



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



APPROVED

NEAR-TERM SCIENCE-BASED TARGETS

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Pegasystems Inc. conform with the SBTi Criteria and Recommendations (Criteria version 5.1).

SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

The official near-term science-based target language:

Pegasystems Inc. commits to reduce absolute scope 1 and 2 GHG emissions 99.1% by 2030 from a 2019 base year. Pegasystems Inc. also commits to increase active annual sourcing of renewable electricity from 0% in 2019 to 100% by 2022 and to continue active annual sourcing of 100% renewable electricity through 2030. Pegasystems Inc. commits to reduce absolute scope 3 emissions from purchased goods & services, capital goods, and business travel 27.5% by 2030 from a 2019 base year.

DATE OF APPROVAL

25 July 2024



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APPROVED

NET-ZERO SCIENCE-BASED TARGETS

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Pegasystems Inc. conform with the SBTi Corporate Net Zero Standard.

SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

The official net-zero science-based target language:

Overall Net-Zero Target: Pegasystems Inc. commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

Near-Term Targets: Pegasystems Inc. commits to reduce absolute scope 1 and 2 GHG emissions 99.1% by 2030 from a 2019 base year. Pegasystems Inc. also commits to increase active annual sourcing of renewable electricity from 0% in 2019 to 100% by 2022 and to continue active annual sourcing of 100% renewable electricity through 2030. Pegasystems Inc. commits to reduce absolute scope 3 emissions from purchased goods & services, capital goods, and business travel 27.5% by 2030 from a 2019 base year.

Long-Term Targets: Pegasystems Inc. commits to reduce absolute scope 1, 2 and 3 GHG emissions 90.9% by 2040 from a 2019 base year. Within this target, Pegasystems Inc. commits to maintain a minimum 99.1% absolute scope 1 and 2 GHG emissions reduction from 2030 through 2040 from a 2019 base year.

DATE OF APPROVAL

25 July 2024



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NEAR-TERM AND NET-ZERO TARGET VALIDATION REPORT

Pegasystems Inc.

25 July 2024



ABOUT THE SCIENCE BASED TARGETS INITIATIVE

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

SBTi GLOBAL MOMENTUM BY THE NUMBERS

4266

companies with
approved targets

2952

companies with
commitments to set
targets

Data collected in 23/02/2024



INTRODUCTION

This report presents the results and recommendations of the submitted targets assessed against the SBTi Net-Zero Criteria and guidance. This includes an overview of the GHG emissions sources and inventory, target setting methodologies and ambition, emissions included in the target boundary, and company-specific feedback from the validation process, if applicable. A detailed overview of the criteria is provided in the appendix. The approved target language, which will be listed on the SBTi website and should be used in all company communications, is as follows:

Overall Net-Zero Target: Pegasystems Inc. commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

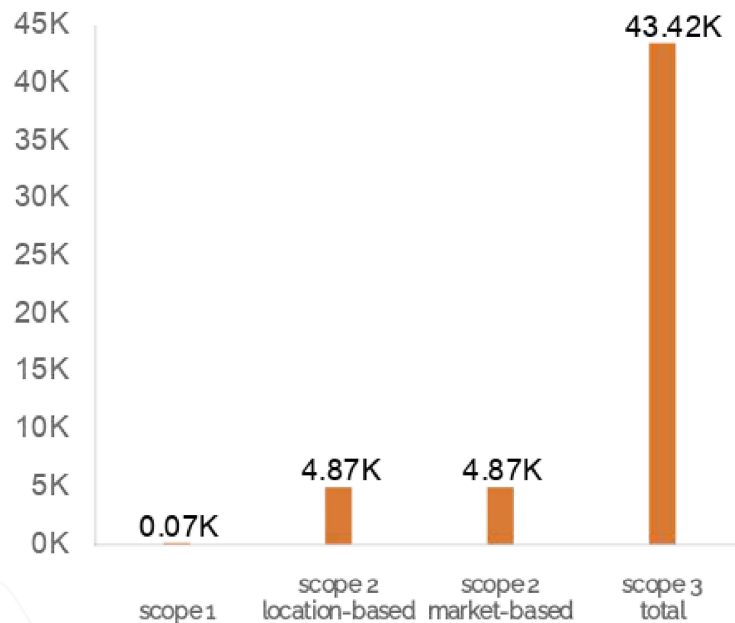
Near-Term Targets: Pegasystems Inc. commits to reduce absolute scope 1 and 2 GHG emissions 99.1% by 2030 from a 2019 base year. Pegasystems Inc. also commits to increase active annual sourcing of renewable electricity from 0% in 2019 to 100% by 2022 and to continue active annual sourcing of 100% renewable electricity through 2030. Pegasystems Inc. commits to reduce absolute scope 3 emissions from purchased goods & services, capital goods, and business travel 27.5% by 2030 from a 2019 base year.

Long-Term Targets: Pegasystems Inc. commits to reduce absolute scope 1, 2 and 3 GHG emissions 90.9% by 2040 from a 2019 base year. Within this target, Pegasystems Inc. commits to maintain a minimum 99.1% absolute scope 1 and 2 GHG emissions reduction from 2030 through 2040 from a 2019 base year.

