pg. 18; "Climate risk" pg. 14

Waste

Management Approach
- -

2022 Impact Report "Reducing our water usage and waste" pg. 20; "Sustainable operations" pg. 19; "Paring down on plastics" pg. 20

GRI 306-2

Management of significant waste-related impacts

- -

2022 Impact Report "Reducing our water usage and waste" pg. 20; "Sustainable operations" pg. 19; "Paring down on plastics" pg. 20

GRI 306-4

Waste diverted from disposal

- -

2022 Impact Report "Reducing our water usage and waste" pg. 20; "Sustainable operations" pg. 19; "Paring down on plastics" pg. 20

Employment

Management Approach

- -

2022 Impact Report "Supporting our people" pg. 22

Careers at Pega

GRI 401-2

Benefits provided to full-time employees that are not provided to temporary or part-time employees

- -

2022 Impact Report "Supporting our people" pg. 22; "Wellness initiatives" pg. 22; "Benefits beyond the expected" pg. 24

401-3

Parental leave

- -

2022 Impact Report "Benefits beyond the expected" pg. 24

Occupational Health and Safety

Management Approach

- -

2022 Impact Report "Supporting our people" pg. 22; "Benefits beyond the expected" pg. 24

Code of Conduct
Impact at Pega

GRI 403-6

Promotion of worker health

- -

2022 Impact Report "Supporting our people" pg. 22; "Benefits beyond the expected" pg. 24

2023 10-K (FY 2022) "Employee Engagement, Health, Well-Being" pg. 9

Training and Education

Management Approach

- -

2022 Impact Report "Supporting our people" pg. 22; "Doing good helps us do well while creating life-changing career opportunities" pg. 8; "Anti-corruption and compliance training" pg. 15

Careers at Pega
2023 10-K (FY 2022) "Talent Cultivation" pg. 9

GRI 404-2

Programs for upgrading employee skills and transition assistance programs

- -

2022 Impact Report "Supporting our people" pg. 22; "Doing good helps us do well while creating life-changing career opportunities" pg. 8

2023 10-K (FY 2022) "Talent Cultivation" pg. 9

GRI 404-3

Percentage of employees receiving regular performance and career development reviews

- -

100% of active staff received a regular performance and career development review.

Diversity and
Equal Opportunity

Management Approach

- -

2022 Impact Report "Diversity, equity, inclusion and belonging" pg. 26

Global Inclusion & Diversity 2021 Report
2023 10-K (FY 2022) "Diversity, Equity, Inclusion and Belonging
("DEIB")" pg. 9

Nominating and Corporate Governance Committee Charter

GRI 405-1

Diversity of governance bodies and employees

- -

Global Inclusion & Diversity 2021 Report

Human Rights Assessment

Management Approach

- -

Slavery and Human Trafficking Statement
Reporting Accountability Concerns

GRI 412-1

Operations that have been subject to human rights reviews or
impact assessments

- -

Slavery and Human Trafficking Statement

Customer Privacy

Management Approach

- -

Data Privacy and Security

Sustainability Accounting Standards Board (SASB) Index

Our reporting aligns with the SASB Software & IT Services sector standards.

Environmental Footprint of Hardware Infrastructure

TC-SI-130A.3

Discussion of the integration of environmental considerations into strategic planning for data center needs

- -

2022 Impact Report "Energy-saving equipment updates" pg. 19
2022 CDP Climate Change Response

Data Privacy & Freedom of Expression

TC-SI-220A.1

Description of policies and practices relating to behavioral advertising and user privacy

- -

2022 Impact Report "Data privacy and cybersecurity" pg. 16
Privacy & Security website
Privacy Notice

Data Security

TC-SI-230A.2

Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards

- -

2022 Impact Report "Data privacy and cybersecurity" pg. 16
Code of Conduct
2023 10-K (FY 2022) "Item.1A. Risk Factors" pg. 10-22

Recruiting & Managing a Global, Diverse & Skilled Workforce

TC-SI-330A.1

Percentage of employees that are (1) foreign nationals and (2) located offshore

- -

Pega's headquarters are in Cambridge, Massachusetts. As of December 31, 2022, 0.7% of employees in the U.S. were foreign nationals and 0.3% of U.S. employees were located outside of the U.S.

TC-SI-330A.2

Employee engagement as a percentage

- -

2022 Impact Report "Employee engagement and recognition" pg. 25

TC-SI-330A.3

Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

- -

2021 Global Inclusion and Diversity Report

Managing Systemic Risks from Technology Disruptions

TC-SI-550A.1

Number of (1) performance issues and (2) service disruptions; (3) total customer downtime

- -

Performance issues or client service disruptions material to our operations or financial results, if any, are disclosed in our 2023 10-K (FY 2022). Please refer to "Item 1A. Risk Factors" pg. 10.

Pega provides 24x7x365 unfettered, high-level access to its cloud performance and service availability at the Pega Cloud Status Page.

TC-SI-550A.2

Description of business continuity risks related to disruptions of operations

- -

2023 10-K (FY 2022) "Item 1A. Risk Factors" pg. 10-22

Additional Data

Pega's Carbon Emission Details

Emissions Category	Emissions (MT)	
	2021	**2022**
Scope 1 Emission (On-site Fossil fuel use)	47.6	43.8
Scope 2 Location-Based Emissions (Purchased Electricity)	3,105.0	3,363.0
Scope 2 Market-Based Emissions (Purchased Electricity)	33.0	-
Scope 3 Emission as listed below	27,607.8	32,454.3
1. Purchased Goods & Services	23,803.3	22,818.9
Data Center Emissions* (included above)	4,371.7	1,159.0
2. Capital Goods	Combined with PG&S	4,178.4
3. Fuel-related	243.2	269.3
4. Upstream Transportation	Pega has no physical products	Pega has no physical products
5. Waste	5.5	5.9
6. Business Travel	453.0	3,108.0
7. Employee Commuting	250.7	243.4
Work From Home	2,699.8	1,678.1
8. Upstream Leased Assets	152.4	152.4
9. Downstream Transportation & Distribution	Pega has no physical products	Pega has no physical products
10. Processing of Sold Products	Pega has no physical products	Pega has no physical products
11. Use of Sold Product	Not yet calculated since not commonly reported for software company	Not yet calculated since not commonly reported for software company
12. End of Life Treatment of Sold Products	Pega has no physical products	Pega has no physical products
13. Downstream Leased Assets	Pega does not lease assets	Pega does not lease assets
14. Franchises	Pega has no franchises	Pega has no franchises
15. Investments	Pega has no major relevant investments	Pega has no major relevant investments
Total Carbon Footprint	**30,760**	**35,861**

Note: The emission data is based on the hybrid methodology adopted in consultation with our sustainability partner.

PEGA

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IMPACT REPORT 2022

Note regarding forward-looking statements