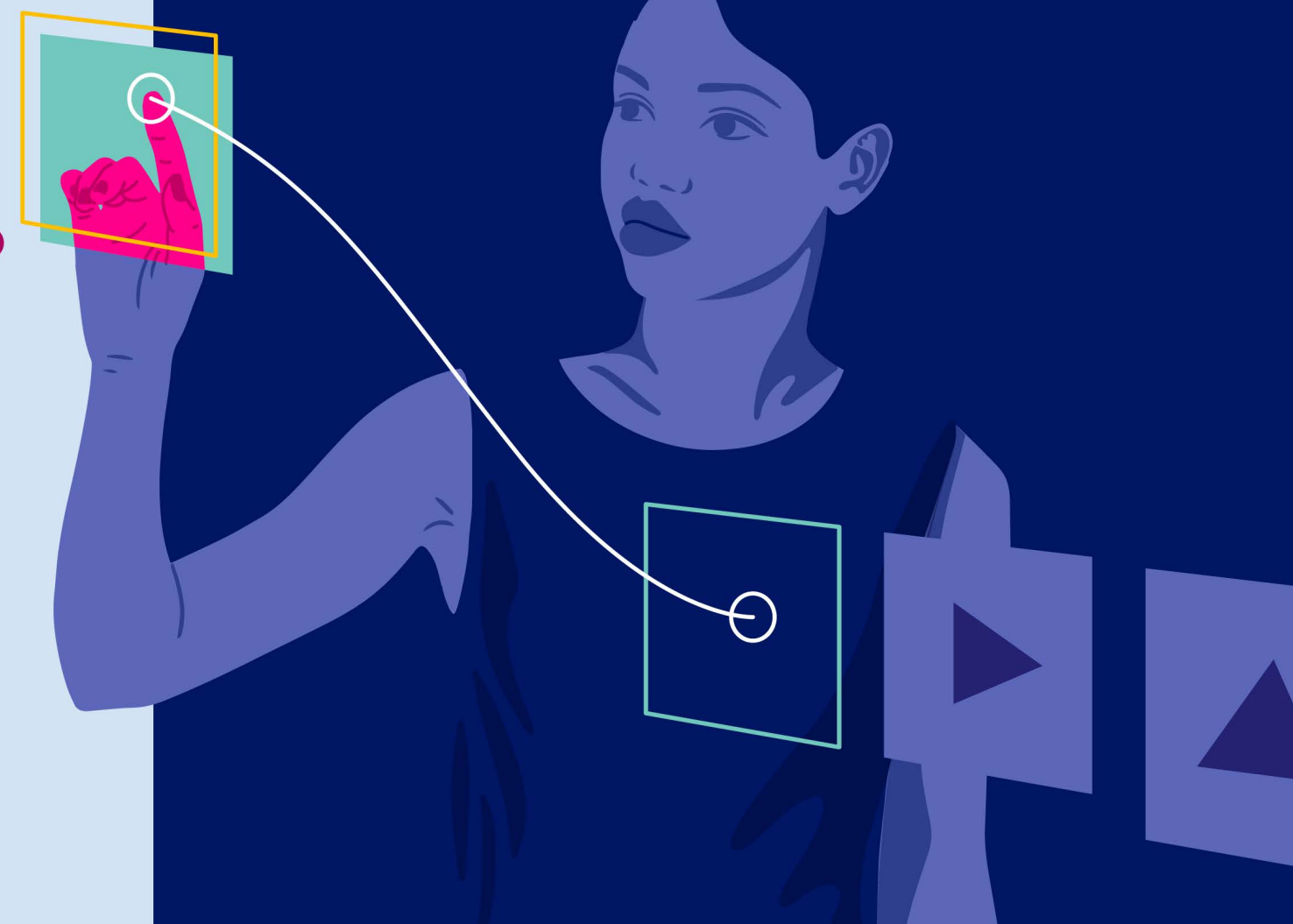




# Redefine what's possible

— IMPACT REPORT 2023



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01

# CEO Letter



2023 was a year of tremendous change for the technology industry. The emergence of generative AI upended the industry, and we faced a collective challenge to harness the power of AI responsibly to propel clients' businesses, while building trust and adoption.

Pega is at the forefront of enterprise innovation. We quickly incorporated groundbreaking technology into our solutions and created the AI Manifesto – a set of guiding principles to help the industry make more responsible, transparent, and ethical AI decisions.

As generative AI reshapes the industry landscape, we choose empowerment. We've equipped our employees with tools and knowledge, including new learning avenues, department-wide hackathons, and internal applications to integrate AI into their daily routines. We've become comfortable with the uncomfortable and have challenged our teams – not only developers – to embrace this monumental shift.

The embrace of new technologies comes from the adaptability of our most critical resource: our people. We champion flexible work environments, wellness initiatives, and comprehensive benefits, while encouraging community engagement. Our PegaCares Ambassador program empowers employees to spearhead community initiatives and drove a remarkable 40% increase in volunteer hours.

In 2023, we sought out ways to reduce our carbon footprint, implementing company-wide changes toward our goal of net-zero greenhouse gas (GHG) emissions by 2040. We assisted clients in tracking and meeting their GHG emissions goals through Pega Cloud® capabilities, such as auto-hibernation and auto-scaling.

Our latest Impact Report offers insight into how we are driving change within and beyond. We proudly remain committed to the success of our people, our partners, our clients, and our communities, while contributing to a more responsible technology landscape.

*Alan*  
Alan Trefler

Founder and CEO of Pegasystems

02

# Transformational opportunities call for enterprise technology

From digital transformation to market disruptions, climate change, and an evolving workplace, organizations face increasingly complex challenges. As advances in artificial intelligence (AI) radically change what's possible, we're barreling toward a future of endless potential, but not without some uncertainty. Even the smartest players need guidance to advance AI innovation safely and securely.

Enterprises need partners they trust and software that empowers them to navigate this inflection point. Pega's enterprise AI decisioning and workflow automation platform unlocks business-transforming outcomes with real-time optimization. Our scalable cross-channel and

cross-system business architecture empowers the biggest organizations to optimize their most critical interactions and processes – so they're streamlined, aligned, and ready for what's next.

Pega builds agility into enterprise solutions to help organizations grow and scale so they can be pioneers and leaders. We are deeply committed to changing the way the world builds software. This Build for Change® mindset is central to our technology, enabling organizations to optimize customer experiences and operations in real time, so they can become self-optimizing, autonomous enterprises.





# Meeting the AI moment

Enterprises that embrace the AI revolution will define the future, and our clients are already putting AI into action. AI innovation has thrived at Pega since our founding in 1983 – first with rule-based AI, the addition of decisioning and machine learning in 2010, and generative AI (gen AI) in 2023. Known for 40+ years of innovation, we are helping enterprise leaders meet this moment by harnessing innovation to drive business-defining outcomes. Our scalable and flexible architecture is using AI as a responsible partner, generating efficiencies that redefine what’s possible and unlocking limitless outcomes.

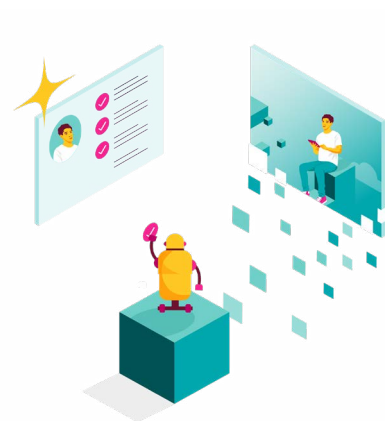
*We believe when you unify AI and automation, enterprise agility drives itself.*

Pega employs serious technologists who have built enterprise-grade AI decisioning and workflow automation software. Our platform enables clients to build secure, scalable, governed, and maintainable apps with confidence. Our enterprise solutions drive mission-critical value, connecting capabilities across functions to accelerate innovation, drive revenue growth, and adapt rapidly to customer needs.



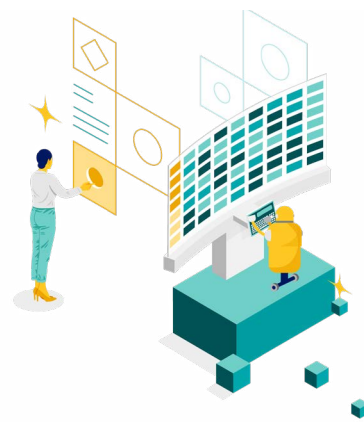
## Our enterprise AI solutions

Built for an autonomous world, our platform helps leaders build competitive advantage, meet today's customer demands, and continuously deliver transformational results. We've architected [Pega Platform™](#) to optimize enterprise-scale decisions and processes in real time – so clients can focus on personalizing engagement, automating customer service, and streamlining operations to help enterprises uncover the best possible version of their business.



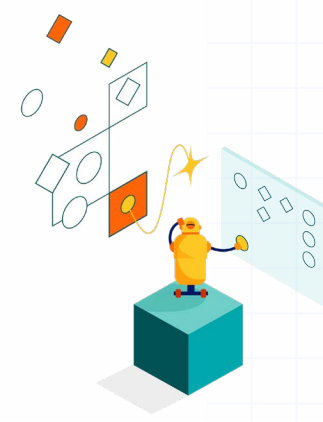
### **PERSONALIZED ENGAGEMENT**

Pega solutions help clients understand who their customers are. With real-time AI personalization capabilities, businesses can deepen customer connections. [Pega Customer Decision Hub™](#) analyzes billions of data points to determine the right course of action for a one-on-one experience as unique as every customer. Pega's centralized decisioning model puts data to work by instantly analyzing and re-decisioning, leading to instant insights that fuel quick responses for optimal customer experiences.



### **AUTOMATED CUSTOMER SERVICE**

Pega makes customer service effortless by orchestrating every journey with AI and automation. [Pega Customer Service™](#) intelligently guides and automates every journey, saving time and money while delivering better service. Customers can help themselves with AI-assisted self-service that resolves simple or complex inquiries, while agents can leverage an intelligent copilot that uses AI to understand customer intent better and applies contextual insights to recommend the best path to resolution.



### **STREAMLINED OPERATIONS**

Pega supercharges efficiency by automating operations with intelligence, improving productivity and cost savings. Our solutions put enterprise data to work – so clients benefit from real-time intelligence and guidance to resolve issues before they impact the business – and connect systems to drive outcomes.

For more than 40 years, Pega has pioneered low-code software development with enterprises in mind. Learn more about how our model-driven software helps clients automate workflows and develop apps more efficiently [here](#).

### **INDUSTRIES WE SERVE**

We work with the world's leading brands in these industries. Learn more [here](#).

- 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

## ✦ A people-first approach to GenAI innovation

Pega enables clients to use gen AI to make technology work better for their employees. Our Pega GenAI™-powered decisioning and workflow automation keeps humans at the center by empowering people to improve efficiencies and solve their most pressing challenges.

Pega recognizes the future of business will be powered by gen AI, which is why we built gen AI into the core of our platform, accelerating productivity, enabling big ideas, and driving value. We use this fast-learning, creative superpower technology to help our clients turn concepts into operations, better engage with customers, and unlock back-office capabilities that transform data into action.

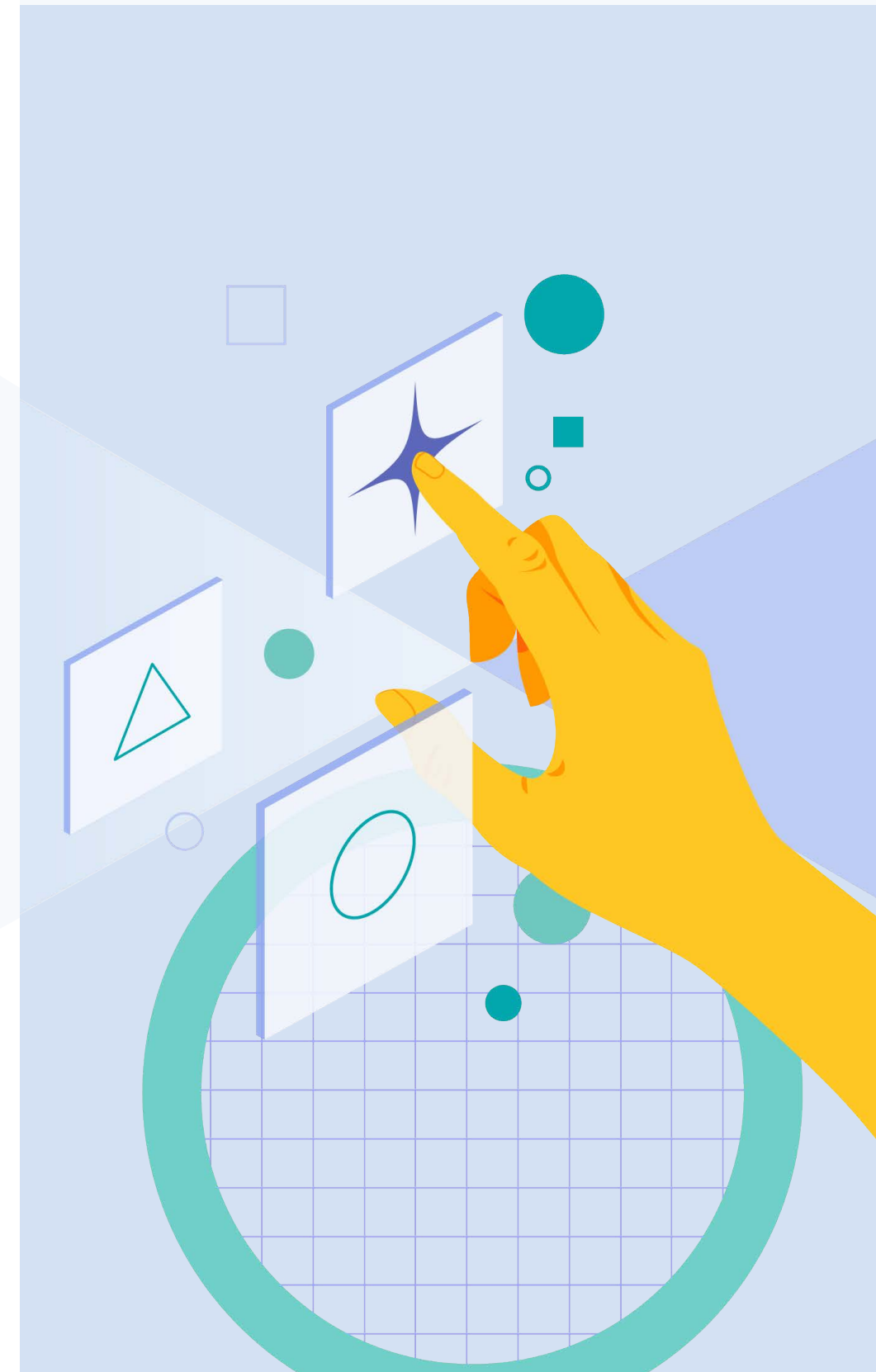
In 2023, Pega launched several new gen AI products:

**Pega Infinity** helps organizations get closer to becoming an autonomous enterprise, unifying AI and automation to achieve self-optimization that drives maximum efficiency.

**Pega GenAI™** provides 20 GenAI boosters integrated across Pega Infinity™ with controls, governance, and auditing to keep humans in the loop.

**Pega Process Mining** makes it easier for Pega users across skill levels to find and fix process inefficiencies that hinder business operations. These intuitive process mining capabilities are seamlessly integrated in Pega Platform to optimize Pega workflows continuously.

**Pega GenAI Knowledge Buddy™** – developed in 2023 and launched in Q1 of 2024 – empowers users to find answers quickly from vast enterprise knowledge bases and incorporates enterprise features for auditability, security, and control.



## Helping our clients achieve more with less

See how our clients are using Pega's scalable and flexible platform to help solve their business challenges and generate impactful results:

**Aflac** reshaped its customer experience through AI and automation, saving \$4 million with virtual agents handling more than 75% of inbound chats. See how Aflac leveraged Pega Customer Service to achieve efficiency gains and enhanced customer service [here](#).