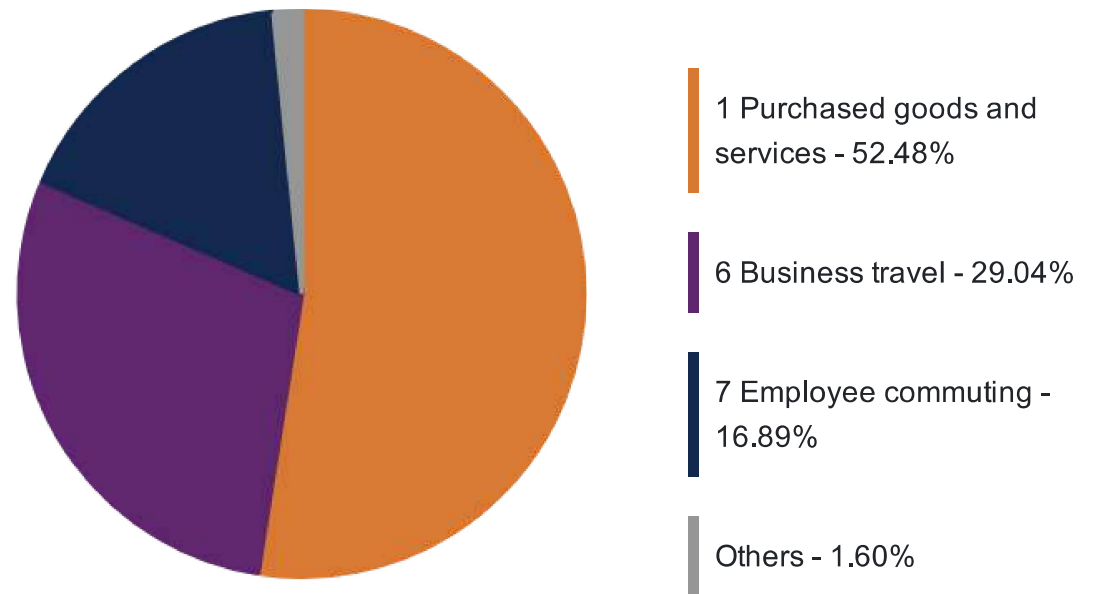
GHG INVENTORY OVERVIEW

Pegasystems Inc. has submitted 2 GHG inventories for review by SBTi's Target Validation Team. In the calendar year of 2019 the company has reported total of 48,360 GHG emissions (tCO₂e) in the full minimum boundary (scopes 1, 2 and 3). In the calendar year of 2022 the company has reported total of 31,070 GHG emissions (tCO₂e). Pegasystems Inc. has reported no emissions outside of minimum boundary. Pegasystems Inc. has reported no emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals, associated with bioenergy feedstocks. The full breakdown of Pegasystems Inc.'s GHG inventory, including optional and biogenic CO₂ emissions, is provided below.

TOTAL GHG EMISSIONS (tCO₂e) 2019



SCOPE 3 BREAKDOWN BY CATEGORY



2019 GHG INVENTORY

		Minimum boundary emissions	Share of total emissions (location-based scope 2)	Share of total emissions (market-based scope 2)	Percentage excluded from inventory	Outside minimum boundary (optional)	Bioenergy emissions	Bioenergy removals	Biogenic total
SCOPE 1 & 2	Scope 1	68.60	0.14%	0.14%	N/A	N/A	N/A	N/A	N/A
	Scope 2 location-based	4,869.00	10.07%	N/A	N/A	N/A	N/A	N/A	N/A
	Scope 2 market-based	4,869.00	N/A	10.07%	N/A	N/A	N/A	N/A	N/A
SCOPE 3	1. Purchased goods and services	22,786.00	47.12%	47.12%	N/A	N/A	N/A	N/A	N/A
	2. Capital goods	0.00	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
	3. Fuel- and energy-related activities	380.00	0.79%	0.79%	N/A	N/A	N/A	N/A	N/A
	4. Upstream transportation and distribution	74.00	0.15%	0.15%	N/A	N/A	N/A	N/A	N/A
	5. Waste generated in operations	86.00	0.18%	0.18%	N/A	N/A	N/A	N/A	N/A
	6. Business travel	12,610.00	26.08%	26.08%	N/A	N/A	N/A	N/A	N/A
	7. Employee commuting	7,332.00	15.16%	15.16%	N/A	N/A	N/A	N/A	N/A
	8. Upstream leased assets	154.30	0.32%	0.32%	N/A	N/A	N/A	N/A	N/A
	9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	10. Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	11. Use of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	12. End-of-life treatment of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	14. Franchises	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	15. Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2022 GHG INVENTORY

		Minimum boundary emissions	Share of total emissions (location-based scope 2)	Share of total emissions (market-based scope 2)	Percentage excluded from inventory	Outside minimum boundary (optional)	Biogenic emissions	Biogenic removals	Biogenic total
SCOPE 1 & 2	Scope 1	43.80	0.13%	0.14%	N/A	N/A	N/A	N/A	N/A
	Scope 2 location-based	3,363.00	9.77%	N/A	N/A	N/A	N/A	N/A	N/A
	Scope 2 market-based	0.00	N/A	0.00%	N/A	N/A	N/A	N/A	N/A
SCOPE 3	1. Purchased goods and services	22,736.00	66.03%	73.18%	N/A	N/A	N/A	N/A	N/A
	2. Capital goods	4,178.00	12.13%	13.45%	N/A	N/A	N/A	N/A	N/A
	3. Fuel- and energy-related activities	269.00	0.78%	0.87%	N/A	N/A	N/A	N/A	N/A
	4. Upstream transportation and distribution	334.00	0.97%	1.07%	N/A	N/A	N/A	N/A	N/A
	5. Waste generated in operations	6.00	0.02%	0.02%	N/A	N/A	N/A	N/A	N/A
	6. Business travel	3,108.00	9.03%	10.00%	N/A	N/A	N/A	N/A	N/A
	7. Employee commuting	243.00	0.71%	0.78%	N/A	N/A	N/A	N/A	N/A
	8. Upstream leased assets	152.40	0.44%	0.49%	N/A	N/A	N/A	N/A	N/A
	9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	10. Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	11. Use of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	12. End-of-life treatment of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	14. Franchises	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	15. Investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

OVERVIEW OF SCIENCE-BASED TARGETS

Net-Zero Target

Pegasystems Inc. commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

Near-Term Targets

Pegasystems Inc. has submitted 3 near-term targets for review by the SBTi. All targets have been assessed against the SBTi's quantitative and qualitative criteria, alongside the Criteria Assessment Indicators. For approval, a company's targets must comply with all applicable requirements. The following is an overview of the approved targets:

Target wording	Public?	Base year	Most recent year	Target year	Type	Target value	Method used
Pegasystems Inc. commits to reduce absolute scope 1 and 2 GHG emissions 99.1% by 2030 from a 2019 base year.	Yes	2019	2022	2030	Absolute	99.1%	Absolute contraction
Pegasystems Inc. also commits to increase active annual sourcing of renewable electricity from 0% in 2019 to 100% by 2022 and to continue active annual sourcing of 100% renewable electricity through 2030.	Yes	2019	2022	2030	RE	100.0%	Renewable electricity procurement
Pegasystems Inc. commits to reduce absolute scope 3 emissions from purchased goods & services, capital goods, and business travel 27.5% by 2030 from a 2019 base year.	Yes	2019	2022	2030	Absolute	27.5%	Absolute contraction

OVERVIEW OF SCIENCE-BASED TARGETS

Net-Zero Target

Pegasystems Inc. commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

Long-Term Targets

Pegasystems Inc. has submitted 3 long-term targets for review by the SBTi. All targets have been assessed against the SBTi's quantitative and qualitative criteria, alongside the Criteria Assessment Indicators. For approval, a company's targets must comply with all applicable requirements. The following is an overview of the approved targets:

Target wording	Public?	Base year	Most recent year	Target year	Type	Target value	Method used
Pegasystems Inc. commits to reduce absolute scope 1, 2 and 3 GHG emissions 90.9% by 2040 from a 2019 base year.	Yes	2019	2022	2040	Absolute	90.9%	Absolute contraction
Within this target, Pegasystems Inc. commits to maintain a minimum 99.1% absolute scope 1 and 2 GHG emissions reduction from 2030 through 2040 from a 2019 base year.	Yes	2019	2022	2040	Absolute	99.1%	Absolute contraction
Pegasystems Inc. commits to reduce absolute scope 3 GHG emissions 90% by 2040 from a 2019 base year.	No	2019	2022	2040	Absolute	90.0%	Absolute contraction

OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

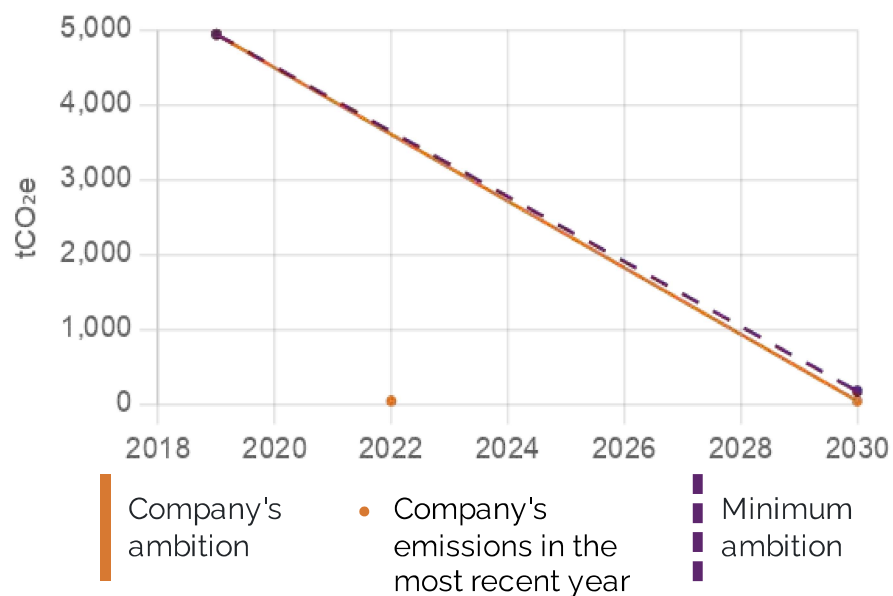
Pegasystems Inc. commits to reduce absolute scope 1 and 2 GHG emissions 99.1% by 2030 from a 2019 base year.