**HCA Healthcare** transformed patient care with a comprehensive solution that emphasized patient-centric care, workflow standardization, and digital engagement – resulting in a 90% reduction in staff effort and a 56% decrease in prior documentation.

The **U.S. Department of the Treasury** streamlined accounting functions and improved payment accuracy, eliminating 1 million pieces of paper formerly used as documentation in the process.

**AGL Energy** used Pega Customer Decision Hub to drive a 75% reduction in cost per opportunity and a 30+ increase in Net Promoter Score.

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

Learn more about how Pega's other clients have achieved success [here](#).

In 2023, Pega was recognized with numerous awards that reflect our technology leadership, including:

**Best Use of AI in 2023 MarTech Breakthrough Awards:**

Pega Customer Decision Hub was recognized for excellence in the field of marketing, ad, and sales technology.

**Gold 2023 Stevies Winner in International Business Awards:**

Pega Infinity '23 was recognized in the Business Technology Solutions Category for bringing AI capabilities to more enterprise users.

[See a full list of awards.](#)





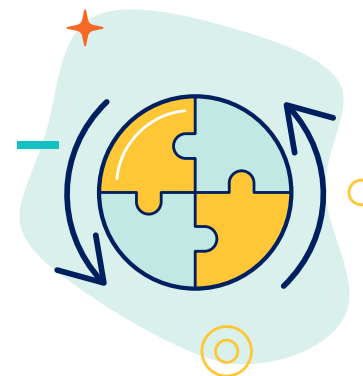
## ✦ A values-driven approach to business

Our core values guide our human-centered approach to technology, inspiring us to tackle the toughest challenges with creativity and deliver exceptional outcomes. In 2023, we embarked on an enterprise-wide Listening Tour, engaged more than 400 volunteers, held more than 30 global focus groups across all tenures and levels, and analyzed thousands of comments and internal communications to identify key themes and areas for improvement. We then updated our values and helped equip leaders and employees to embody, activate, and embed them into our daily lives. These values live on our external website and intranet, and we integrate them into our communications.



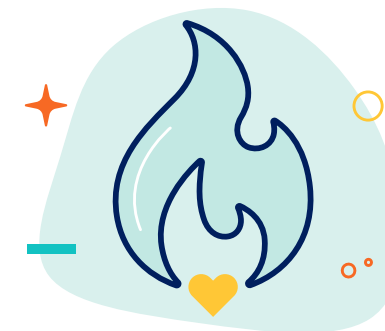
### INNOVATIVE

We aim for extraordinary, cultivate curiosity, and share ideas early.



### INCLUSIVE

We invite new perspectives, question our perceptions, and lead with empathy.



### PASSIONATE

We fire up enthusiasm, love the journey, and dream beyond possible.



### ENGAGING

We ignite excitement, deepen connections, and make it happen.



### GENUINE

We show we care, speak with candor, and act with courage.



### ADAPTABLE

We Build for Change, tackle hard stuff, and keep looking forward.

# Partnering on ESG solutions

Pega works with partners to drive environmental, social, and governance (ESG) solutions for our clients. We team with ESG experts with experience aligning people, processes, and technologies to help clients drive operational efficiency, advance ESG initiatives, and achieve ESG goals. Our ESG partner offerings concentrate on four objectives: battery lifecycle management, carbon reduction, employee engagement, and sustainable supply chains.

## Solving client ESG challenges in 2023

Key ESG partnerships in 2023 included:

### AMAZON WEB SERVICES (AWS)

We collaborated on a digital prescriptive maintenance solution to minimize industrial downtime, combining Pega's low-code platform with AWS Internet of Things to automate maintenance tasks and proactively diagnose issues. Key features include automatic case creation and business-rules validation, enabling swift action to prevent failures and maintain operational continuity.

### ARETEANS

We contributed to the development of their innovative sustainability platform, Areteans CZERO, which provides comprehensive insights into carbon emissions across corporate portfolios, financial investments, and products to help organizations align strategies with sustainability goals and proactively adapt to evolving regulations.

### ERNST & YOUNG (EY)

Our EY-Pega Sustainable Supply Chain Solution helps companies reach their goals of strengthening supplier relationships, boosting operational capabilities, and improving resilience across supply chains.

### VIRTUSA

Virtusa's Sample Collection, Orchestration, and Reconciliation (*SCORE*) system enhances clinical trial efficiency by automating the collection, monitoring, and reconciliation of biosamples. Using digital workflows and natural language processing, it streamlines sample management, ensuring compliance and optimizing resource use for improved tracking, reduced costs, and faster research processes for more sustainable and efficient scientific research.

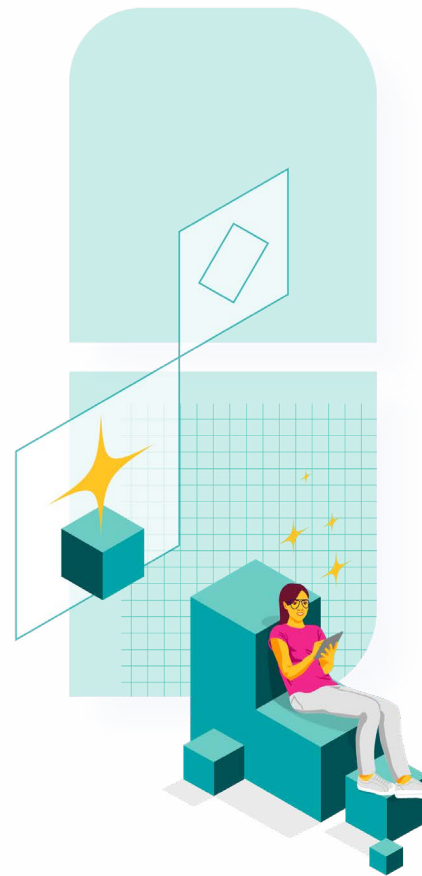
# Putting software development into the hands of more people

## Creating life-changing opportunities

The power of diversity leads to innovation, and we're making it possible for more aspiring technologists to change the way the world builds software. We believe our solutions should reflect a broad spectrum of thought, experience, race, gender, and culture to represent how our connected world thinks, communicates, and works. We prioritize building a strong, diverse base of professionals to support us, our partners, and our clients.

Pega is bringing life-changing career paths to more people by making software development easy, visual, and collaborative. Our low-code approach is focused on logic and creative problem solving, lowering the barrier to entry. We have robust training, development resources, and initiatives to help aspiring and existing developers uplevel their careers. [See our developer success stories.](#)

Pega maintains strategic partnerships with organizations that support groups seeking software development jobs and cutting-edge technology skillsets, including [AArete](#), which helps refugees; [Revature](#), which recruits graduates of historically black colleges and universities; and [TechVets UK](#) and [WithYouWithMe](#), which work with military veterans. We provide an instructor-led training curriculum to help participants gain new skills and find careers in the Pega ecosystem.



### PEGA UNIVERSITY PROGRAM

Pega's academic program, the Pega University Program (UAP), includes a dynamic university-level curriculum on Pega software. UAP covers a range of Pega technologies, empowering students to find lucrative opportunities with Pega clients and partners. Educational institutions, students, and faculty receive comprehensive training and resources to develop skills and build careers in Pega software. Pega supplies the materials, the exercise system, training, and certification for UAP instructors, implementation partners, participating professors, and universities. Upon completion, students can achieve Pega certification, join the workforce, and contribute to next-gen Pega applications.

### PEGA ACADEMY

In 2023, [Pega Academy](#) offered free online training modules and courses to more than 45,000 users. The training modules customize skillsets and training for business architects, systems architects, robotic systems architects, and citizen developers. Pega Flex, a new learning option, allows users to set their learning pace through self-paced content and immersive instructor-led training (ILT) with real-life use cases. Under the guidance of Pega instructors, clients and partners can gain confidence, begin projects as active contributors, and earn their certification.

## Creating impact in India's tech pipeline

Since 2015, 10,000 engineering graduates from engineering universities and colleges in India have successfully completed the Pega UAP. Pega works closely with its UAP partners in India – Talent Sprint and Technical Hub – and received the 2023 NASSCOM Digital Skills Award in the Social Change Makers category. Pega's alumni network, which is 46% female, continues to shape and grow the Pega ecosystem by working with global partners and clients.

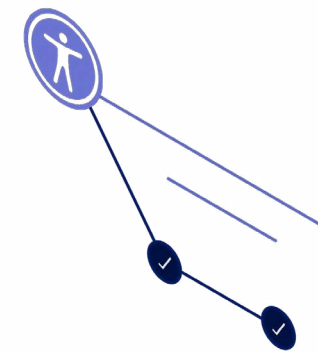


# Integrating accessibility



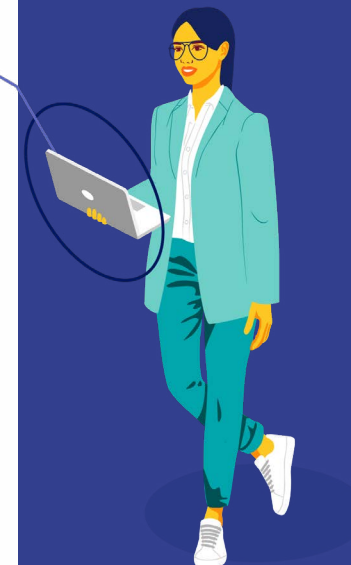
According to the World Health Organization, an estimated 1.3 billion people, or one in six, experience a significant disability. We believe people of all abilities should have equal, uncompromised access to the digital experience. Creating an accessible online experience is aligned with our values and is something our clients, employees, and partners care about. Our accessibility-driven approach and flexible application is helping create more equitable and inclusive online experiences.

We follow international standards from the World Wide Web Consortium's Web Content Accessibility Guidelines in our efforts and consider accessibility at every stage of our product lifecycle. Starting in the design phase, we explore and build prototypes of optimal solutions for features that meet or exceed the expectations of all users, including those needing assistive technologies, and test with native users of assisted technologies. Our product and marketing teams work with our Persons with Disabilities (PWD) employee resource group to set guidelines and educate the broader company on accessibility.



## Accessibility Community Hub and Essentials

In 2023, we launched Pega's [Accessibility Community Hub](#), which includes accessibility best practices and guidance for clients, such as documentation, academy modules, blog posts, and FAQs, to facilitate compliance. We created a new Pega Academy mission, [Accessibility Essentials](#), designed to provide the elements needed to understand what accessibility means and how it relates to thinking inclusively and building accessible content and applications. See our [Accessibility Statement](#) to learn more.



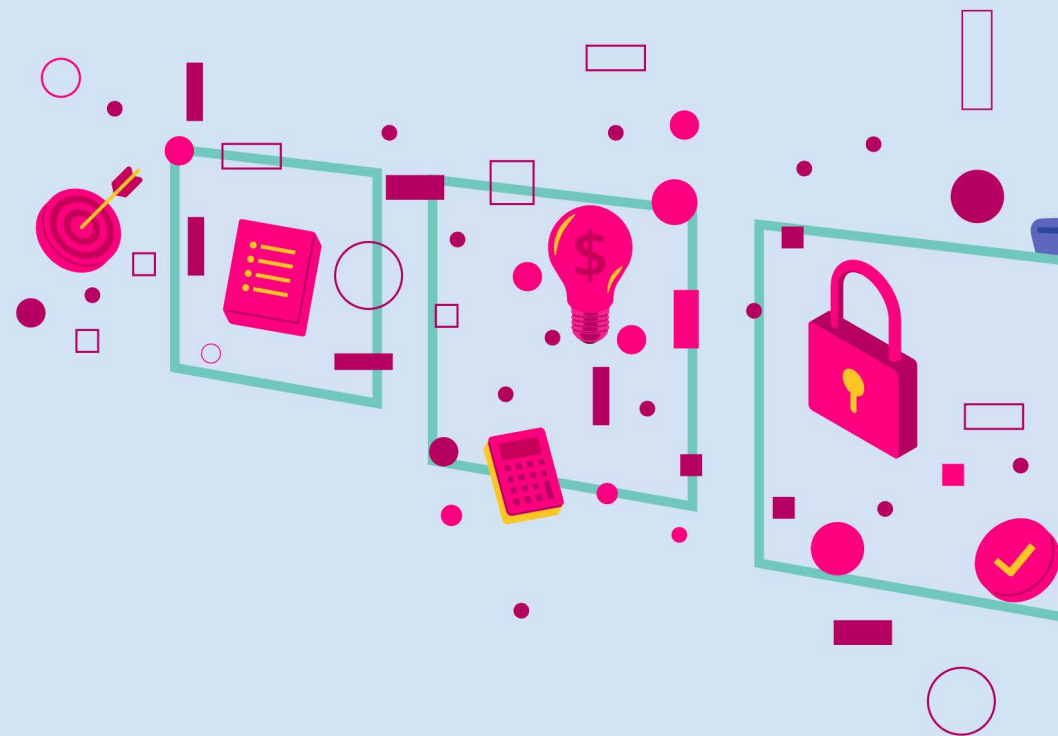


03

# Good governance at work

Ethics and integrity guide us in our work to support our clients, partners, and teams. We empower our people to make ethical decisions and expect them to not compromise their personal integrity or the integrity of our company.

At Pega, good governance begins with accountability from the top and extends throughout our organization into policy and practice.



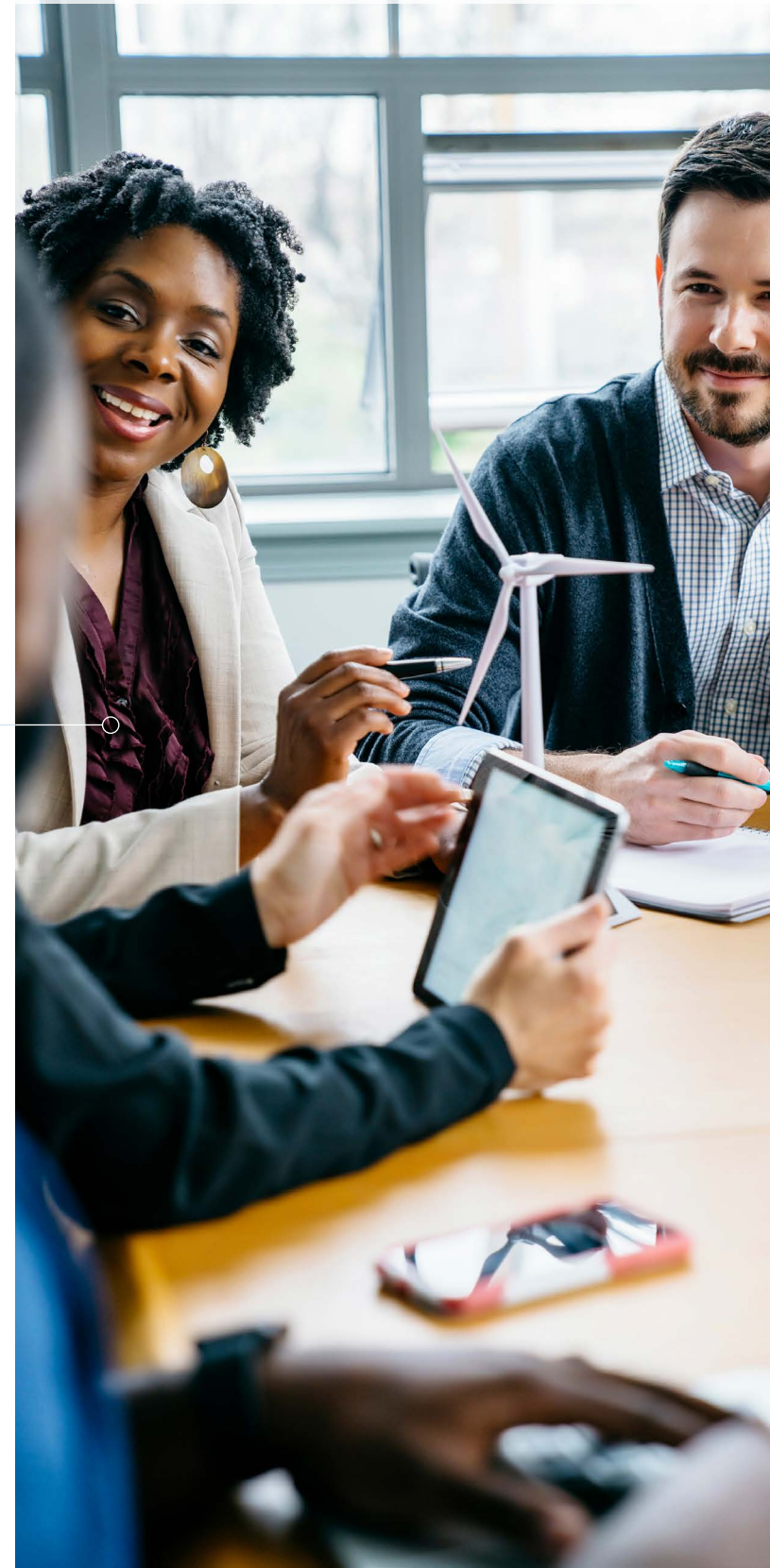
# Our governance model

## Accountability from the top

Pega's Board of Directors (Board) and the executive leadership team set the tone for our business and ensure we hold ourselves accountable to the highest ethical standards.