Public: Yes

Temperature classification: 1.5°C

Target Coverage

ABSOLUTE EMISSIONS



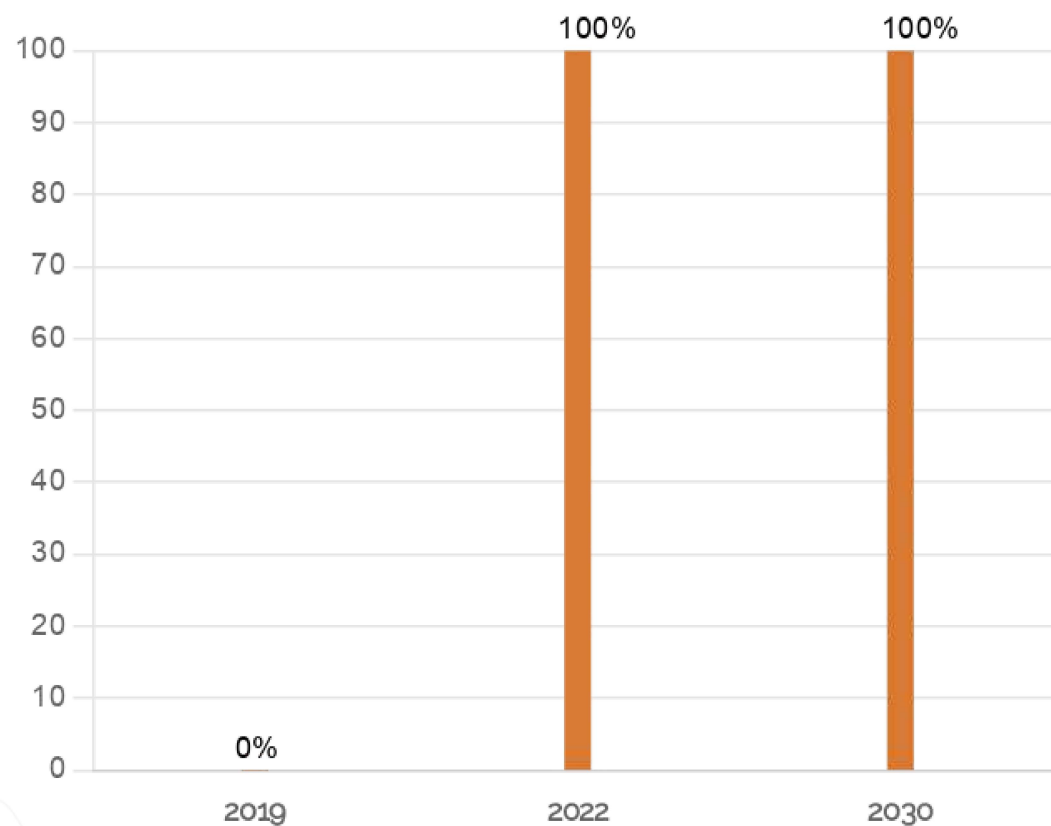
GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	100.00%	N/A	N/A
Scope 2 market-based	100.00%	N/A	N/A
Scope 3 total	0.00%	N/A	N/A
1. Purchased goods and services	N/A	N/A	N/A
2. Capital goods	N/A	N/A	N/A
3. Fuel- and energy-related activities	N/A	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	N/A	N/A	N/A
6. Business travel	N/A	N/A	N/A
7. Employee commuting	N/A	N/A	N/A
8. Upstream leased assets	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

Pegasystems Inc. also commits to increase active annual sourcing of renewable electricity from 0% in 2019 to 100% by 2022 and to continue active annual sourcing of 100% renewable electricity through 2030.

Public: Yes

RENEWABLE ELECTRICITY PROCUREMENT TARGETS



OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

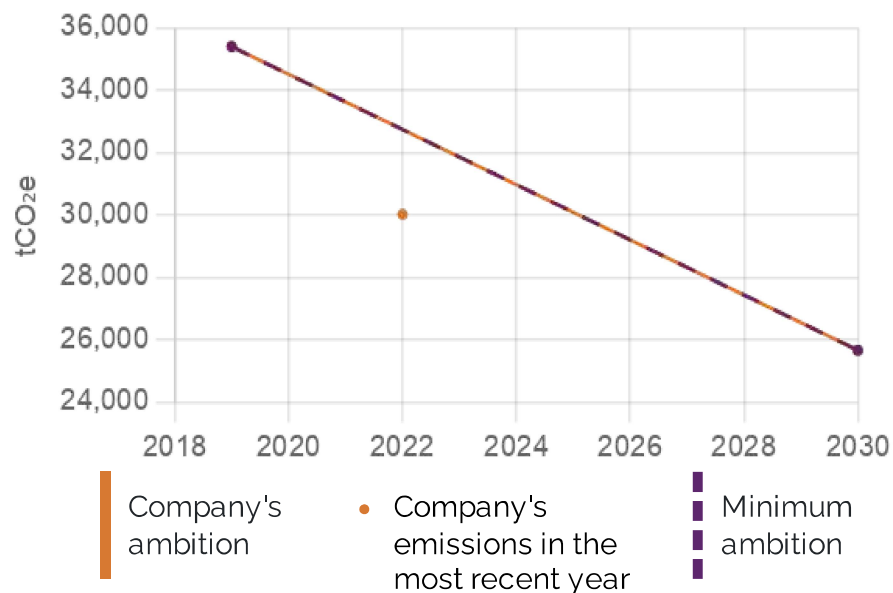
Pegasystems Inc. commits to reduce absolute scope 3 emissions from purchased goods & services, capital goods, and business travel 27.5% by 2030 from a 2019 base year.