The Board is responsible for establishing broad corporate policies and reviewing the company's performance, with the primary responsibility to oversee Pega's management and serve the best interests of the company and its shareholders. The Board has three committees:

- The [Audit Committee](#) oversees the integrity of our financial statements, financial reporting, and auditing functions, meeting at least quarterly with our external auditors and internal audit management. This committee also reviews Pega's risk assessment and risk management policies and processes, including risks related to data privacy, cybersecurity, and ESG matters.
- The [Nominating Corporate Governance Committee](#) (NCG) oversees Pega's corporate governance guidelines and ensures we set and adhere to appropriate governance standards. The NCG 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.



## Governance policies and practices

- Our [Corporate Governance Guidelines](#) provide the framework for our governance practices.
- Our [Code of Conduct](#) describes Pega's commitment to high standards of ethical and legal conduct.
- Our Compliance Training Policy outlines our commitment to train employees in ethics and compliance to ensure fulfillment of the legal requirements of the countries in which we operate.
- Our [Slavery and Human Trafficking Statement](#) sets out our approach and commitment to preventing acts of slavery and human trafficking.
- Our [Supplier Code of Conduct](#) outlines our expectations for suppliers on conducting themselves ethically and with integrity.
- Our Supplier Diversity Program supports our commitment to vendor inclusivity. Pega engages with small businesses and diverse suppliers including woman-owned, veteran-owned, and other minority-owned businesses.

# Keeping compliance and risk top of mind

## Compliance and risk management

We believe compliance and risk management are everyone's responsibility and prioritize them because they are critical components of good governance and key to our success.

## Compliance and Risk Governing Committee and Working Group

Our Compliance and Risk Governing Committee and our Compliance and Risk Working Group stay on top of regulatory, compliance, and governance matters, and compliance best practices. The Working Group is a cross-functional group of leaders or their delegates that meets monthly and provides strategic direction and oversight for the governance of companywide policies and related resources, in addition to sharing information on compliance-related risks and action plans. The group, co-chaired by our vice president of internal audit and our deputy general counsel, reports to our Compliance and Risk Governing Committee, an executive-level group that meets quarterly and provides insights on risk management and regulatory, compliance, and governance matters.

### ANTI-CORRUPTION AND COMPLIANCE TRAINING

Pega's leadership prioritizes a culture of compliance, including regular training. We require employees to complete annual anti-corruption and compliance training courses on our Code of Conduct, global anti-corruption and bribery prevention, workplace harassment prevention, and data protection, privacy, and information security. All employees must complete our annual insider trading prevention course.

### ENTERPRISE RISK MANAGEMENT

Pega's enterprise risk management program is overseen by our global internal audit department, which conducts periodic audits for compliance with internal controls and works closely with all levels of management to identify and prioritize risk. The audit department provides periodic updates to executive management and the Audit Committee.

### CLIMATE RISK

At Pega, we work to address the risks climate change poses to our world. To measure our impact, we focus on reporting Scope 1, 2, and 3 GHG emissions. We will review our supplier base, identify those who have not yet made progress on sustainability initiatives, and will work with them to help further their commitments. We will consider alternative procurement decisions when necessary. We also participate in the annual disclosure of environmental impact conducted by the non-profit 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. 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 our business and employees. For more about our approach, see the Sustainability Imperative section of this report or our [2023 CDP Report](#).

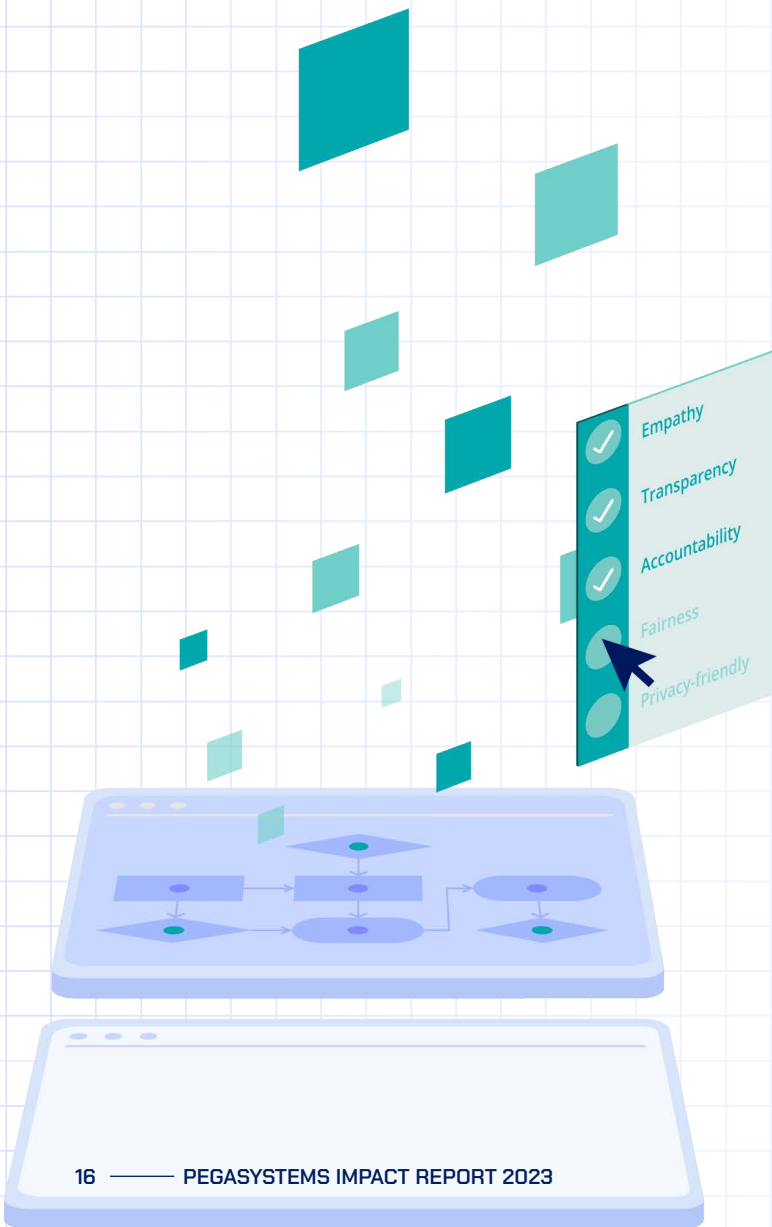
### HONORING CORPORATE COMPLIANCE AND ETHICS WEEK

As part of our ongoing commitment to maintaining the highest ethical standards, Pega observed the annual 2023 Corporate Compliance and Ethics Week. Originally created in 2005 by the Society of Corporate Compliance and Ethics, this week is observed by hundreds of companies globally. We used the opportunity to reiterate the importance of having an ethical workplace, recognize the work of our own compliance professionals, and remind our employees that compliance is our collective responsibility.





# Applying AI responsibly



AI is at the heart of Pega's software and adopting it responsibly is a business imperative. As we continue to unlock gen AI's full potential, we also recognize the need for structure, governance, and controls to minimize risk of this powerful technology. Regarded as what should be done, we prioritize [responsible AI](#) and are diligent in our efforts to apply it to engage customers with empathy, fairness, transparency, and accountability.

We aim to constantly improve AI, set higher standards, and eliminate issues such as biases that can unintentionally skew outcomes, cause regulatory issues, or result in loss of customer trust. We've developed [responsible AI](#) capabilities, policies, and methodologies to ensure our AI systems and decisions are fair, transparent, explainable, and robust. These tools help our clients and Pega remain accountable, while mitigating discrimination and preventing harm.

Our [Ethical Bias Check](#) helps clients proactively detect bias and adjust offending algorithms or business rules. Users define fields with potential for bias – like age, ethnicity, gender, or income – then simulate the strategies that use them to ensure they are not skewed unfairly toward or away from specific groups. The tool enables clients to screen their entire engagement strategy at once, across channels – reducing time, effort, and errors.

[Pega T-Switch™](#) enables organizations to set appropriate thresholds for AI transparency or opaqueness, and responsibly and safely deploy AI algorithms based on transparency levels. T-Switch settings help companies mitigate potential risks, maintain regulatory compliance, and responsibly provide differentiated experiences to their customers. Our self-learning models come with an explainable AI feature (XAI) that provides details on key drivers of AI and AI-generated narratives for each prediction.

Our [AI Manifesto](#), written by Director of Pega's AI Lab, Peter van der Putten, lays out our guiding principles and best practices for the responsible and trustworthy application of AI with impact to help clients strategically build AI into their business.

Pega's AI and Autonomous Technologies (AAT) Policy outlines how we responsibly implement and maintain proactive governance practices to ensure any AAT-related acquisitions or developments are designed to be trustworthy, resilient, secure, and privacy-enhanced to minimize risk.

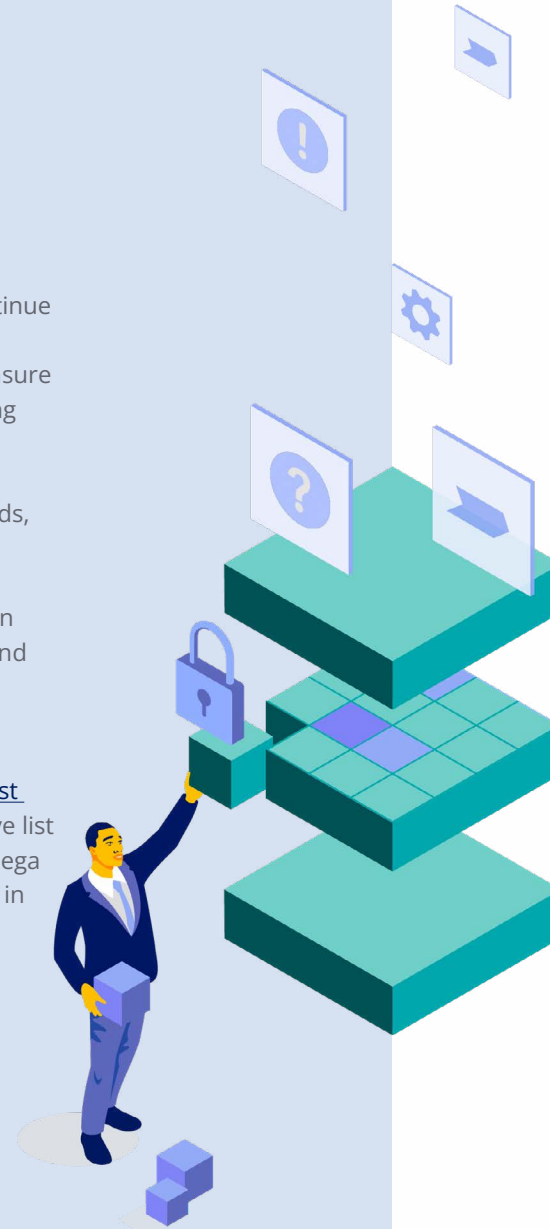


# Enhancing data privacy and cybersecurity

Information is an increasingly valuable asset for modern enterprises, and protecting it is our top priority. We invest heavily in our comprehensive data privacy and security program, designed to keep our client data secure and address vulnerabilities and cybersecurity concerns. Our multi-tiered approach to protecting client information enables us to maintain long-term partnerships with clients built on trust and transparency.

In an evolving threat landscape, we continue to adapt and advance our data security, privacy, and compliance programs to ensure they adhere to the latest industry-leading practices and regulations. We regularly validate Pega Cloud® against globally recognized security and privacy standards, including the General Data Protection Regulation (EU GDPR) and the California Consumer Privacy Act (CCPA), focused on enhancing consumers' right to privacy and personal information protection.

The full list of our certifications and attestations is available on the [Pega Trust Center](#). We also publish a comprehensive list of the [subprocessors](#) who provide our Pega Cloud services to increase transparency in how we manage client data.



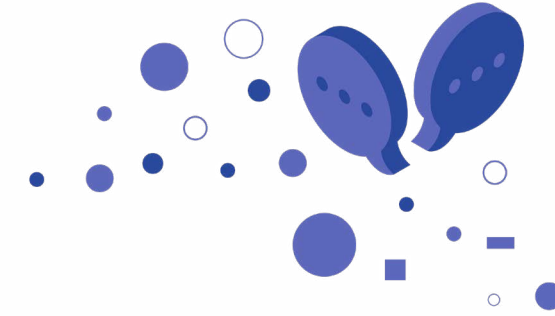
## Training and anti-phishing programs

An effective information security framework requires technical security controls and the awareness and support of all staff. Pega requires all employees to participate in annual cybersecurity and anti-phishing training, with additional training assigned as needed. Required training covers topics such as business continuity, phishing, personal identifiable information (PII), incident response, AI chatbots, and general security awareness.

In addition, we conduct bi-weekly phishing tests on all employees and contractors. The tests use phishing email templates that are actively used in the real world and can include their manager's name. Users who fail a phishing test must take additional training.

Pega was ranked 140 on [Forbes America's Most Cybersecure Companies in 2023](#), a list highlighting the top 200 U.S.-based companies whose website security and cybersecurity infrastructure make them best in class.

# ESG governance



## Engaging our stakeholders on ESG

Our Board and its committees receive periodic briefings on ESG matters and updates from executive management, including our chief information security officer (CISO), chief operating officer and chief financial officer, chief people officer, and general counsel and chief compliance officer – all of whom are responsible for our ESG strategy and roadmap. These executives, along with Pega's ESG Committee, comprising senior leaders across business functions and regions, drive and oversee our ESG efforts. To enhance the governance of ESG data and strengthen auditability, we are centralizing these data using Workiva's cloud-based ESG tool.

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

Our materiality assessment informs our enterprise risk matrix and guides our ESG strategy. In 2023, we refreshed this assessment to engage internal and external stakeholders, including suppliers in our value chain. The assessment helps us understand the issues most important to stakeholders, issues we can impact, and the perception of our organization's economic, environmental, and social impacts. Stakeholders assess each risk and opportunity from a value/impact perspective, enabling Pega to identify top material ESG issues and align our ESG priorities:

- Privacy and data protection
- AI ethics
- Talent and culture
- Customer satisfaction
- Governance, compliance, and ethics
- Belonging and diversity
- Philanthropy and volunteering
- Risk management and innovation

Pega's transparency in how we manage ESG issues is increasingly important to our clients. That's why we engage with current and prospective clients during contract negotiations to better understand their expectations for ESG practices, policies, and disclosures. As a key element of our ongoing external stakeholder engagement, we participate in industry collaborations and partnerships. For instance, we are a member of the Wall Street Journal CEO Council, a forum to engage with corporate leaders on business and global issues, as well as the World Economic Forum, a global platform to engage on important macro topics such as digital transformation and the democratization of software.



04

# The sustainability imperative

We are committed to transparency around our environmental sustainability practices, including efforts to reduce our carbon footprint and make our operations more resource efficient.

We support our clients through product innovation to help them better track and meet their own GHG emissions reduction goals, notably with our Pega Cloud auto-hibernation and auto-scaling capabilities.