Public: Yes

Temperature classification: N/A

Target Coverage

ABSOLUTE EMISSIONS



GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	N/A	N/A	N/A
Scope 2 market-based	N/A	N/A	N/A
Scope 3 total	81.52%	N/A	N/A
1. Purchased goods and services	100.00%	N/A	N/A
2. Capital goods	100.00%	N/A	N/A
3. Fuel- and energy-related activities	N/A	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	N/A	N/A	N/A
6. Business travel	100.00%	N/A	N/A
7. Employee commuting	N/A	N/A	N/A
8. Upstream leased assets	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

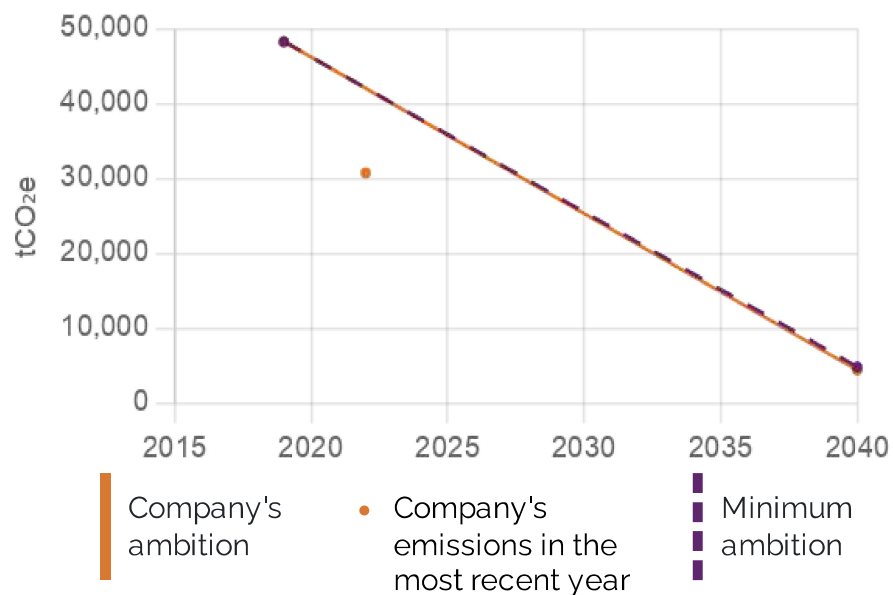
OVERVIEW OF LONG-TERM SCIENCE-BASED TARGETS

Pegasystems Inc. commits to reduce absolute scope 1, 2 and 3 GHG emissions 90.9% by 2040 from a 2019 base year.

Public: Yes Sector pathway: Cross-sector pathway

Temperature classification: 1.5°C

ABSOLUTE EMISSIONS



Target Coverage

GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	100.00%	N/A	N/A
Scope 2 market-based	100.00%	N/A	N/A
Scope 3 total	99.83%	N/A	N/A
1. Purchased goods and services	100.00%	N/A	N/A
2. Capital goods	100.00%	N/A	N/A
3. Fuel- and energy-related activities	100.00%	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	100.00%	N/A	N/A
6. Business travel	100.00%	N/A	N/A
7. Employee commuting	100.00%	N/A	N/A
8. Upstream leased assets	100.00%	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

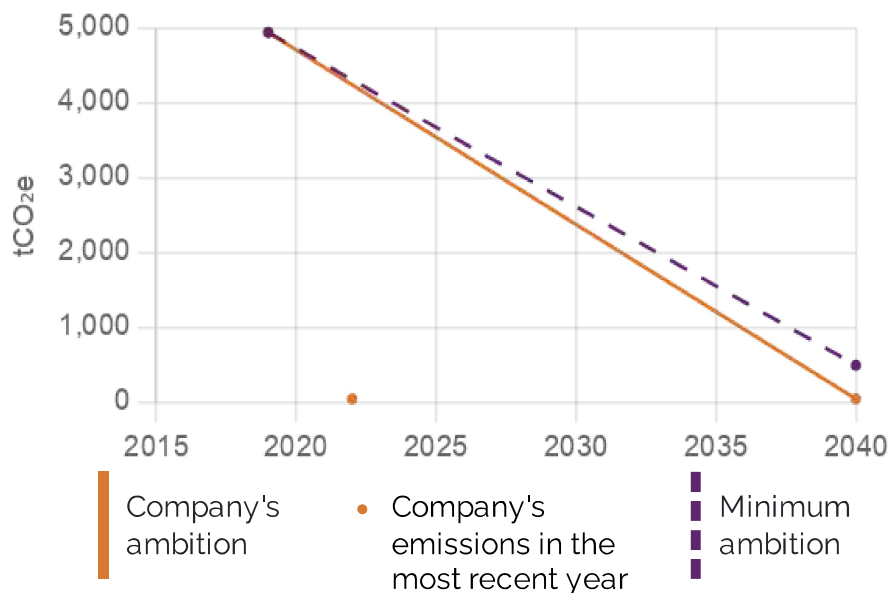
OVERVIEW OF LONG-TERM SCIENCE-BASED TARGETS

Within this target, Pegasystems Inc. commits to maintain a minimum 99.1% absolute scope 1 and 2 GHG emissions reduction from 2030 through 2040 from a 2019 base year.