# Managing our carbon footprint

Our path to net-zero GHG emissions is driven by the following strategies:

- Pega committed to the Science Based Targets Initiative (SBTi) with a roadmap to net-zero GHG emissions by 2040.
- SBTi drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.
- We submitted our targets for validation to SBTi and have been assigned a Lead Reviewer to assess them against the SBTi criteria.
- Because carbon offsets are not near-term solutions and SBTi does not count carbon offsets as reductions toward goals, we plan to invest in operations to reduce Scope 1 emissions.
- We are lowering energy consumption and associated Scope 3 carbon emissions throughout our operations by working with our data center partners on cloud-based emissions.
- Our Supplier Evaluation has helped compile and categorize our suppliers' sustainability initiatives, through which we can focus on areas of improvement to ensure they help us meet our long-term carbon reduction goals.
- We are reporting our environmental data to respected third parties such as CDP and EcoVadis.

# Setting science-based targets

Pega joined the 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 their GHG emissions in accordance with the decarbonization goals of the Paris Agreement.

Pega signed SBTi's commitment letter in 2023, promising to set a science-based GHG emissions reduction target to achieve net-zero emissions by 2040 or sooner, in alignment with SBTi's target-setting criteria. We are pleased to have developed our emissions target and submitted it for validation with SBTi. We look forward to sharing our goals and reduction roadmap once approved by SBTi.

We purchase verified renewable energy certificates (RECs) for our Scope 2 GHG emissions. This results in fully offsetting our Scope 2 emissions.

RECs	
Australia	519 MWh
Germany	203 MWh
India	2,985 MWh
Netherlands	129 MWh
Poland	600 MWh
U.K.	184 MWh
U.S.	599 MWh
Japan	39 MWh
Singapore	44 MWh
France	40 MWh
<b>Total RECs</b>	<b>5,342 MWh</b>



# Advancing sustainable operations

## Conserving natural resources

We are doing our part to contribute to the responsible use of natural resources across operations by tracking and reducing energy consumption and improving water consumption and waste diversion.

### REDUCING OUR ENERGY CONSUMPTION

Energy measurement, tracking, and conservation are priorities for Pega. We continue to track our consumption and emissions at key sites. In 2020, we set a goal to reduce our energy consumption by 5% by 2025 — and achieved it four years ahead of schedule. We will continue to reduce our energy consumption with our forthcoming new SBTi targets in 2024.

Five elements are key to our energy consumption reduction efforts:

### INTEGRATING GREEN BUILDING DESIGN INTO NEW LEASE CONSIDERATIONS

When leasing a new building, we look for green building certifications and make every effort to incorporate green design concepts into our offices. For example, our Waltham office building is Leadership in Energy and Environment Design (LEED) Gold certified.

### OPTIMIZING OUR CURRENT REAL ESTATE PORTFOLIO

Pega's hybrid work model allows us to maximize use of office spaces that suit our business and employee needs, while reducing emissions and energy consumed to keep those spaces operational. We continue to procure energy-saving equipment whose Energy Star rating is at least three to replace less energy-efficient equipment in our global real estate portfolio. In addition, we leverage Pega Cloud to help us identify efficiency opportunities and reduce energy consumption.

### ENGAGING ON RENEWABLE ENERGY OPPORTUNITIES

While we do not have direct control over renewable energy installation decisions for the buildings we occupy, we actively engage with landlords from whom we lease office space and encourage them to consider renewable energy. For example, our Bengaluru (Bangalore) office was powered by 70% renewable energy and our Netherlands office was powered 100% by renewable energy provided by the developers in 2023.

### IMPROVING WATER CONSERVATION AND WASTE DIVERSION

In 2020, we set a goal to reduce our water consumption by 2% per year, targeting a 10% decrease by 2025. We achieved this water reduction goal ahead of schedule and plan to report on a new goal in 2024 when we receive SBTi validation. In 2023, we continued to reduce our volume of printed materials and accelerate vendors' migration to e-invoicing. We further reduced waste by managing the lifecycle of technologies and identifying opportunities to recycle or replace.

### PARING DOWN ON PLASTICS

In 2023, our Pega India offices launched an initiative aimed at eliminating the use of plastic drinking water bottles, resulting in the elimination of 12,000 plastic water bottles annually. We invested in reusable glass bottles, a strategy that not only benefits the environment, but also aligns with our financial goals with an anticipated three-month return on investment.



## Increasing transparency in environmental reporting

Central to our commitment to transparency is expanding our tracking, management, and measurement of all global offices and managed spaces. The resulting data has enabled us to report against several well-recognized environmental ratings and rankings:

### CDP

For the third year, Pega submitted its climate change-related disclosures to CDP, a global disclosure system for environmental efforts, allowing us to benchmark and map areas of improvement. In 2023, our CDP reporting covered all 14 globally leased spaces and 21 managed spaces. We scored a **B-rating** for both our Climate and Supplier Engagement assessments, placing us ahead of the average C rating for U.S. companies.

### ECOVADIS

We completed a thorough assessment by EcoVadis, an internationally recognized business ESG rating company frequently consulted as a procurement tool by client organizations considering products and services. In 2023, Pega received the EcoVadis Bronze sustainability rating, which places us in the top 50% of companies assessed by the organization.

### SUSTAINABILITY ROUNDTABLE, INC

We partner with Sustainability Roundtable, Inc. as our key advisor on our sustainability initiatives and roadmap, public and statutory disclosures, and carbon footprint management. They provide membership-based, strategic advisory and support services to help management teams understand complex issues, discuss best practices, set goals, drive progress, and report results toward a more sustainable path.

### HELPING CUSTOMERS MEET THEIR SUSTAINABILITY GOALS

Pega's commitment to carbon neutrality extends beyond what we do for the company. We also help other organizations by developing energy-efficient, innovative solutions so they can achieve their emissions-reduction goals. Pega Cloud, our flagship cloud application, helps organizations reduce their energy consumption and carbon footprint through auto-scaling, auto-hibernation, and other energy-efficient cloud technologies. Auto-hibernation pauses the cloud resources for non-production environments during periods of inactivity. This helped reduce Pega's carbon emissions on AWS by 50% from 2022 to 2023.





05

# Powered by our people

Our people are the driving force behind our growth, innovation, and client-first commitment.

Our culture is deeply rooted in empowering our people to excel in and live our values. We are committed to building a caring and collaborative work environment that prioritizes personal and professional growth, balances work with wellbeing, and celebrates all voices. We invest in learning and recognition, create an engaging employee experience, offer benefits beyond the expected, and cultivate a diverse, equitable, and inclusive culture.





# Cultivating our talent

## Creating a learning culture

We are committed to cultivating a culture of continuous learning that empowers internal mobility and career advancement for all employees and drives our ability to deliver innovative services and products consistently. We invest proactively in employees' career growth by offering formal and informal learning, mentoring, and coaching opportunities. We prioritize upskilling and reskilling of employees to help them grow and build clear career pathways.

### LEADERSHIP JOURNEYS

We support leadership and management through targeted cohort-based learning journeys focusing on a blend of self-paced learning, guided live peer discussions, and virtual collaboration.

- Aspiring managers:** Equip individual contributors aspiring to become managers with foundational management skills for a successful transition into managerial roles.
- People manager essentials:** Empower experienced managers with leadership strategies, team management, and decision-making skills to elevate proficiency and drive organizational success.
- Leader of leaders:** Enable managers of managers and organizational leaders to refine their strategic leadership, talent development, and decision-making abilities, fostering a high-performing, cohesive leadership team to elevate organizational performance.

### PEGA FUNDAMENTALS

Part of our commitment to upskill our team continually is to ensure we are students of our own technology. We created the Pega Fundamentals course to help employees understand and communicate our technology and its value to clients, partners, and prospects. We achieved 91% completion across the company in 2023 and will continue with a Pega Fundamentals 2 module in 2024.

### LEARNING GATEWAY

The Learning Gateway is a consolidated platform for employees to access digital libraries, providing access to on-demand learning content created both internally and externally to help develop skills. All employees have access to continuous comprehensive technology, business, and leadership content for self-directed and structured learning.

**97% of our employees participated in a learning and development program in 2023.**

# Career development



We support employees in their path at Pega through a variety of development opportunities:

- **Development goals** launch in January, when all employees and managers are encouraged to discuss and align on development. The module allows employees to enter goals and track progress throughout the year and identify content through our Learning Gateway to support development goals. We provide training to managers and employees to reinforce their goals and learn how to discuss future career paths within talent conversations.
- During **My Career Development Month**, Pega hosted live sessions and learning opportunities while providing new resources to empower employees throughout their career journeys. Activities focused on promoting internal mobility and mentorship while increasing awareness of the many available talent cultivation resources.
- Our **Mentorship Program** allows all Pega employees the opportunity to grow through being either a mentor, a mentee, or both. We encourage employees to seek out different perspectives and consider traditional and reverse mentoring. Our mentoring tool suggests matches based on strengths and development focus. We provide enablement, toolkits, and planning templates to support meaningful mentor-mentee relationships.
- **Internal mobility** is encouraged and supported at Pega, and we provide visibility into all openings, highlighting hot jobs on our internal portal. We provide resources and best practices to managers to support their team members in considering opportunities within their organizations and cross-functionally. We are actively exploring opportunities to enhance visibility into the skills required for internal Pega roles.



# Prioritizing the employee experience

We are creating an employee experience designed to attract and retain world-class, diverse talent by supporting our people to grow and thrive through continuous feedback, engagement, opportunities to connect, and meaningful recognition.

## Encouraging continuous feedback

Pega prioritizes making employees feel respected, valued, and heard — by each other, their manager, team, and leadership. We create these safe spaces for meaningful discussion and regularly seek feedback:

- **Ask Us Anything sessions** where employees engage in open conversations and pose questions to CEO Alan Trefler and members of his leadership team.
- **Continuous Feedback tool** that allows employees and managers to celebrate accomplishments, discuss challenges, and drive development conversations.
- **Employee surveys** for different populations on a range of topics, including overall satisfaction, role-specific challenges, and opportunities such as regular pulse surveys to get quick feedback on specific topics affecting employee engagement.

- **Talent cultivation yearend reviews and midyear check-ins** for managers to provide team members with feedback and discuss performance tied to our success behaviors and values, as well as career goals.

- **Town halls** for each region and function to learn about new initiatives, celebrate milestones, and recognize employees for their innovative ideas and accomplishments.

- **Quarterly roundtables** provide small employee groups with the opportunity to join Alan Trefler and other members of Pega's executive team for an hour of open discussion, idea sharing, and constructive feedback on topics ranging from culture and products to clients and plans.

To foster a culture of feedback among employees, we organize programs featuring self-paced learning and role-play-based breakout sessions for hands-on experiences.





# Enhancing employee engagement

We strive to foster a workplace that enables us to operate as a team, where employees feel connected to our purpose and colleagues. We offer opportunities for employees to engage with one another, grow, and celebrate all voices.

## CONNECTION DAYS

This past year, we introduced a three-day series called Connection Days, held quarterly for remote and in-office employees, to create intentional moments to connect, foster ongoing collaboration, break down siloes, and boost employee pride and belonging. On average, more than 2,000 employees participated in-office for each set of Connection Days, and many employees participated in virtual and remote activities. During Connection Days, office attendance increased threefold for in-office and flex employees and fourfold among remote employees, and 92% of participants would like Connection Days to continue. Connection Days led to continuous, consistent in-office attendance.

## AMPLIFYING OUR CULTURE

In 2023, we celebrated the spirit of connection and the magic that happens when our people come together by launching an employer brand campaign called Find Your People, Build for Something More. The campaign brought to life our Employee Value Proposition (EVP), emphasizing what makes Pega a great place to work and contributing to talent retention and engagement. The aim was to forge connections among individuals at Pega, inspire innovation, and cultivate a strong sense of belonging. The outcome was a [video series](#) spotlighting authentic stories and experiences from our diverse talent.

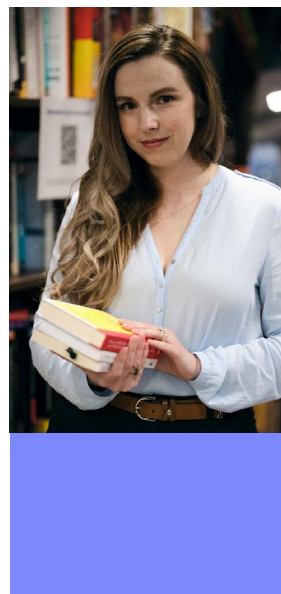
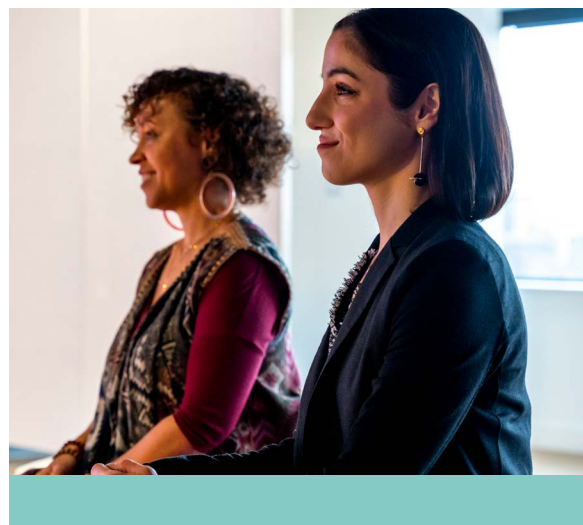
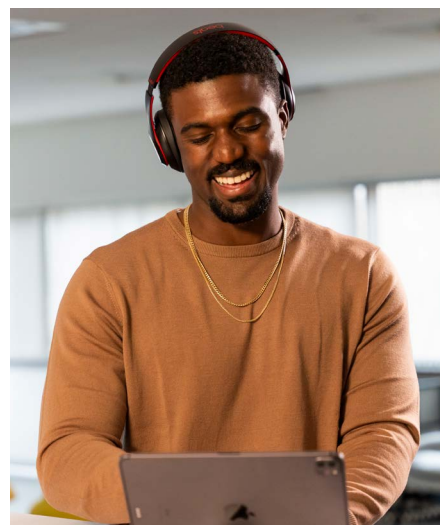
## EMPLOYEE ENGAGEMENT WORKING GROUP

Our Employee Engagement Working Group provides a forum where new ideas from the workforce are shared with senior leadership. The group is led by two co-chairs, meets weekly, and consists of volunteer employees who represent all regions, functions, and demographics. Their mandate is to act as a consultative body on topics affecting the employee experience, drive global actions that enhance employee engagement, and speak as the voice of our people.





# Recognizing our employees

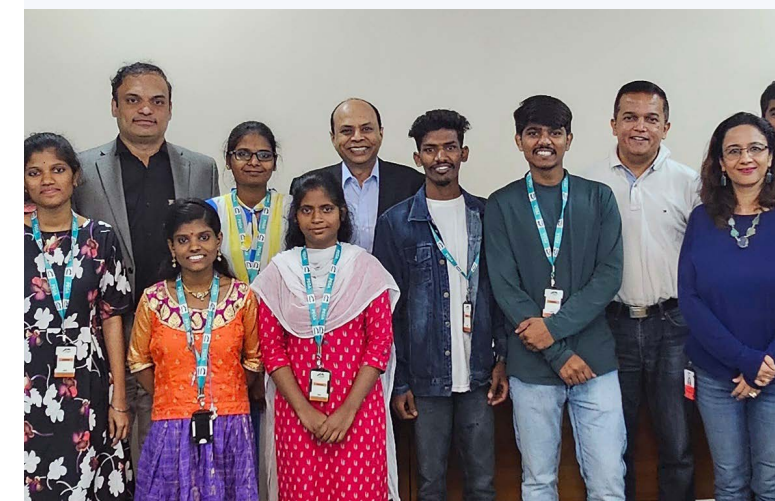


Everyone at Pega deserves to be recognized and appreciated for their contributions and impact on our clients and communities. We continue to acknowledge employees during the year through our robust global recognition program:

- **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. In 2023, we received 119 nominations and recognized 15 employees.
- **Employee of the Month** recognizes three to four team members who demonstrate Pega's values and a tangible impact on our business and clients. In 2023, we awarded 38 people from a more diverse geographic representation compared to 2022.
- **Pega-versaries** celebrate milestone years of service, including the beloved bobblehead gift for employees who've been with us for 15 years. We sent 641 Pega-versary gifts in 2023.
- **Pega's Talent Recognition Program, FOND**, enables employees to recognize colleagues for exemplary work. For each recognition, employees earn points they can apply toward a donation to a featured global or local charity. In 2023, with more than 24,000 peer-to-peer recognitions sent through the FOND platform, Pega donated more than \$91,000 to charities around the world.
- **Team Splash Awards** recognize groups quarterly that create an impact on clients or colleagues.

## Top Workplace Accolades

- **Top Workplaces** honored Pega on the 2023 Top Workplaces USA list and recognized us with the Technology Industry Award and Culture Excellence Awards in Compensations & Benefits, Work-Life Flexibility, and Employee Wellbeing, based on Pega employee survey feedback.
- **Vault** named Pega on its 2023 Top 20 Tech and Engineering Internship List and its Top 50 Internships for both Quality and Diversity categories.
- **Avtar** included Pega on its 2023 Best Companies for Women in India list (for the fifth year) and Most Inclusive Companies Index.





# Benefits beyond the expected

## PegaUP! Total wellbeing

For our employees to deliver their best, they must feel their best, and we are committed to supporting their wellbeing – personally and professionally. We offer comprehensive and competitive total rewards packages and resources that meet diverse needs, including well-being programs for all life stages.

The PegaUP! benefits program was designed to support employee health and overall wellbeing by focusing on four pillars:

### PHYSICAL

Our competitive healthcare programs provide optimal coverage options for employees and their families. We strive to help our employees stay fit and healthy with an on-demand fitness platform, healthy-living nutrition program, and opportunities to participate in global challenges and other wellness activities.

### EMOTIONAL

We have resources in place to support and nurture employees' mental and emotional health, including a global employee assistance program for employees and their families, mindfulness and fitness app subscriptions, guided meditation tools, and mental health webinars.

### FINANCIAL

We provide support and resources to help employees achieve their financial goals, including retirement programs, new-hire and periodic equity grants, 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 and flexible paid caregiver and adoption leave (20 weeks for primary caregivers), our Working Parent & Caregiver and Working Parents & Caregivers of Special Needs networks, flexible options for new parents to help with the transition back to work, phased return to work for primary caregivers, time-away programs, and backup care.

In 2023, we expanded our global leave policies to provide more support to our employees when they need it most:

- We updated our Global Parental Leave with neonatal intensive care unit (NICU) leave to enable parents with children in the NICU to extend their leave.
- We enhanced our Global Bereavement Policy with miscarriage leave.
- We created a new Unpaid Leave Policy for U.S. employees to care for domestic partners, siblings, and other family relationships not covered under the Family and Medical Leave Act.
- We created a Special Paid Medical Leave Policy for India, an employer-paid benefit that provides up to 20 days of continuation of income benefits for medical treatments and recovery periods that exhaust their sick leave.

# Competitive compensation

Rewards at Pega follow a strong pay-for-performance philosophy. Programs such as our Corporate Incentive Compensation Program (CICP) — an annual bonus initiative — are linked to company and individual performance. We also conduct a full annual review to maintain competitiveness.

# Our wellbeing initiatives

Pega prioritizes employee health and wellbeing in the workplace. We take a comprehensive approach to wellness that fosters a healthy work-life balance to enhance productivity and create a supportive employment environment. Our wellbeing programs include:

## GLOBAL WELLBEING DAY

On November 29, 2023, we hosted our first Global Wellbeing Day to prioritize health and self-care, foster team building, improve work-life balance, and boost engagement. Throughout the day, employees were offered on-site preventive health screenings and guidance on nurturing financial, emotional, physical, and personal well-being. Virtual activities were available to all global employees, from cooking demonstrations to fitness classes, and more. Approximately 30 in-office and virtual activities spanned eight offices with more than 2,000 participants.

## WELLNESS DAYS

We had three Wellness Days this past year that encouraged all employees to disconnect from work, recharge, and spend time on self-care.



## Supporting a flexible, hybrid work model

Pega continues to embrace and embed flexibility into our workday mindset, employee engagement efforts, and benefits offerings. Twenty twenty-three marked our third year of implementing a hybrid work model. To ensure employees are getting the most out of flexible work, our IT, Client Innovation, Facilities, and People teams collaborated to develop:

- **Remote Employee Experience Labs**, to connect, exchange ideas, and share feedback among remote peers to improve their experience
- **Hybrid Hacks** series in our monthly People newsletter to provide guidance on hybrid work etiquette and best practices
- **Flexwork tips** for managers and employees on how to maximize benefits of our Flexwork program
- **Customized experiences** for remote employees during our Connection Days
- **Pega Map**, that allows our people to see their peers' locations, interests, ERG membership and more, to foster connection among remote employees

Pega received Zinnov's 2023 Excellence in Talent Engagement in the Hybrid Age Award in recognition of our flexible work model and benefits offerings.

06

# Strengthening a culture of inclusion and belonging

We believe an inclusive and welcoming environment that celebrates diversity cultivates a thriving organizational culture conducive to optimal performance and growth.

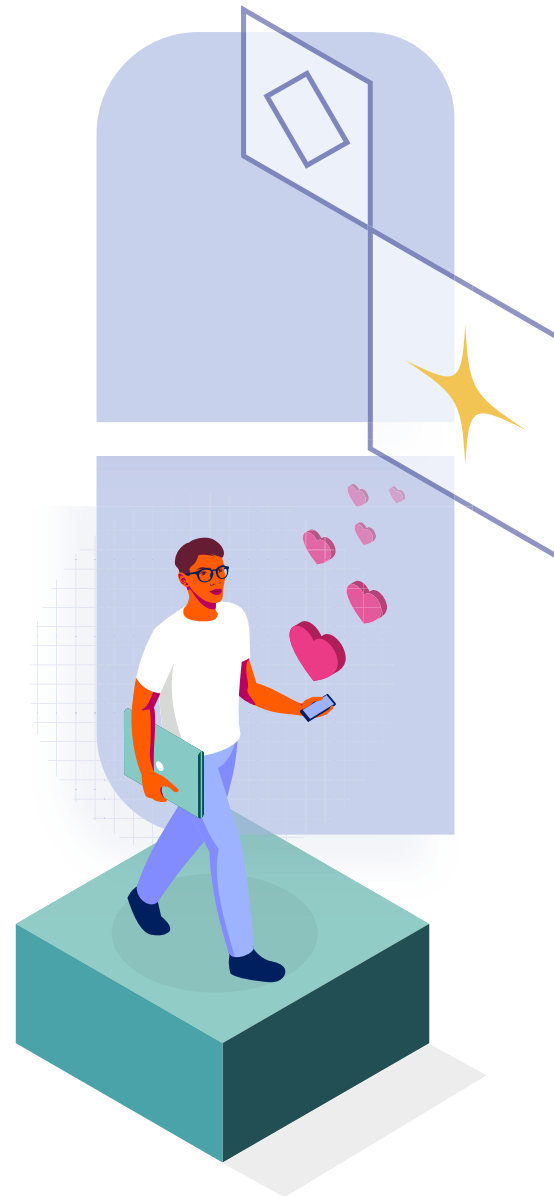
This belief drives our efforts to embrace and embed diversity, equity, inclusion, and belonging (DEI&B) in our everyday business practices, workplace, and culture.



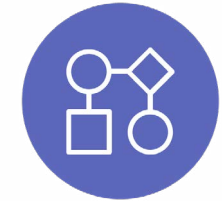


# Our approach to DEI&B

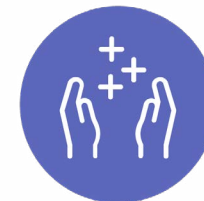
Diversity is fundamental to Pega's identity. The varied perspectives, backgrounds, and experiences within our team enhance our collective strength. We are dedicated to cultivating a culture of inclusivity, where all individuals feel valued, respected, and empowered to contribute unique perspectives and talents to achieve our shared goals and success. This includes, but is not limited to, 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. Our DEI&B strategy is focused on the following:



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



To support equity, we recognize differences and design practices and processes that provide resources and opportunities to meet our employees' unique needs.



To promote diversity, we attract and recruit diverse talent, provide opportunities to advance their careers through professional development, and nurture a sense of community with employee resource groups (ERGs) that span geographies and functions.



To cultivate belonging, we listen to employees and design programs and practices that include their feedback. People who feel their voice is heard, respected, and valued can be their authentic selves at work and are more engaged and committed to achieving our goals.

# Broadening DEI&B awareness

In 2023, we created new learning resources and tools to further enable empathy and awareness among employees by promoting inclusivity and increasing understanding of diverse groups and intersectionality. We offer continuous learning opportunities to help build a supportive, inclusive, and equitable workplace.

## DEI&B Learning opportunities

In 2023, we developed a comprehensive suite of DEI&B Learning Modules to help employees better understand, support, and celebrate fellow coworkers with differing identities. We offer a range of in-person and virtual self-paced modules on topics such as workplace inclusion, fundamentals of DEI&B, LGBTQIA+ and disability inclusion, and inclusive meetings. We also offer employees learning journeys tailored to specific roles, including our Talent Attraction Consultant (TAC) team, new hires, new managers, and hiring managers. For example, our TAC DEI&B course features topics such as creating job descriptions that promote disability inclusion, understanding unconscious bias and hiring, attracting and sourcing diverse candidates, and approaching recruiting with inclusive language.

We continue to provide two flagship learning opportunities for employees to foster understanding of implicit bias and a culture of allyship:

### INCLUSIVE WORKPLACE WORKSHOPS

Adapted to align with our 2023 goals and diversity priorities, these learning modules are designed to encourage employees and leaders to be more aware of their biases and act as advocates for underrepresented groups. Participants explore inclusivity, recognizing biases, moving from unawareness to advocacy, and translating learning into action. The workshops are available to all employees and required for new hires.

### ADVANCED ALLYSHIP PROGRAM

We offer our Advanced Allyship course, which provides a comprehensive set of tools for practicing allyship and teaches the importance of building relationships with people from different backgrounds based on empathy, trust, consistency, and accountability. This self-paced, six-module course walks participants through the concept of allyship and helps them discover implicit biases, build empathy, and appreciate challenges faced by underrepresented groups.



## Elevating engagement with diverse leaders

A key focus this past year was providing more opportunities for diverse talent to improve leadership skills and gain organizational visibility through two flagship programs: the Pega Sponsorship Program and The Leadership Consortium cohort.

### PEGA SPONSORSHIP PROGRAM

We launched the Pega Sponsorship Program pilot to support career development and advancement for our talent. This nine-month initiative matches high-potential diverse leaders with Pega's senior executives who support their development journey and career advancement. The program's learning framework is designed to enhance leadership skills, foster a growth mindset and continuous learning, and develop strategic thinking. Sponsors offer guidance and coaching, complemented by workshops and training focused on leadership skills and career development. Sponsees benefit from coaching sessions with a dedicated coach, networking opportunities, and a secure environment for open dialogue.

### THE LEADERSHIP CONSORTIUM

We continued our collaboration with The Leadership Consortium (TLC), which brings together participants from best-in-class companies in a virtual development experience to accelerate leadership impact, with a focus on high-potential people from underrepresented groups. This three-month, virtual program led by Harvard Business School faculty members aims to make leaders more self-aware and provides action plans to unlock their full leadership potential. Participants receive one-on-one executive coaching sessions that help drive progress on goals and career acceleration through thought partnership and action planning.

Pega sponsored 38 leaders in the 2023 cohort, who felt that they improved their business acumen and were more confident and self-aware as a result of participating in TLC.

“It’s been incredibly encouraging to be sponsored to attend this training program. It shows that my organization values and invests in my professional development. I feel a strong sense of belonging within my company, knowing that I have the support of my manager and the leadership team.”

- TLC PARTICIPANT



## Focused on gender equity

Helping women overcome the gender gap in the tech industry starts with our own culture and internal policies. We continue to integrate equitable practices and a sense of belonging to build an inclusive environment that supports, celebrates, attracts, and advances women. Our commitment includes our approach to recruiting, benefits, talent cultivation, employee engagement, and compensation. We routinely examine pay by gender before and after our annual compensation cycle. We review this analysis with leadership to drive equity in compensation. In 2023, we created a dashboard to help measure, track, and report workforce gender diversity data.

### 2023 Workforce diversity\*

<b>GENDER</b>	Female .....	<b>30%</b>
	Male .....	<b>70%</b>
<b>REGION</b>	Americas .....	<b>37%</b>
	India .....	<b>34%</b>
	EMEA .....	<b>23%</b>
	APJ .....	<b>6%</b>
<b>RACE &amp; ETHNICITY</b>	White .....	<b>64.77%</b>
	Asian .....	<b>15.63%</b>
	Black or African American .....	<b>4.08%</b>
	Hispanic or Latino .....	<b>3.71%</b>
	Native Hawaiian or Other Pacific Island .....	<b>0.16%</b>
	American Indian/Alaskan Native .....	<b>0.05%</b>
	Two or More Races .....	<b>2.09%</b>
Undisclosed .....	<b>8.42%</b>	

*Data is as of 12/31/23; excludes interns and contract workers.  
Race and ethnicity data represents employees in the United States.*

## Building a diverse talent pipeline

Building and maintaining a diverse talent pool is critical to furthering Pega's business objectives. With collaboration between our DEI&B and TAC teams, we ensure diversity considerations are integrated during the recruitment process.

We established a new dedicated role of Diversity Recruitment and Talent Attraction Branding Partner in 2023 to oversee global diversity recruitment, diversity branding, and talent attraction practices. These include:

- Establishing a DEI&B Working Group, consisting of a recruiter representative from each region, whose purpose is to discuss best practices and challenges related to diverse hiring
- Promoting diverse referrals
- Providing interview training and an inclusive hiring guide for hiring managers and recruiters
- Implementing use of gender-neutral language in job postings
- Leveraging diverse job boards through our partners
- Employing a structured interview process and interview panels representing diverse groups

## Attracting diverse talent with flexible return-to-work programs

To be an employer of choice, reach diverse talent pools, and foster a more inclusive and equitable work environment, Pega continues to invest in flexible return-to-work initiatives.

Women Return to Workforce Program in India is designed to help women relaunch their careers after a professional break. In 2023, we hosted a recruiting event in India to promote the program, resulting in more than 75 applicants interviewed and 12 offers. Our four-month Return-to-Work Program was created to support North American professionals returning to the workforce, bridging the transition for those who paused for family, military service, education, or a career shift.



## Elevating DEI&B partnership engagement

We accelerate our diversity recruiting strategy through collaboration with and investment in our strategic Diversity Partner Organizations (DPOs), who are aligned with our mission to broaden the pipeline of future technologists from underserved backgrounds. In 2023, we increased our engagement with DPOs globally, enabling us to expand our reach and continue inspiring participation in the tech industry for underrepresented communities. Our partnership strategy focuses on three goals:

- Develop and maintain a diverse talent pipeline.
- Position Pega as an employer of choice.
- Retain and develop diverse talent by providing professional growth opportunities and highlighting our commitment to DEI&B.