Public: Yes Sector pathway: Cross-sector pathway

Temperature classification: 1.5°C

ABSOLUTE EMISSIONS



Target Coverage

GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	100.00%	N/A	N/A
Scope 2 market-based	100.00%	N/A	N/A
Scope 3 total	0.00%	N/A	N/A
1. Purchased goods and services	N/A	N/A	N/A
2. Capital goods	N/A	N/A	N/A
3. Fuel- and energy-related activities	N/A	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	N/A	N/A	N/A
6. Business travel	N/A	N/A	N/A
7. Employee commuting	N/A	N/A	N/A
8. Upstream leased assets	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

OVERVIEW OF LONG-TERM SCIENCE-BASED TARGETS

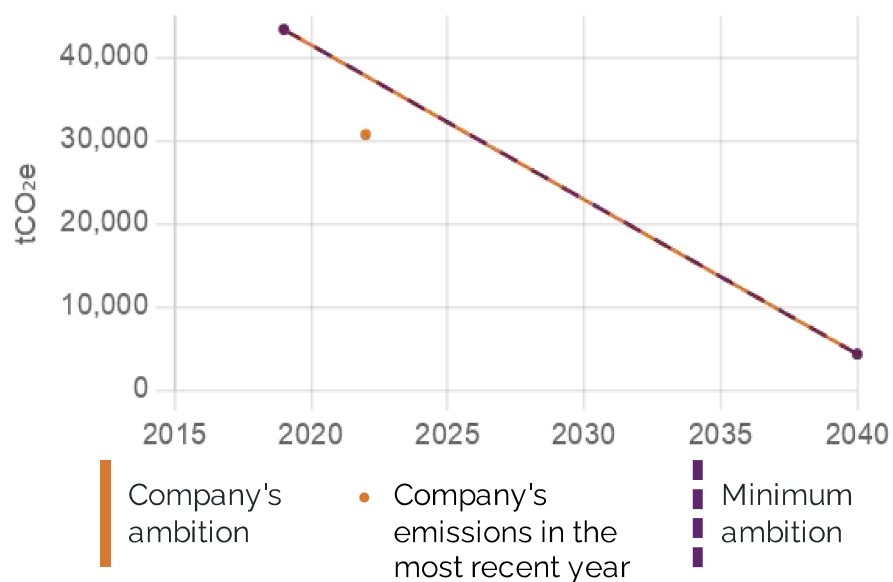
Pegasystems Inc. commits to reduce absolute scope 3 GHG emissions 90% by 2040 from a 2019 base year.

Public: No Sector pathway: Cross-sector pathway

Temperature classification: N/A

Target Coverage

ABSOLUTE EMISSIONS



GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	N/A	N/A	N/A
Scope 2 market-based	N/A	N/A	N/A
Scope 3 total	99.83%	N/A	N/A
1. Purchased goods and services	100.00%	N/A	N/A
2. Capital goods	100.00%	N/A	N/A
3. Fuel- and energy-related activities	100.00%	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	100.00%	N/A	N/A
6. Business travel	100.00%	N/A	N/A
7. Employee commuting	100.00%	N/A	N/A
8. Upstream leased assets	100.00%	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

APPENDIX

Overview of compliance with SBTi Criteria

Communication of your targets

Mandatory reporting of progress against targets

Mandatory target review and target recalculation

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

I. GHG EMISSIONS INVENTORY AND TARGET BOUNDARY

1. Organizational boundary	Operational control was chosen by Pegasystems Inc. as the consolidation approach, and all subsidiaries have been accounted for in the inventory boundary. Therefore, the target submission complies with Criterion 1.	Compliant
2. Greenhouse gases	All GHGs have been included in the inventory and target boundary. The target submission therefore complies with Criterion 2.	Compliant
3. Scope 1 and Scope 2	Pegasystems Inc. has set 2 long-term targets over company-wide scope 1 and 2 emissions. The target submission therefore complies with Criterion 3.	Compliant
4. Requirement to have a scope 3 target	Pegasystems Inc.'s scope 3 emissions amount to 89.79% in scope 3 base year of 2019, which is more than 40% threshold set by SBTi. Pegasystems Inc. has set a target that covers scope 3. Therefore, the target submission complies with Criterion 4. Additionally, Pegasystems Inc. has set one long-term target covering scope 3 emissions. Therefore, the target submission complies with Criterion 4.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