### Diversity Partner Organizations

[Avtar](#)

[Direct Employers](#)

[Disability: IN](#)

[Forté Foundation](#)

[Girls in Tech](#)

[Hiring our Heroes](#)

[National Society of Black Engineers – Boston](#)

[Out and Equal](#)

[Out in Tech](#)

[We are the City](#)

[Year Up](#)

We actively engage diverse student and community groups as part of our recruiting efforts, including:

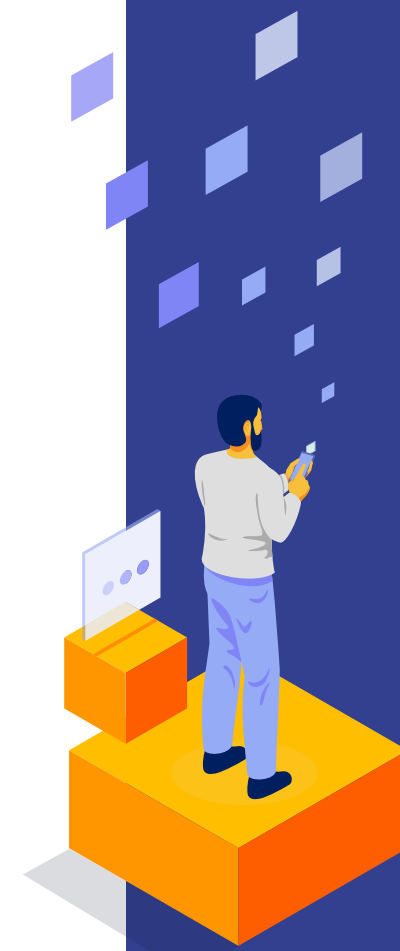
- Community organizations
- DEI&B-focused conferences and job fairs to engage prospective talent around the globe, including a first-time sponsorship of the Level Up Summit for women and allies in tech hosted by We are the City in the U.K.
- Diverse alumni associations
- Diverse student groups
- Job boards, publications, and awards that share and advertise roles to diverse talent
- Pega co-branded events to attract and engage diverse talent pipelines
- Diverse groups on LinkedIn

# Maturing ERG engagement

Pega's ERGs are voluntary, self-governing, and employee-led groups designed to strengthen a sense of belonging and employee engagement, provide safe spaces for communities, and foster an inclusive work environment.

Each ERG leadership team aligns the group's strategy with our four priorities: recruitment and retention, career advancement, allyship and community, and social impact. ERGs have clearly defined leadership roles and meetings cadence. They are guided by Pega's ERG Playbook and ongoing guidance from their senior executive sponsor. We encourage cross-ERG collaboration through multi-ERG meetings, shared virtual collaboration spaces, and co-hosting of organization-wide initiatives.

Our ERG program continues to mature and became more self-sustaining with enhanced support systems that empower employees to plan, organize, and lead ongoing social impact activities. Approximately 27% of our employees are active members of at least one ERG.



## 2023 ERG highlights

In 2023, Pega's seven ERGs held more than 50 events during designated celebratory months to recognize, celebrate, educate, and spread awareness of the histories and contributions of their respective communities.

### ASIAN@PEGA

celebrates unique cultures and identities of our Asian and Pacific Islander colleagues to empower one another through global connections and initiatives. To commemorate API Heritage Month, Asian@Pega led events in tandem with Mental Health Awareness Month that celebrated API culture, uplifted Asian voices, and promoted mental wellness and opportunities for connection.

### BLACK@PEGA

is a global collective to interconnect, learn, and share common interests to nurture growth, listen, and engage with members and allies of our Black community. In honor of Black History Month, Black@Pega hosted events to celebrate Black inventors, creators, and change agents, including fireside chats with Black@Pega leaders and unconscious bias sessions in collaboration with Asian@Pega.

### LATINX@PEGA

focuses on engagement, retention, professional development, and expansion of allies in the Latinx community. They partner with PegaCares to contribute to Latinx-specific social impact efforts. To celebrate Hispanic and Latinx Heritage Month, Latinx@Pega organized activities such as a Music Party, One Tree Planted initiative, and a fireside chat with a vice president at Unilever.

### PRIDE@PEGA

serves Pega's LGBTQIA+ employees, wider Pega community, and allies, providing opportunities for inclusion, professional networking, mentorship, and personal development. In honor of Pride Month, Pride@Pega hosted events focused on unity, action, and progress, including workshops, fireside chats, participation in the Boston Pride Parade and Festival, and other activities to support and celebrate Pega's LGBTQIA+ family and allies and educate about LGBTQIA+ issues.

Pega received high marks for the second consecutive year from the Human Rights Campaign Foundation's 2023 Corporate Equality Index, in recognition of corporate policies and practices that promote LGBTQIA+ workplace equality.



**PWD@PEGA**

serves employees who have either a visible or invisible disability, illness, or unique need such as physical, neurological, mental, emotional, or cognitive disability, offering members a network and activities that drive education, awareness, professional advancement, and social impact efforts. During Disability Employment Awareness Month, PwD@Pega curated events on Disability Pride, including a collaborative activity with The Children's Society and Samaritans, a speaker series with disability justice activist Anna Landre, and a menstrual health session with Women@Pega.

**VETERANS@PEGA**

drives initiatives to enrich and expand our community of veteran employees. During Veterans Awareness Month, Veterans@Pega held a fireside chat with retired U.S. Army special operators, continued to contribute to Pega's Movember campaign to support men's and veterans' health, scheduled an interview series with Veterans@Pega members who shared insights from military experiences, and collaborated with Women@Pega to highlight veterans' impact in the workplace.

**WOMEN@PEGA**

empowers women to grow, achieve, and exceed their personal and professional goals, and is committed to creating a safe space for women employees to share their experiences and learn from each other. Women@Pega has evolved to regional chapters, including WomenAmericas, WomenAPJ, WomenDACH, WomenEMEA, WomenIndia, WomenPoland, and WomenUK, as well as a WomenWISE (women in solutions engineering) chapter. In 2023, Women@Pega celebrated International Women's Month, recognized selected colleagues for their advocacy efforts and hosted workshops, webinars, and an awareness event on women's issues including fertility in the workplace.



## Fostering a more accessible work environment

We promote an accessible and inclusive work environment at Pega for people of all abilities. In 2023, for the second consecutive year, Pega was recognized as a Best Place to Work for Disability Inclusion in the [Disability Equality Index®](#) (DEI), considered one of the most comprehensive benchmarking tools to measure workplace inclusion.

We continue to expand inclusive recruiting efforts, including our award-winning internship program, which prioritizes recruiting from disability-focused organizations. For instance, Pega has a long-standing relationship with organizations such as the Carroll Center for the Blind, through which we recruit and hire interns. Pega also posts openings on more than one dozen disability-focused job boards, participates in job fairs, and supports external candidate programs that focus on skill development and job placement for people with disabilities. In coordination with our PwD@Pega ERG, we also build partnerships with global and local charitable organizations that support people with disabilities.

## Supporting active military and veterans

Pega is proud to collaborate with and support military and veteran organizations to offer assistance and opportunities to those who have served their countries. We work with the Armed Forces Covenant, American Corporate Partners, Defence Women's Network, Forces Employment Charity, Hiring Our Heroes' Corporate Fellowship Program, TechVets UK, and WithYouWithMe, in partnership with our clients, to support clear pathways to employment for military personnel, service leavers, veterans, and their families. For instance, we provide TechVet members with free training courses from the Pega Academy online learning platform, to earn free Pega certifications in their desired fields.

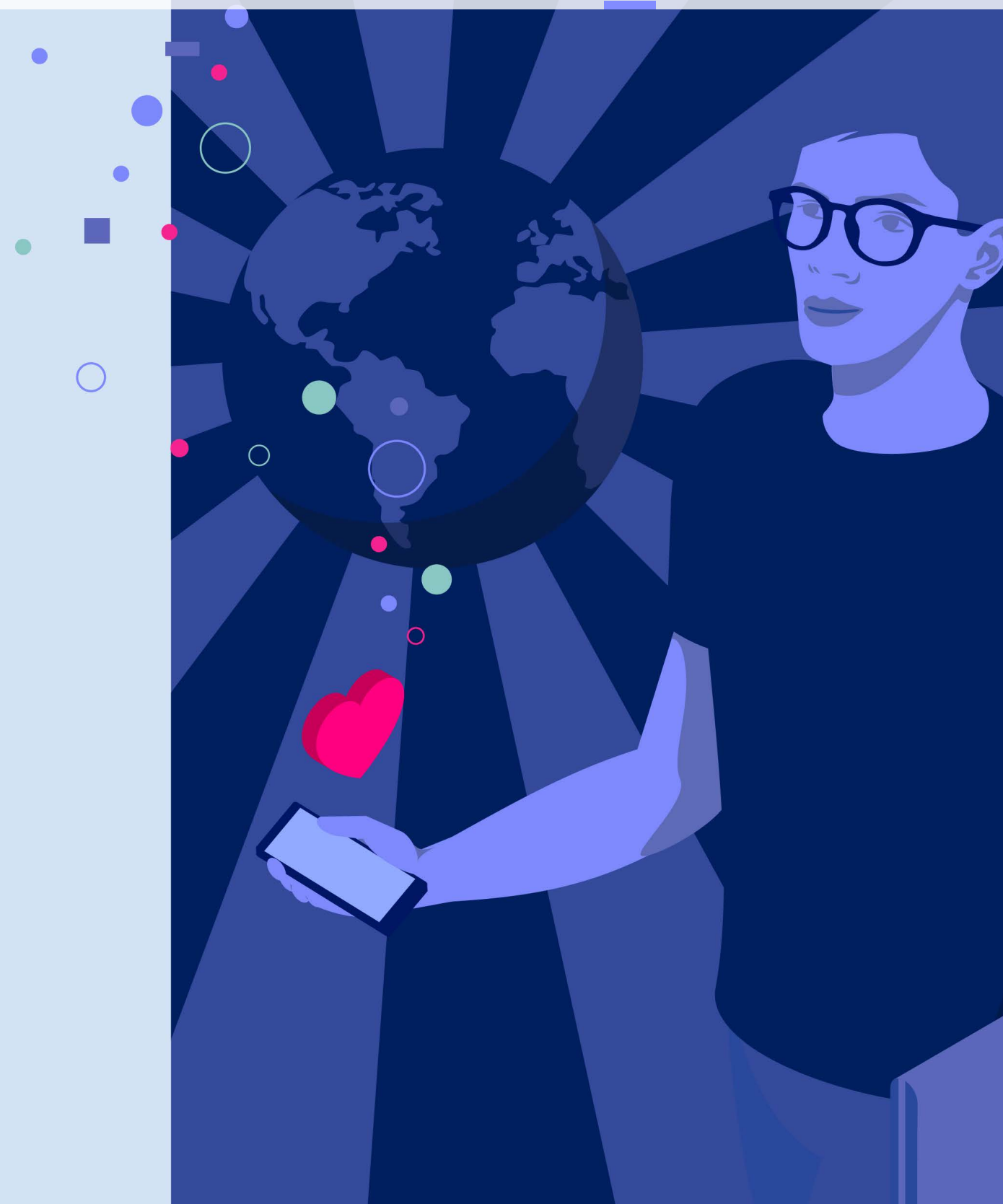


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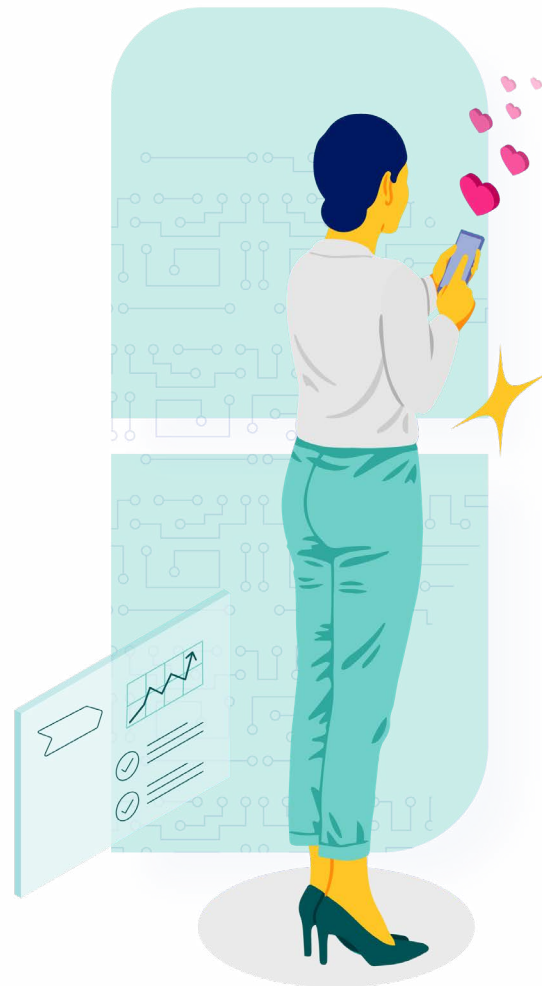
# Supporting social impact in our communities

Pega believes in being a responsible corporate citizen and an active contributor in the communities where our employees, partners, and clients live and work.

PegaCares, our global community engagement and philanthropy program, encourages employee-led social impact efforts and supports non-profit organizations that promote opportunity, equitable participation, and better outcomes for all.



# Global charity partnerships



We are proud to work with non-profit partners that share our values and align with one of our three strategic pillars: women and girls in technology; education and youth development; and environmental sustainability. Pega identified these pillars by considering our key competencies as a business and where we are best positioned to make an impact, surveying the needs of communities we operate in, and gathering employee feedback.

## Women and girls in technology

We empower women and girls on their technology career paths through access, education, and community-building. When we remove barriers for women and girls, we collectively win.

### **GIRLS IN TECH**

We continued our partnership with Girls in Tech, a global non-profit focused on eliminating the technology gender gap. For the third consecutive year, we sponsored their Girls in Tech Conference, convening hundreds of local women and allies for a day of learning, networking, and inspiration. Pega's chief technology officer participated in a panel, Navigating the Future: Embracing Generative AI and Empowering Women in Tech, sharing insights on how jobseekers can position themselves in a booming AI market. We expanded the partnership into Australia, where, for the first time, we sponsored the Girls in Tech Conference in Melbourne and participated in a panel about automation, ChatGPT, and AI.

### **UDAYAN CARE**

We continued to support our partner in India, Udayan Care, a non-profit focused on girls' education and youth empowerment. We sponsored the Udayan Shalini Fellowship Program (USFP), an initiative promoting higher education for girls from disadvantaged backgrounds, and the Aftercare Outreach Program (AOP) to help older children exiting institutional care lead more independent lives. As of 2023, our support is advancing the education of 75 girls in Hyderabad and Bengaluru (Bangalore) with USFP and 20 youth in Hyderabad with AOP. Prayas, Pega India's volunteer group, hosted career guidance sessions for USFP and AOP participants with Pega's leadership team. One participating fellow was selected as a Pega Scholars Program recipient and 20 beneficiaries have secured employment.

In 2023, we donated to more than 350 organizations in 17 countries and participated in more than 100 volunteer events and projects globally. Thirty-eight percent of employees participated in our global PegaCares programs.

## Education and youth development

We invest in the next generation of leaders by supporting youth development, education, and career readiness initiatives across the globe. Supporting aspiring young tech workers is critical to our business and future talent pipeline.

### **10,000 CODEURS**

Pega strengthened its partnership with 10,000 Codeurs, a French non-profit that supports digital education for African youth. In 2023, in collaboration with Pega partner Lyance and the Cameroun Digital Innovation Centre, PegaCares sponsored its first-ever event in Africa with 17 10,000 Codeurs alumni, focusing on enablement, ecosystem growth, and social impact. Participants were guided through a hands-on workshop on Pega's technology, created accounts on Pega Academy, and learned about Pega products and educational resources. Pega also continued to host a webinar series for 10,000 Codeurs participants in partnership with our Black@Pega Employee Resource Group.

### **TEACH FOR CHANGE**

We continued to partner with Teach for Change (TFC), Pega India's flagship program, to launch the first Pega Teach for Change Smart Classroom at the Jafferguda Primary School in Karwan, Hyderabad. We set up 30 smart classrooms and rolled out a literacy program in Yadadri and Gadwal districts in Telangana. In addition, Prayas hosted interactive sessions with TFC volunteers from different professions on financial literacy, conducted classroom sessions for primary school students on the impact of technology on society, and organized Children's Day celebrations for more than 200 students. Over the last six years of collaboration with TFC, Pega has positively affected the lives of more than 87,000 students by sponsoring smart classrooms, Digital Centers, and the voluntary literacy program.

## Pega Scholars supports future technologists.

The Pega Scholars Program, administered in partnership with Scholarship America® and sponsored by Pega, supports future technologists from underserved communities around the world. Ten students are selected and receive funding for undergraduate studies and connections to industry mentors and Pega leaders. In 2023, the program supported the most geographically diverse class of recipients since its launch in 2021, with students from the U.S., Canada, and Australia, and for the first time, Brazil, and India.

“

The Pega scholarship has been a lifeline for me. It has enabled me to purchase essential schoolbooks and reduce my work hours, granting me more time to focus on my studies. Additionally, the scholarship provided much-needed financial relief during unexpected health challenges this semester.”

**JOAO QUINTANILHA, 2023 PEGA SCHOLAR**



## Environmental sustainability

We are committed to responsible stewardship of the environment and support non-profits working in conservation, reforestation, and carbon reduction.

### ONE TREE PLANTED

For the third year, we supported One Tree Planted in global reforestation initiatives, including our pledge to plant one tree for each employee and new hire. In 2023, we collaborated to plant 8,600 trees around the world and more than 27,000 trees since 2021. Our Latinx@Pega employee resource group sponsored a lunch and learn session with One Tree Planted for employees to learn how to get involved in their local communities.

### DHRUVANSH

Pega India continued to expand partnerships with environmental NGOs, with activities at local lakes with Dhruvansh, including cleaning and setting up one of India's first floating bikes at Nekkampur Lake to help clean the lake without the use of electricity, planting 1,000 medicinal plants at Pleasant Valley Lake, and installing a floating treatment wetland at Mushki Cheruvu Lake.

### INDIGENOUS DEVELOPMENT ORGANIZATION

We launched a pilot project with Indigenous Development Organization (I Do) to support the tribal hamlets in Kothagudem, Telangana, including setting up solar lights to support sustainable energy development.

Pega was recognized for the fourth consecutive year with the **Boston Business Journal's 2023 Corporate Citizenship Award** for being a Top Charitable Contributor in Massachusetts.

# Supporting employee-led impact

## Facilitating employee giving and volunteering

When we encourage employee giving and volunteering, it boosts employee engagement, retention, wellbeing, and morale. Pega employees are passionate about giving back, and we empower our workforce to engage with and contribute to our social impact efforts through our giving and volunteer programs.

Deed, our global giving and volunteering platform, powers our global donation match program in addition to other employee giving and volunteering initiatives. Employees can contribute to Pega's global impact through Deed by participating in fundraisers, donating directly to more than 2 million charities around the world, and exploring and signing up for volunteer events. Our employee giving and volunteering strategy includes several avenues for support:

**GLOBAL DONATION MATCH PROGRAM**  
Pega matches up to \$500 (or its equivalent outside the U.S.) per employee annually for contributions to eligible charities.

**EMPLOYEE-LED GIVING REQUESTS**  
Pega provides support for personal fundraising efforts and team volunteering activities.

**VOLUNTEER TIME OFF**  
Pega offers all employees 16 hours (two days) of Volunteer Time Off (VTO) per year to volunteer for a cause they care about, either individually or through Pega-sponsored events.

**TALENT RECOGNITION PROGRAM**  
When employees recognize a colleague through our talent recognition platform, FOND, they can redeem points toward a donation to a featured charity.

In 2023, our programs provided employees an outlet to give back in response to real-time humanitarian crises. Through Deed, employees easily searched for and found giving campaigns and associated non-profits to support in activating humanitarian relief efforts.





## VOLUNTEERING DURING CONNECTION DAYS ✈️

Employees volunteered during 2023 Connection Days to support team building while strengthening connections to each other and our communities.

**Pega Poland** volunteers organized a drive for the homeless and helped package donated goods and hand-knit winter items and purchased, wrapped, and delivered gifts and essential items to local families in need during the holiday season.

**Pega Spain** employees sorted and organized food at Banco de Alimentos Madrid and donated to support the non-profit's work to provide nutritious meals to local families experiencing hunger.

**Pega Japan** volunteers organized a local beach clean-up and campaign to translate and deliver picture books to children in need in partnership with Shanti Volunteer Association.

**Waltham, Massachusetts** volunteers supported local veterans by helping assemble health and fitness kits for Home Base, an organization working to heal the invisible wounds of war for veterans and their families.

**Pega India** organized a blood donation drive in association with the Thalassemia & Sickle Cell Society. The team also volunteered with Advocates for Babies in Crisis, which provides healthcare facilities to orphaned babies.

## PegaCares Ambassador Program

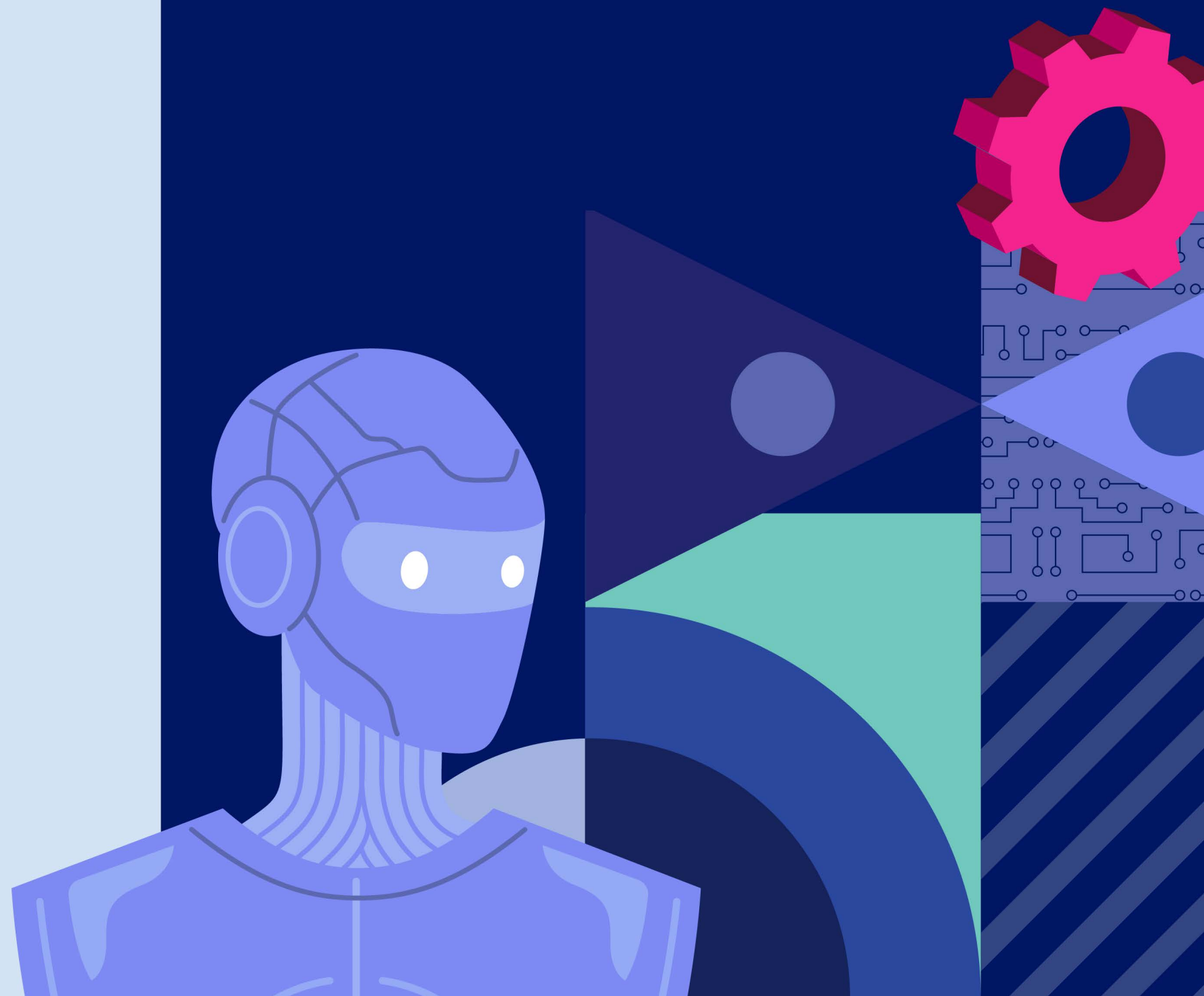
In 2023, we launched the PegaCares Ambassador Program to empower employees to lead initiatives in their communities and further scale our global social impact. The program helps ensure our PegaCares initiatives reflect the needs of all regions, while creating a more supported and structured framework to recognize ongoing employee efforts around the globe to give back to our communities. Regional Ambassadors coordinate PegaCares efforts in different markets, help reinforce a sense of belonging, and deepen connection, community, engagement, and recognition opportunities for employees.

Employee volunteer hours in our communities increased by 40% in 2023.



08

# Global Reporting Initiative (GRI) 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 2023 to 31 December 2023 with reference to the GRI Standards.

## General Disclosures 2021 (GRI 2)

### Organization and its reporting practices

#### 2-1 Organizational details

##### Legal Name

Pegasystems Inc.

Note: Pega is publicly traded under the ticker symbol PEGA (pg. 1).

##### Ownership and legal form

[2024 10-K \(FY 2023\)](#) pgs. 1, 2

##### Headquarters

Global Headquarters  
One Main Street  
Cambridge, MA 02142

##### Countries of Operation

[2024 10-K \(FY 2023\)](#) "Item 2. Properties" pg. 24, "Exhibit 21.1 Subsidiaries of Pegasystems Inc."

#### 2-2 ENTITIES INCLUDED IN THE ORGANIZATION'S SUSTAINABILITY REPORTING

Entities included in sustainability reporting

[2024 10-K \(FY 2023\)](#) "Item 2. Properties" pg. 24, "Basis of Presentation" pg. 44

#### 2-3 ENTITIES INCLUDED IN THE ORGANIZATION'S SUSTAINABILITY REPORTING

Reporting period, frequency and contact point

Reporting Period: January 1, 2023–December 31, 2023  
Frequency of sustainability report: annual  
Frequency of Financial reporting is in-line with sustainability reporting  
2023 Impact Report publication date: 07/01/2024

#### 2-4 RESTATEMENTS OF INFORMATION

Not applicable

#### 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

## 2-6 ACTIVITIES, VALUE CHAIN, AND OTHER BUSINESS RELATIONSHIPS

Sector, activities, products and services

[2024 10-K \(FY 2023\)](#) “Item 1. Business”, “Our Business” pg. 4-9

Markets served

[2024 10-K \(FY 2023\)](#) “Our Markets” pg. 7, 8

Scale of organization

[2024 10-K \(FY 2023\)](#) “Item 1. Business” pg. 4-22

[About Pega](#)

[2024 10-K \(FY 2023\)](#) “Results of Operations” pgs. 29-31 and “Liquidity and Capital Resources” pgs. 31-32

Supply chain

2023 Impact Report “Governance policies and practices” pg. 14 and “Reducing our energy consumption” pg. 21

[Slavery and Human Trafficking Statement](#)

[2024 10-K \(FY 2023\)](#) “Cash provided by operating activities” pg. 30-31 and discussion on “subscription-based business model” pg. 10

## 2-7 EMPLOYEES

Total number of employees

Total number of employees: 5,406 employees as of January 31, 2024  
[2024 10-K \(FY 2023\)](#) pg. 9

2023 Impact Report “Our People” pg. 23

# Governance

## 2-9 GOVERNANCE STRUCTURE AND COMPOSITION

Governance structure

[2024 10-K \(FY 2023\)](#) “Item 10. Directors, Executive Officers, and Corporate Governance” pg. 68

[2024 Proxy Statement](#) (FY 2023), “Corporate Governance” pgs. 17-21

## 2-10 NOMINATION AND SELECTION OF THE HIGHEST GOVERNANCE BODY

[2024 Proxy Statement](#) (FY 2023), “Director Qualifications” pg. 14 and “Corporate Governance” pgs. 17-20

## 2-11 CHAIR OF THE HIGHEST GOVERNANCE BODY

Chair of the Board

Alan Trefler is Pegasystems’ CEO and Chair of the Board

## 2-12 CHAIR OF THE HIGHEST GOVERNANCE BODY

Remuneration policies

[2024 Proxy Statement](#) (FY 2023), “Corporate Governance” pgs. 17-21

2023 Impact Report, “Governance” pg. 13

2023 Impact Report, “Good Governance at Work” pg. 13; “Our governance model” pg. 14 “Accountability from the top” pg. 14

## 2-13 DELEGATION OF RESPONSIBILITY FOR MANAGING IMPACTS

[2024 Proxy Statement](#) (FY 2023), “Corporate Governance” pgs. 17-21

2023 Impact Report, “Good Governance at Work” pg. 13; “Our governance model” pg. 14 “Accountability from the top” pg. 14



**2-14 ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING**

[2024 Proxy Statement](#) (FY 2023), “Corporate Governance” pgs. 17-21

2023 Impact Report, “Governance” pg. 13

2023 Impact Report, “Good Governance at Work” pg. 13; “Our governance model” pg. 14 “Accountability from the top” pg. 14

**2-15 CONFLICTS OF INTEREST**

[Pega Code of Conduct](#)  
[Nominating and Corporate Governance Committee Charter](#)

**2-16 COMMUNICATION OF CRITICAL CONCERNS**

[Pega Code of Conduct](#)  
[Reporting Accountability Concerns](#)

**2-17 COLLECTIVE KNOWLEDGE OF THE HIGHEST GOVERNANCE BODY**

2023 Impact Report “Our governance model” pg. 14

**2-18 EVALUATION OF THE PERFORMANCE OF THE HIGHEST GOVERNANCE BODY**

[2024 Proxy Statement](#) (FY 2023), “Board Leadership Structure and Risk Oversight” pg. 19

**2-19 REMUNERATION POLICIES**

Remuneration policies

[2024 10-K \(FY 2023\)](#) “Item 11. Executive compensation” pg.68

[2024 Proxy Statement](#) (FY 2023), “Director Compensation” pgs. 23-24, “Compensation Discussion and Analysis” pgs. 25-35

**2-20 PROCESS TO DETERMINE REMUNERATION**

Determining Remuneration

[2024 10-K \(FY 2023\)](#) “Item 11. Executive compensation” pg.68

[2024 Proxy Statement](#) (FY 2023), “Director compensation” pgs. 23-24, “Compensation Discussion and Analysis” pgs. 25-35

# Strategy, policies and practices

**2-22 STATEMENT ON SUSTAINABLE DEVELOPMENT STRATEGY**

2023 Impact Report, CEO Letter, pg. 3

**2-23 POLICY COMMITMENTS**

Policy commitments

[Corporate Governance Guidelines](#)

[Supplier Code of Conduct](#)

[Code of Conduct](#)

[Slavery and Human Trafficking Statement](#)

2023 Impact Report “Applying AI responsibly” pg. 16

“Governance” pg. 13 and “Anti-corruption and compliance training” pg. 15

**2-24 EMBEDDING POLICY COMMITMENTS**

2023 Impact Report “Governance” pg. 13

**2-25 PROCESSES TO REMEDIATE NEGATIVE IMPACTS**

[Reporting Accountability Concerns](#)

**2-26 MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS**

Mechanisms for seeking advice and raising concerns

[Code of Conduct](#)

[Reporting Accountability Concerns](#)

[Supplier Code of Conduct](#)

**2-28 MEMBERSHIP ASSOCIATIONS**

2023 Impact Report “Engaging our stakeholders on ESG” pg. 16

2023 Impact Report “Diversity, equity, inclusion and belonging” pg. 31

## Stakeholder Engagement

### 2-29 APPROACH TO STAKEHOLDER ENGAGEMENT

Stakeholder engagement

2023 Impact Report “Engaging our stakeholders on ESG” pg. 16  
[2024 Proxy Statement](#) (FY 2023), “Communications from Shareholders and Other Interested Parties to the Board” pg. 20

## Disclosures On Material Topics (GRI 3)

### 3-1 PROCESS TO DETERMINE MATERIAL TOPICS

2023 Impact Report “Engaging our stakeholders on ESG” pg. 16

### 3-2 LIST OF MATERIAL TOPICS

2023 Impact Report “Engaging our stakeholders on ESG” pg. 16

Pega’s material topics include:

- Privacy & Data Protection
- AI Ethics
- Talent & Culture
- Customer Satisfaction
- Governance & Ethics
- Belonging & Diversity
- Philanthropy & Volunteering
- Risk Management & Innovation

## Disclosures From GRI Topic Standards For Each Material Topic

### Economic Performance

Management Approach

[2024 10-K \(FY 2023\)](#) “Item 1. Business” pgs. 4-22

### 201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

[2024 10-K \(FY 2023\)](#) “Item 8. Financial Statements and Supplementary Data” pg. 36-66

### 201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

2023 Impact Report, “Climate Risk” pg. 15

We participate in the annual disclosure of environmental impact conducted by the nonprofit CDP (formerly known as the Carbon Disclosure Project). The CDP submission process gives us the opportunity to identify and assess our operational climate risks and understand where we stand relative to others. 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 our business and employees. For more about our approach, see the Sustainability Imperative section of this report or our [2023 CDP Report](#).