5. Scope 1, 2, and 3 allowable exclusions	Pegasystems Inc. has set 2 long-term targets over scope 1 and 2 that collectively cover 100.00% of the Pegasystems Inc.'s scope 1 and 2 emissions in the base year of 2019, which is more than 95% threshold set by SBTi. And Pegasystems Inc. has excluded 0.00% of emissions from scope 3 inventory in 2019, which is less than 5% threshold set by SBTi. The target submission therefore complies with Criterion 5.	Compliant
6. Scope 3 emissions coverage for near-term targets	The proposed scope 3 near-term target covers 81.52% of total reported and excluded scope 3 emissions, which passes SBTi threshold of two thirds of scope 3 emissions being covered by near-term targets. Therefore submission complies with Criterion 6.	Compliant
7. Scope 3 emissions coverage for long-term targets	The proposed long-term scope 3 target covers 99.85% of Pegasystems Inc.'s scope 3 emissions in the base year of 2019, which is more than the 90% threshold set by SBTi. And Pegasystems Inc. has excluded 0.00% of emissions from scope 3 inventory in 2019, which is less than the 5% threshold set by SBTi. The target submission therefore complies with Criterion 7.	Compliant

II. METHOD VALIDITY

8. Method validity	Near-term and long-term targets have been modeled using the latest version of methods and tools approved by the initiative. Therefore the submission complies with Criterion 8.	Compliant
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OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

III. EMISSIONS ACCOUNTING REQUIREMENTS

9. Scope 2 accounting approach	A market-based approach is used to account for scope 2 emissions and to track performance. The target submission therefore complies with Criterion 9.	Compliant
10. Scope 3 screening	A complete screening or inventory has been carried out by Pegasystems Inc. with scope 3 GHG emissions accounting for 89.79% of the total emissions. The target submission therefore complies with Criterion 10.	Compliant
11. Bioenergy accounting	Pegasystems Inc. does not have emissions from the combustion, processing and distribution phase of bioenergy or the land use emissions and removals associated with bioenergy feedstocks, and therefore Criterion 11 is not applicable.	N/A
12. Carbon credits	The submitted targets do not include carbon credits. Therefore, the target submission complies with Criterion 12.	Compliant
13. Avoided emissions	The submitted targets do not include avoided emissions. Therefore, the target submission complies with Criterion 13.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

IV. TARGET FORMULATION

14. State of net-zero emissions	Pegasystems Inc. has set 2 targets to reach a state of net-zero emissions, which involves: (a) reducing their scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and; (b) committing to neutralize any residual emissions at the net-zero target date and any GHG emissions released into the atmosphere thereafter. Therefore, the target submission complies with Criterion 14.	Compliant
15. Net-zero target structure	Pegasystems Inc. has set both, near-term and long-term science-based emission reduction targets according to the requirements. Therefore, the target submission complies with Criterion 15.	Compliant
16. Base year	Pegasystems Inc. uses base year of 2019 for both its long-term and as near-term science-based targets. The base year is no earlier than 2015. Therefore, the target submission complies with Criterion 16.	Compliant
17. Target year(s)	The target year of near-term emissions reduction target(s) 2030 is between five and ten years from the submission date of November 16, 2023. The target years of net-zero and long-term targets of 2040 comply with all relevant Criteria as well, namely not being further than 2050 (or as prescribed by sector-specific requirements). Therefore the target submission complies with Criterion 17.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

18. Progress to date	The targeted near-term reduction between the base year and the most recent year leads to emissions reductions in line with a 1.5°C pathway. The target submission therefore complies with Criterion 18.	Compliant
29. Target formulation	Pegasystems Inc. has publicly set a net-zero target, that clearly and transparently communicates each of the relevant components of the target, including: the net-zero target year of 2040; magnitude of emissions reductions that will be achieved for near-term and long-term science-based targets; and the net-zero base year of 2019. The target submission therefore complies with Criterion 29.	Compliant

V. AMBITION

19. Level of ambition for scope 1 and 2 targets	The proposed near- and long-term reduction in scope 1 and 2 emissions is aligned with a rate of decarbonization consistent to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. The target submission therefore complies with Criterion 19.	Compliant
20. Absolute targets	Absolute long-term reductions are as ambitious as the minimum emissions reductions required to align with the SBTi's 1.5°C temperature pathways. The target submission therefore complies with Criterion 20.	Compliant
21. Intensity targets	No long-term intensity reduction targets over scope 1 and 2 were submitted. Therefore, Criterion 21 is not applicable.	N/A

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

22. Level of ambition for scope 3 emissions reduction targets	The scope 3 near-term target meets the minimum level of ambition required. The scope 3 long-term target meets the minimum level of ambition required as well. The target submission therefore complies with Criterion 22.	Compliant
23. Supplier or customer engagement targets	No supplier or customer engagement target was submitted for validation, and therefore Criterion 23 is not applicable.	N/A
24. Absolute targets (scope 3)	Absolute scope 3 targets are at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the well-below 2°C goal (near-term targets), the 1.5°C goal (long-term targets), or aligned with the relevant 1.5°C sector-specific absolute pathway (long-term targets only). The target submission therefore complies with Criterion 24.	Compliant
25. Intensity targets (scope 3)	No scope 3 intensity target was submitted for validation, and therefore Criterion 25 is not applicable.	N/A
26. Combined scope targets	The scope 1+2 and scope 3 portions of the proposed long-term combined target(s) have been independently validated and meet all relevant criteria. The target submission therefore complies with Criterion 26.	Compliant
27. Renewable electricity	The proposed renewable electricity target meets all relevant ambition and timeframe criteria. The target submission therefore complies with Criterion 27.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