## Indirect Economic Impacts

Management Approach

2023 Impact Report, “Community engagement and philanthropy” pg. 39

[Impact at Pega](#)

### 203-1 INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

2023 Impact Report, “Supporting social impact in our communities” pg. 39

[Impact at Pega](#)

### 203-2 SIGNIFICANT INDIRECT ECONOMIC IMPACTS

2023 Impact Report, “Community engagement and philanthropy” pg. 39

[Impact at Pega](#)

## Procurement practices

### Management Approach

2023 Impact Report, “Governance” pg. 13  
 2023 Impact Report, “Governance policies and practices” pg. 14  
[Supplier Code of Conduct](#)

### 204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS

We currently do not track this data. Please see our [Supplier Code of Conduct](#) and 2023 Impact Report, “Governance policies and practices” pg. 14 for more information on how Pega approaches supplier diversity.

## Anti-corruption

### Management Approach

2023 Impact Report, “Governance” pg. 13  
[Pega Code of Conduct](#)

### 205-1 OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

2023 Impact Report, “Governance” pg. 13

### 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

2023 Impact Report, “Governance” pg. 13

2023 Impact Report, “Prioritizing the employee experience” pg. 26, “Creating life-changing career opportunities” pg. 11 and ‘Anti-corruption and compliance training” pg. 15

## Anti-competitive behavior

### Management Approach

[Pega Code of Conduct](#)

### 206-1 LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

Legal actions material to our operations or financial results, if any, are disclosed in our [2024 10-K \(FY 2023\)](#). Please refer to “Item 3. Legal Proceedings” pg. 24.

## Materials

### Management Approach

As a software company, Pega delivers our products electronically.

### 301-1 MATERIALS USED BY WEIGHT OR VOLUME

Pega delivers our products electronically.

### 301-2 RECYCLED INPUT MATERIALS USED

Pega delivers our products electronically.

### 301-3 RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS

Pega delivers our products electronically.



# Energy

## Management Approach

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20; “Advancing sustainable operations” pg. 21; “Reducing our energy consumption” pg. 21

### 302-1 ENERGY CONSUMPTION WITHIN THE ORGANIZATION

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20; “Advancing sustainable operations” pg. 21; “Reducing our energy consumption” pg. 21

2023 Impact Report, “Pega’s Carbon Emission Details” pg. 20  
Total consumption from non-renewable sources:  
Fuel: 270.60MWh

Total consumption from renewable sources:  
Purchased or acquired electricity: 5,342 MWh

### 302-2 ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20; “Advancing sustainable operations” pg. 21; “Reducing our energy consumption” pg. 21

### 302-3 ENERGY INTENSITY

- a. 0.0000039177
- b. Total revenue of the organization
- c. All
- d. Within the organization

### 302-4 REDUCTION OF ENERGY CONSUMPTION

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20; “Advancing sustainable operations” pg. 21; “Reducing our energy consumption” pg. 21

# Water and Effluents

## Management Approach

2023 Impact Report, “The sustainability imperative” pg. 19; “Advancing Sustainable Operations” pg. 21 and “Improving water conservation and waste diversion” pg. 21

### 303-1 INTERACTIONS WITH WATER AS A SHARED RESOURCE

2023 Impact Report, “Improving water conservation and waste diversion” pg. 21

PEGA consumes water through basic office operations in multi-tenant buildings. In 2020, we set a goal to reduce our water consumption by 2% per year, targeting a 10% decrease by 2025. We achieved this water reduction goal ahead of schedule and plan to report on a new goal in 2024 when we receive SBTi validation.

### 303-5 WATER CONSUMPTION

2023 Impact Report, “Improving water conservation and waste diversion” pg. 21

# Emissions

## Management Approach

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20 and “Climate risk” pg. 15

### 305-1 DIRECT (SCOPE 1) GHG EMISSIONS

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20 and “Climate risk” pg. 15

2023 Impact Report, “Pega’s Carbon Emission Details” pg. 20

### 305-2 ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20 and “Climate risk” pg. 15

2023 Impact Report, “Pega’s Carbon Emission Details” pg. 20

**305-3 OTHER INDIRECT (SCOPE 3) GHG EMISSIONS**

2023 Impact Report, “Pega’s Carbon Emission Details” pg. 20

**305-4 GHG EMISSIONS INTENSITY**

- a. 0.000019168
- b. Total revenue of the organization
- c. Scope 1, 2 &3
- d. All

**305-5 REDUCTION OF GHG EMISSIONS**

2023 Impact Report, “The sustainability imperative” pg. 19; “Managing our carbon footprint” pg. 20 and “Climate risk” pg. 15

2023 Impact Report, “Pega’s Carbon Emission Details” pg. 20

# Waste

**Management Approach**

2023 Impact Report, “Advancing sustainable operations” pg. 21, “Improving water conservation and waste diversion” pg. 21 and “Paring down on plastics” pg. 21

**306-1 WASTE GENERATION AND SIGNIFICANT WASTE-RELATED IMPACTS**

2023 Impact Report, “Advancing sustainable operations” pg. 21

**306-2 MANAGEMENT OF SIGNIFICANT WASTE-RELATED IMPACTS**

2023 Impact Report, “Advancing sustainable operations” pg. 21, “Improving water conservation and waste diversion” pg. 21 and “Paring down on plastics” pg. 21

**306-3 WASTE GENERATED**

2023 Impact Report, “Advancing sustainable operations” pg. 21, “Improving water conservation and waste diversion” pg. 21 and “Paring down on plastics” pg. 21

Refer “Pega’s Carbon Emission Details” pg. 20. In 2023, Pega generated 301.2 MT of waste.

# Supplier environmental assessment

**Management Approach**

2023 Impact Report, “Climate risk” pg. 15

Supplier Code of Conduct

We plan to begin a supplier assessment in 2024. We will review our supplier base, identify those who have not yet made progress on sustainability initiatives, and will work with them to help further their commitments. We will consider alternative procurement decisions when necessary.

**308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA**

2023 Impact Report, “Climate risk” pg. 15

Supplier Code of Conduct

We plan to begin a supplier assessment in 2024. We will review our supplier base, identify those who have not yet made progress on sustainability initiatives, and will work with them to help further their commitments. We will consider alternative procurement decisions when necessary.

# Employment

## Management Approach

2023 Impact Report, “Prioritizing the employee experience” pg. 26  
[Careers at Pega](#)

### 401-2 BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

2023 Impact Report, “Prioritizing the employee experience” pg. 26 and “Benefits beyond the expected” pg. 29

### 401-3 PARENTAL LEAVE

2023 Impact Report, “Benefits beyond the expected” pg. 29

# Occupational Health and Safety

## Management Approach

2023 Impact Report, “Prioritizing the employee experience” pg. 26 and “Benefits beyond the expected” pg. 29  
[Code of Conduct](#)  
[Pega Environment Policy](#)

### 403-1 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Pegasystems is committed to providing and maintaining a healthy and safe working environment to prevent personal injury and illness, and do all that is reasonably practicable to protect our employees, clients, and visitors from foreseeable hazards in the workplace. We have an internal Global Health and Safety Policy and all Pegasystems locations and employees are in scope, including contractors and sub-contractors.

We maintain a management system that documents our arrangements and processes within the environmental and employee health and safety area. The management system is designed to reflect the requirements of the ISO 45001 standard.

### 403-6 PROMOTION OF WORKER HEALTH

2023 Impact Report, “Prioritizing the employee experience” pg.26 and “Benefits beyond the expected” pg. 29

[2024 10-K \(FY 2023\)](#) “Employee Engagement, Health, Well-Being” pg. 9

# Training and Education

## Management Approach

2023 Impact Report, “Prioritizing the employee experience” pg. 26, “Creating life-changing career opportunities” pg 11 and ‘Anti-corruption and compliance training” pg. 15

[Careers at Pega](#)

[2024 10-K \(FY 2023\)](#) “Talent Cultivation” pg. 9

### 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

Average hours of training per year per employee is 33 hours. This includes internally conducted training, training provided by our learning partners and external vendors, Pega Academy, and New Employee Orientation and enablement. It also includes any mandatory compliance and security training and policy attestations. This is formal training that is organized and tracked. It does not include any informal on-the-job training within the business teams.

### 404-2 PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

2023 Impact Report, “Prioritizing the employee experience” pg. 26, “Cultivating our talent” pg. 24, “Career development” pg. 25 “Creating life-changing opportunities” pg. 11

[2024 10-K \(FY 2023\)](#) “Talent Cultivation” pg. 9

### 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

100% of active and eligible staff received a regular performance and career development review during the reporting period.



# Diversity and Equal Opportunity

## Management Approach

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2023 Impact Report, “Diversity, equity, inclusion and belonging” pg. 31

[2024 10-K \(FY 2023\)](#) “Diversity, Equity, Inclusion and Belonging (“DEIB”)” pg. 9

[Nominating and Corporate Governance Committee Charter](#)

### 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

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2024 Proxy [Statement](#) (FY 2023), “Director Qualifications” pgs. 14-17

2023 Impact Report, “Diversity, equity, inclusion and belonging” pg. 31

### 405-2 RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

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[UK Gender Pay Gap Report](#)

# Non-discrimination

## Management Approach

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[Reporting Accountability Concerns](#)

[EEO Statement](#)

# Child labor

## Management Approach

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[Supplier Code of Conduct](#)

[Slavery and Human Trafficking Statement](#)

# Forced or compulsory labor

## Management Approach

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2023 Impact Report, “Community Engagement and Philanthropy” pg. 39

PegaCares is our global community engagement and philanthropy program that is focused on three strategic pillars: women and girls in technology; education and youth development; and environmental sustainability.

### 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

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2023 Impact Report, “Community Engagement and Philanthropy” pg. 39

Pega identified its’ three strategic global pillars by considering the businesses’ key competencies, where it is best positioned to make an impact, surveying the needs of communities we operate in, and gathering employee feedback. To help ensure that PegaCares’ initiatives reflect the needs and feedback of all regions, Pega launched an Ambassador Program that acts as a continuous feedback mechanism on the ground.

# Public policy

## Management Approach

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[Code of Conduct](#)

### 415-1 POLITICAL CONTRIBUTIONS

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[Code of Conduct](#)

# Customer Privacy

## Management Approach

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[Data Privacy and Security](#)

2023 Impact Report “Governance” pg. 13 and “Anti-corruption and compliance training” pg.15

### 418-1 SUBSTANTIATED COMPLAINTS CONCERNING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA

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Data breaches material to our operations or users affected, if any, are disclosed in our [2024 10-K \(FY 2023\)](#). Please refer to “Item 1A. Risk Factors” pg. 10.

# Sustainability Accounting Standards Board (SASB) Index

Our reporting aligns with the [SASB](#) Software & IT Services sector standards.

## Environmental Footprint of Hardware Infrastructure

### 130A.3

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

2023 Impact Report, “Reducing our energy consumption” pg. 21  
[2023 CDP Climate Change Response](#)

## Data Privacy & Freedom of Expression

### 220A.1

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

2023 Impact Report, “Enhancing data privacy and cybersecurity” pg. 17

[Privacy & Security](#)  
[Privacy Notice](#)

## Data Security

### 230A.1

(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of users affected

Data breaches material to our operations or users affected, if any, are disclosed in our 2024 10-K (FY 2023). Please refer to “Item 1A. Risk Factors” pg. 10.

### 230A.2

(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of users affected

2023 Impact Report, “Enhancing data privacy and cybersecurity” pg. 17

[Code of Conduct](#)

[2024 10-K \(FY 2023\)](#) “Item 1A. Risk Factors” pg. 10-22

[2024 10-K \(FY 2023\)](#) “Item 1C. Cybersecurity” pg. 22-24

We have selected ISO 27001/27002 as our corporate trust anchor. To manage cyber risk, we have aligned with the ISO 31000 risk management framework and achieved ISO 22301 certification, which measures an organization’s level of preparedness to maintain critical functions during a crisis or unexpected event.

## Recruiting & Managing a Global, Diverse & Skilled Workforce

### 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, 2023, 1.2 % of employees in the U.S. were foreign nationals and 0.3 % of U.S. employees were located outside of the U.S.

### 330A.2

Employee engagement as a percentage

2023 Impact Report, “Enhancing employee engagement” pg. 27

### 330A.3

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

2023 Impact Report “Diversity, equity, inclusion, and belonging” pg. 35

# Managing Systemic Risks from Technology Disruptions

## 550A.1

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

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Performance issues or client service disruptions material to our operations or financial results, if any, are disclosed in our [2024 10-K](#) (FY 2023). 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](#).

## 550A.2

Description of business continuity risks related to disruptions of operations

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[2024 10-K \(FY 2023\)](#) “Item 1A. Risk Factors” pg. 10-22



# Additional Data

## Pega's Carbon Emission Details

Emissions Category	Emissions (MTCO2e)		
	2021	2022	2023
Scope 1 Emission (On-site Fossil fuel use)	47.6	43.8	49.4
Scope 2 Location-Based Emissions (Purchased Electricity)	3,105	3,363	3,548
Scope 2 Market-Based Emissions (Purchased Electricity)	33		
Scope 3 Emission as listed below	27,608	32,454	23,864
1. Purchased Goods & Services	23,803	22,819	15,823
2. Capital Goods	Combined with PG&S	4,178	1,087
3. Fuel-related	243	269	432
4. Upstream Transportation	Pega delivers our products electronically	Pega delivers our products electronically	Pega delivers our products electronically
5. Waste	5.5	6	301
6. Business Travel	453	3,108	3,874
7. Employee Commuting	251	243	669
Work From Home	2,700	1,678	1,516
8. Upstream Leased Assets	152	152	163
9. Downstream Transportation & Distribution	Pega delivers our products electronically	Pega delivers our products electronically	Pega delivers our products electronically
10. Processing of Sold Products	Pega delivers our products electronically	Pega delivers our products electronically	Pega delivers our products electronically
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	Not yet calculated since not commonly reported for software company
12. End of Life Treatment of Sold Products	Pega delivers our products electronically	Pega delivers our products electronically	Pega delivers our products electronically
13. Downstream Leased Assets	Pega does not lease assets	Pega does not lease assets	Pega does not lease assets
14. Franchises	Pega has no franchises	Pega has no franchises	Pega has no franchises
15. Investments	Pega has no major relevant investments	Pega has no major relevant investments	Pega has no major relevant investments
Total Location-Based Carbon Footprint	30,760	35,861	27,461
Total Market Based Carbon Footprint	27,688	32,498	23,913

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

# Impact Report 2023

## Note regarding forward-looking statements

Certain statements contained in this Report may be construed as forward-looking statements. Because they concern future events, they contain uncertainties and risks. They speak only as of the date the Report was originally published and are made based on then-current expectations and assumptions. Pega's actual results and performance could differ materially from Pega's expectations. Factors that could cause Pega's results to differ materially from those expressed or implied in forward-looking statements are contained in Pega's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and other recent filings. Investors are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the matters contained or implied in such statements will be achieved. Although subsequent information or events may cause our view to change, except as required by applicable law, we will not and specifically disclaim any obligation to publicly update or revise these forward-looking statements.