28. Neutralization of unabated emissions to reach net-zero	Pegasystems Inc. has committed to neutralizing any residual emissions. The target submission therefore complies with Criterion 28.	Compliant
37. Fossil fuel sales or distribution	Pegasystems Inc. is not involved in the distribution of natural gas or other fossil fuel products, and therefore Criterion 37 is not applicable.	N/A

VI. SECTOR SPECIFIC GUIDANCE

35. Requirements from sector-specific guidance	Pegasystems Inc. followed relevant sector-specific guidance. The target submission therefore complies with Criterion 35.	Compliant
36. Companies in the fossil fuel production business or with significant revenue from fossil fuel business lines	Pegasystems Inc. is not involved in exploration, extraction, mining and/or production of oil, natural gas, coal or other fossil fuels, nor does the company derive 50% or more of its revenue from fossil fuels. The target submission therefore complies with Criterion 36.	Compliant

VII. REPORTING AND RECALCULATION

30. Frequency	Pegasystems Inc. has committed to publicly reporting its full GHG inventory and target progress annually in a disclosed location. The target submission therefore complies with Criterion 30.	Compliant
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OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

31. Reporting completeness	Pegasystems Inc. has committed to publicly report information pertaining to progress against validated targets, including separately reporting emissions and removals in the annual GHG Inventory, as specified by current SBTi Criteria. The target submission therefore complies with Criterion 31.	Compliant
32. Mandatory target recalculation	Pegasystems Inc. agrees to review and if necessary, recalculate and revalidate its targets following the most recent criteria at a minimum of every 5 years. Pegasystems Inc. has set a 5% significance threshold for emission recalculations. The target submission therefore complies with Criterion 32.	Compliant
33. Triggered target recalculation	Pegasystems Inc. has agreed that its targets shall be recalculated, as needed, to reflect significant changes that could compromise relevance and consistency of the existing target. The target submission therefore complies with Criterion 33.	Compliant
34. Target validity	Pegasystems Inc. agrees to publicly announce its targets by January, 2025. The target submission therefore complies with Criterion 34.	Compliant



COMMUNICATION OF YOUR TARGETS

Consult the [SBTi communications pack](#) for information on publicly announcing your approved target(s). The SBTi plans to publish your approved target wording and temperature alignment on [our website](#) on the first Thursday following 25th of August, 2024.

To request a different publication date, contact the SBTi communications team at communications@sciencebasedtargets.org as soon as possible (please note this needs to be a Thursday). The SBTi requires approved target(s) to be published within six months from the date of target validation.

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MANDATORY REPORTING OF PROGRESS AGAINST TARGETS

To ensure maximum transparency, accountability, and corporate leadership, Pegasystems Inc. must publicly report the progress against any published targets on an annual basis along with your company-wide GHG emissions inventory as per criterion 25 of the [SBTi Criteria and Recommendations \(version 5.1\)](#).

When reporting progress against approved targets companies should disclose the following elements:

- Target description following the exact SBTi-aligned wording including target information such as the target type, coverage, base year and target year.
- Target progress from the target base year to the reporting year in terms of emissions reductions, share of renewable electricity, or supplier/ customer engagement (annual breakdowns are preferable). Variability between years is expected, so it is important to show trends over multiple years.
- Details on substantial emissions variations and targets reviews following the SBTi criteria about mandatory target review and target recalculation criteria.
- Actions towards meeting the target, including information on emission reduction projects in implementation and planning phase that will contribute to the achievement of their targets.
- Full GHG emissions inventory in accordance with the GHG Protocol Corporate Standard. Companies must report all emissions scopes (1, 2 and 3) and all scope 3 categories, including those that do not fall within a target boundary.

Please consult [the Procedure for Validation of SBTi Targets](#) for more guidance.



MANDATORY TARGET REVIEW AND TARGET RECALCULATION

The IPCC special report on 1.5C highlighted the necessity to halve emissions by 2030 and to reach net-zero emissions by mid-century. Your science-based targets are a key element of your decarbonization trajectory while maximizing transparency and accountability.

In line with the SBTi Criteria, your company must review its targets against the latest criteria and guidance within five years, and if necessary, recalculate and revalidate for continued recognition by the SBTi.

The following changes should trigger a target recalculation:

- Scope 3 emissions become 40% or more of aggregated scope 1, 2 and 3 emissions.
- Emissions of exclusions in the inventory or target boundary change significantly.
- Significant changes in company structure and activities (e.g. acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in goods or service offerings).
- Significant adjustments to the base year inventory or changes in data to set targets such as growth projections (e.g. discovery of significant errors or a number of cumulative errors that are collectively significant).
- Other significant changes to projections/assumptions used in setting the science-based targets.

Please consult CRITERION 26 and recommendation 11 of the [SBTi criteria and recommendations \(version 5.1\)](#), and [the Procedure for Validation of SBTi Targets](#) for further guidance.



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION