



UNITED NATIONS GLOBAL COMPACT

Communication on Progress Report

January 2022 – January 2023

1 Statement of Continued Support by the Chief Executive

As a responsible and forward-thinking entity, we firmly believe in the power of collective action and global partnerships to create a sustainable and inclusive future for all. The **UN Global Compact (UNGC) 's 10 principles** encompass human rights, labour standards, environmental protection, and anti-corruption measures. These principles resonate deeply with our organization's values and guide our decision-making processes, both internally and externally. By adhering to these principles, we aim to foster ethical business practices, promote social progress, and contribute to the preservation of our planet.

Pegasys has been actively participating as part of the UNGC, since January 2018. We believe that the values enshrined by the UN Global Compact (UNGC) and Sustainable Development Goals are as important as ever and I am pleased to confirm that Pegasys reaffirms its support and commitment of these principles.

The SDGs provide a comprehensive roadmap for addressing the world's most pressing challenges, including poverty eradication, climate change mitigation, gender equality, and access to quality education and healthcare. As an organization, we are committed to actively supporting and aligning our initiatives with the SDGs to maximize our positive impact.

It is Pegasys' mission to promote meaningful change around the world to help people and countries achieve growth and reduce poverty and disadvantage through public policy reform. We exist to change the world for the better, by helping to solve some of the most pressing developmental challenges of the 21st century. As a values-based company, we are guided by our principles, to improve people's lives and sustain our environment.

In our fifth annual Communication on Progress, we provide an update on our actions in integrating the Global Compact and its principles into our business strategy, culture, and daily operations.

Furthermore, we appreciate the UNGC's role in fostering dialogue and knowledge-sharing among its diverse network of participants. We commit to actively engaging with the UNGC platform, collaborating with other signatories, and contributing to collective efforts aimed at realizing the vision of the 2030 Agenda for Sustainable Development.

Following UNGC's subsidiary policy, this commitment applies to our UK and all foreign subsidiaries and branch offices.

Yours sincerely



Dr Constantin von der Heyden

CEO

2 About Pegasys

"We create the conditions to empower more people to participate in local economies."

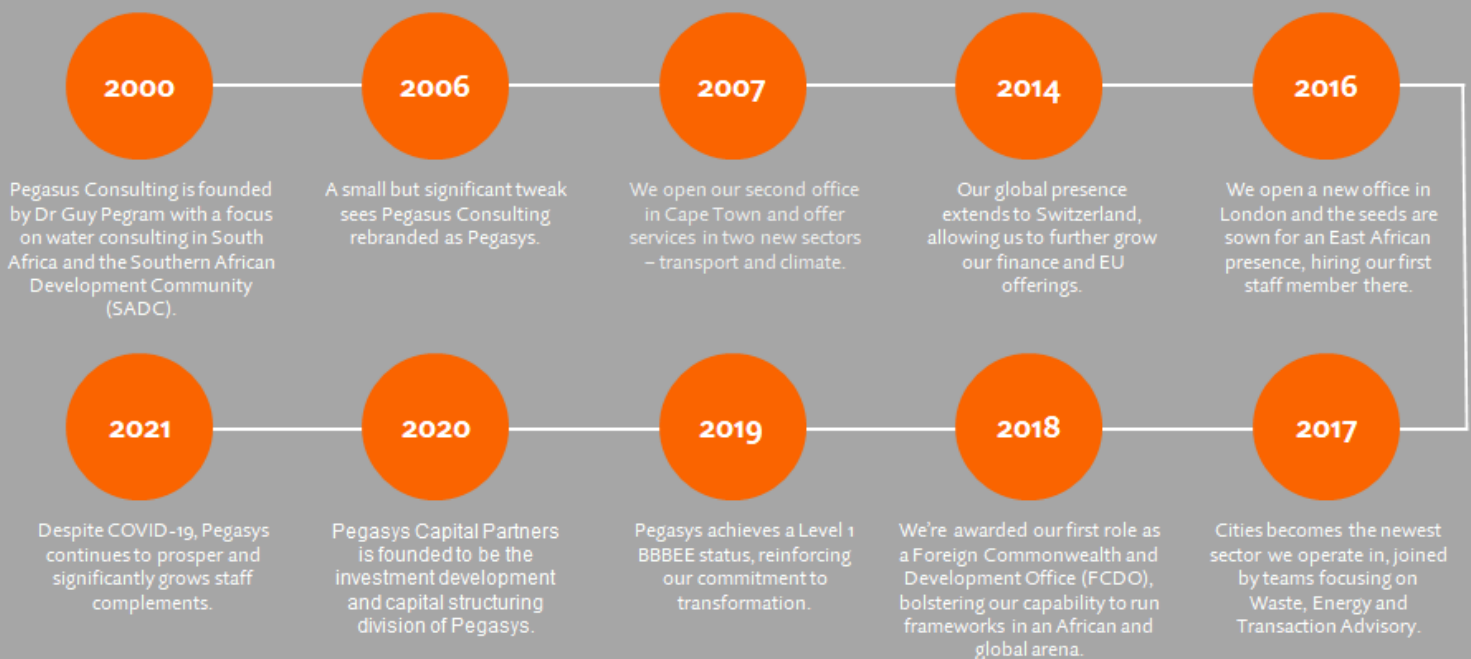
AFRICAN-HEADQUARTERED ADVISORY FIRM

Pegasys is a multidisciplinary strategic management consulting group. We assist our clients in designing strategies, developing arrangements and structures, establishing institutions, and financing the systems tasked with delivering and managing infrastructure and natural resources.

We believe in partnering with the public and private sector to drive transformational service delivery, infrastructure development, and equitable access to resources. Together with our clients and partners, we are improving quality of life, access to economic opportunities, and building resilience through Southern Hemisphere-led solutions.

Pegasys was founded in 2000 to support African public-sector institutions in achieving their transformation and service delivery objectives.

OUR STORY



Pegasys has since served the public and private sectors globally, working with development partners and funders to achieve development imperatives. We maintain two offices in South Africa, and one in the UK.

OUR SERVICES

Today's challenges call for fresh perspectives, insightful strategies, and pragmatic solutions. Our approach involves:

- Setting the direction by shaping policy, formulating strategies, and unlocking economic value.
- Making it happen through transformational programmes, innovative finance and transformed service delivery.
- Putting future structures in place by forging effective partnerships, strengthening clients' capacity and engaging essential stakeholders.

Through an interdisciplinary lens, we rethink traditional approaches, and can adapt and innovate across our core sectors.

OUR SECTORS



Cities



Climate



Energy



Resilience



Transport



Waste



Water

We operate in seven sectors in emerging economies. Supporting these sectors is our technical expertise in areas ranging from business planning, financial analysis, infrastructure investment and transaction advisory through to urban and rural development, urban design, and institutional development.



Cities

Africa's cities represent one of its greatest hopes of transforming the continent. Our urban hubs are wellsprings of entrepreneurial flair and determination to succeed. We partner with national and city governments, as well as international agencies, to create opportunities for resilience and growth.

Our projects range from the detailed design of Cape Town's broadband solutions to supporting informal settlement upgrades in Mogadishu – improving the lives of millions through a deep understanding of urbanisation's complex and nuanced challenges.



Climate

Many developing countries must create safeguards against climate change, while also preparing their economies to transition into, and be competitive in, a low-carbon future. We understand the duality of this challenge and assist governments with their efforts in climate-change mitigation, reducing contributions to global warming pollution and creating more sustainable economies.

Our work in the climate space has ranged from assisting the Southern African Development Community Secretariat's Disaster Risk Reduction Unit, strengthening its regional disaster preparedness, and developing multi-faceted solutions through projects that assist Zimbabwe with its complex climate landscape.



Energy

Most people in Africa cannot access or afford modern energy services. Overcoming this obstacle is key to unlocking the continent's social and economic potential. We partner with public and private institutions to plan and provide accessible and sustainable energy solutions, based on the understanding that in Africa, decisions about energy are intimately linked to decisions made in other sectors through the water-energy-food nexus.



Resilience

To support growth and stable economic development, countries need to transform their ability to sustainably manage their water, land, forests, food and energy resources. We analyse the water-food-energy nexus in a community, design an integrated plan for managing its resources, and explore funding options.

Our approach is multidisciplinary, cross-sectoral and effective, establishing financing mechanisms that enable rural communities to develop resilient livelihoods.



Transport

Transport and mobility are essential catalysts for development. We assist clients and partners at all stages of projects in this sector, from conceptualisation and preparation to detailed planning and design, implementation, and operation.

Our work has ranged from engagement with South Africa's Western Cape Department of Transport to conceptualise and implement the Provincial Sustainable Transports Programme, to support for Dar es Salaam's Bus Rapid Transport system.



Waste

Waste is a significant risk to our planet, threatening ecosystems integral to life. We work closely with our public and private sector partners enabling them to develop alternative and sustainable waste management systems and infrastructures.

Our work has ranged from solving waste and energy problems in Cape Verde through interventions in greenhouse gas emissions and waste management, to formulating financial instruments that assist in extracting value from waste for South African municipalities.

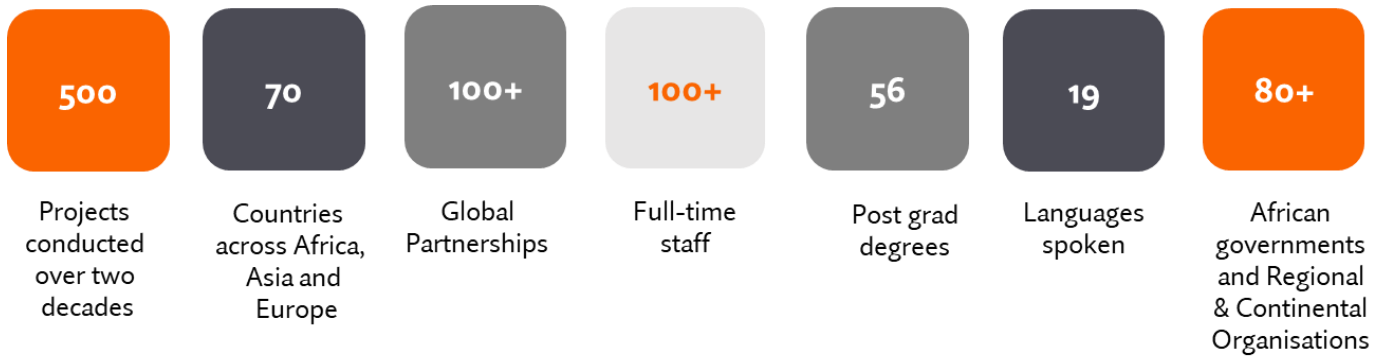


Water

Water is life – and a commodity in increasingly higher demand. We have partnered with several African and international institutions to develop strategies and implement projects that protect, manage and distribute this fundamental natural resource.

We specialise in water stewardship, natural resource management, capacity development, stakeholder analysis, engagement and facilitation, as well as providing support to water management institutions.

PEGASYS BY THE NUMBERS



Today's challenges call for fresh perspectives, insightful strategies, and pragmatic solutions. We don't just offer services; we provide holistic solutions. Through an interdisciplinary lens, we rethink traditional approaches, and adapt and innovate across our core sectors.

SETTING THE DIRECTION

- **Imagining resilient futures** through development strategies and investments that withstand future uncertainty.
- **Shaping pragmatic policy** that balances political imperatives, the needs of people on the ground, and actual implementation capacity.
- **Formulating realistic strategies** that prioritise action and channel resources to achieve clearly defined objectives.
- **Unlocking economic value** through natural resource planning and infrastructure that supports equitable development.
- **Creating innovative programmes** that balance the goals of our clients with the local conditions.

MAKING IT HAPPEN

- **Implementing transformational programmes** by setting up and running projects with high delivery output.
- **Rethinking finance** with innovative ways to access public and private finance that enable infrastructure development.
- **Negotiating sustainable transactions** through development projects that ensure sustainability over the operating life of an investment.
- **Transforming service delivery** by changing the way public services are delivered to support inclusive growth.
- **Generating robust infrastructure** with strategies that facilitate investment.

GETTING FUTURE STRUCTURES IN PLACE

- **Revitalising public institutions** by working with the public sector to strengthen the way government carries out its mandate.
- **Forging effective partnerships** by integrating public, private, and civil interests to manage concerns and formulate solutions.
- **Engaging essential stakeholders** by encouraging ownership and diversity of perspectives in decision-making.
- **Cultivating dynamic organisations** by designing structures and systems that ensure our clients deliver effectively on their mandates.
- **Strengthening clients' critical** capacity by improving the environment, resources, skills and networks.

OUR GLOBAL PARTNERS

We find the greatest success in forging partnerships with our clients. **We build relationships of trust and understanding, examining and reflecting on the key questions and challenges that our clients face, translating these into opportunities for meaningful change.**

We have worked with more than 180 clients, ranging from Development Financing Institutions (DFIs), bilateral funders, foundations and development partners like the World Bank, African Development Bank, United Nations, the European Union, the UK's Foreign, Commonwealth & Development Office (FCDO), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), WWF, and the Nature Conservancy, as well as national ministries, regional and continental organisations, and thematic programmes focusing on infrastructure and natural resources.

From the outset, we build relationships of trust and understanding, examining and reflecting on the key questions and challenges that our clients face, translating these into opportunities for meaningful change. We create project teams based on the needs of our clients and our shared insights into how to best serve those needs. To this end, we lean on a diverse set of in-house skills supported by an extensive network of consultancies and academic institutions. We are solutions-driven, innovative and flexible to address continuously changing needs, and to respond to learnings as they emerge during a project.



3 Executive Summary

Since joining UNGC in January 2018, we began incorporating its Ten Principles into our business strategies, policies, and procedures, as well as into our culture of integrity. We communicate these commitments into the Pegasys Standards of Business Conduct, and the “Pegasys Way”, as well as policy manuals that guide all our work.

Over the past year, we have closely examined the impacts of the COVID-19 pandemic on our operations and identified valuable lessons that can be applied to our sustainability efforts. One of these has been a move to a Hybrid Office working environment. By leveraging the knowledge gained from this challenging period, we are confident in our ability to enhance sustainability practices and promote long-term success.

Significant progress has been made towards environmental sustainability goals, including completing the first carbon footprint report and developing a carbon reduction plan. This aligns with the company's commitment to the net-zero initiative.

Furthermore, our consulting company is dedicated to working closely with key stakeholder and clients on key projects focused on sustainability initiatives. We understand the urgent need to address pressing environmental challenges, such as climate change, water scarcity, waste management, natural resource conservation, and infrastructure development. With a team of experienced experts and a deep understanding of sustainable practices, we collaborate with our clients to develop innovative solutions that have a positive impact on the planet. By leveraging our expertise and passion for sustainability, we aim to drive positive change and create a greener, more sustainable future for all.

Corporate governance plays a pivotal role in sustainability efforts. Recognizing this, we have refined our corporate initiatives to enhance governance practices, ensuring accountability, transparency, and ethical conduct across all levels of our organization. By strengthening our governance framework, we are better equipped to address sustainability challenges, mitigate risks, and seize opportunities for positive impact. We believe that robust governance is fundamental to achieving long-term sustainability goals.

Overall, the company's commitment to sustainability is deep-rooted in its values and seen as a responsibility towards the environment, stakeholders, and society. The Pegasys Way continues to guide its operations and interactions with clients, partners, and stakeholders globally, and the company encourages stakeholders to hold it accountable to these standards.

4 Description of Actions

4.1 HUMAN RIGHTS PRINCIPLES

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

Pegasys firmly supports the **Universal Declaration of Human Rights** and is dedicated to upholding international human rights standards in its operations and relationships. The company's commitment includes advocating for rights such as freedom of association and collective bargaining, eliminating child labour and modern slavery, and eradicating racial and gender discrimination. Pegasys is also focused on creating a workplace that empowers employees and the wider community, ensuring inclusivity regardless of sexual orientation, physical ability, or mental health.

This adherence to human rights is deeply embedded in the **Pegasys Code of Conduct and Business Ethics**. The Code explicitly states Pegasys's support for protecting human and employment rights at both local and international levels. It emphasizes the company's dedication to treating everyone with fairness, equality, and respect, thereby cultivating an open, transparent, and trust-filled environment free from prejudice, discrimination, harassment, and any form of victimization.

Furthermore, Pegasys commits to upholding the standards set by the **International Labour Organization (ILO)** and its eight conventions. These conventions focus on promoting equal opportunities for all genders to secure decent, productive work in a safe and dignified environment. Pegasys already integrates these standards into its policies and practices.

In addition to these fundamental commitments, Pegasys aims to actively implement measures that contribute to the realization of human rights. This includes fostering a diverse, inclusive, and accessible workplace. By doing so, Pegasys aligns itself with best-practice international standards in human rights.

ACTIONS IN THE LAST YEAR:

- In collaboration with a principal client, we embarked on a sustainability project, prompted by the COVID-19 pandemic, which underscored the urgent need for municipalities to bolster their resilience against the detrimental effects of pandemics on both the economy and community livelihoods. In response, support was provided to incorporate COVID-19 considerations into the City's Disaster Management Plan (DMP). This plan is designed to ensure continuous business operations, service and supply assurance, and the health of citizens during emergencies.

- Pegasys requires all contractors to complete an “ethical” declaration as part of our **Due Diligence Portal** prior to contracting. This includes compliance to our ethical policies in relation to Code of Conduct, Safeguarding, Equal Opportunity and Whistleblowing.
- Due to COVID-19, we found creative ways to work remotely and despite the harsh global economic conditions, the Company did not terminate any of its employees.
- Pegasys continues to introduce all new staff members to our company principles, **Code of Conduct and Business Ethics** through our **Induction Programme** and each employee receives an **‘Employee Handbook’**.
- Pegasys undertakes annual training for all staff on several ethical policy documents, procedures and statements applicable, which confirm Pegasys’ commitment to protecting basic human rights. These include, among others, the applicable grievance procedures, the **whistle-blower procedure** and respective **recruitment and selection policies**. **All our policies are easily available to all staff through our Corporate Intranet.**
 - Data Protection
 - Anti-slavery and human trafficking
 - Equal Opportunity
 - Duty of Care
 - Safeguarding policy
 - Whistleblowing policy
 - Sexual Harassment
- We have made a provision in our **‘Whistle-blowing Policy’** to raise concerns internally as well as externally to a ‘whistle-blowing hotline’. All concerns will be treated in confidence and every effort will be made not to reveal the person’s identity.
- We have started implementing a more rigorous approach for operating in conflict-affected areas, ensuring that our presence does not exacerbate local tensions or conflicts and that our staff are protected.
- There have been no reported human rights offences within Pegasys to date.

4.2 LABOUR PRINCIPLES

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Aligned with the United Nations Global Compact's labour principles, our company upholds a strong Commitment to People, which is integral to our core values. We are dedicated to fostering opportunities for our team to grow professionally, achieve their career goals, and experience rewarding careers within our organization. This dedication is mirrored in our comprehensive human resources policies, systems, and activities implemented across all our offices.

Our approach to diversity is a cornerstone of our human resources strategy. We take pride in the varied skill sets and backgrounds of our staff, united by a common value system. At Pegasys, we have cultivated an inclusive environment that values and respects the diverse perspectives of all our employees, as well as those of our associates, contractors, and subcontractors.

Adhering to Pegasys's **Code of Conduct and Business Ethics**, we respect the right of our employees to join or not to join a legally recognised trade union, or any other body representing their collective interests, and establish constructive dialogue and bargain in good faith with trade unions or representative bodies on employment conditions, labour management relations and matters of mutual concern, to the extent practicable considering national and international laws.

Our Remuneration Committee, which convenes regularly, has made significant strides over the past year. We have successfully aligned our practices with market standards and continue to reward our employees within the top quartile of our peer group, ensuring fair and competitive compensation. This commitment to fair remuneration is a testament to our dedication to the principles of decent work and economic growth, as advocated by the United Nations Global Compact.

ACTIONS IN THE LAST YEAR:

- In collaboration with a principal client, we embarked on another sustainability project. We were tasked with consolidating and coordinating the gender mainstreaming policies and initiatives previously undertaken by the client and ensure these were in harmony with both national and international frameworks for gender mainstreaming. The focus of the client was to overcome barriers in infrastructure, particularly from South African, SADC, and broader African perspectives, by fostering investment in women-led projects.
- We adhere to the South African Employment Equity Act for our South African office, and report annually to government on our Employment Equity Report.

- We ensure we continuously “benchmark” our staff across the global standards to ensure equal wage standards are met.
- We continue to follow through with our annual performance review process.
- We continue to ensure that employment-related decisions are based on relevant and objective criteria through our “remuneration committee”.
- The Pegasys **EDI Committee (Equality, Diversity and Inclusivity) continues to meet to** measure and track the organization’s commitment and progress of its transformation objectives. As we journeyed through the Covid era with uncertainty about the impact that it would have on our people, teams and culture, we soon came to realise the significance of this ‘new norm’ in our post-covid hybrid working life. So, this year our focus has been driven by the purpose of reintegration by creating meaningful initiatives that drive inclusion through participation, engagement, collaboration and connection. This was experienced through all types of formats over the course of the year, from hikes to football leagues, social events and team driven activities.
- We have policies and guidelines in place on recruitment as well as contracts for all employees.
- We have in place an onboarding handbook and policies that state the right for collective bargaining. Our onboarding handbook covers policies concerning our employee rights, compensation, and responsibilities.

4.3 ENVIRONMENT PRINCIPLES

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Pegasys is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing sustainable businesses through interventions to prevent pollution, reduce waste and minimising the consumption of resources. While COVID-19 was a challenging period in our history, it has brought about many changes in the way we work that has contributed positively to our Environmental objectives.

Pegasys recognises the importance of supporting and developing global initiatives aimed at protecting the environment and conserving natural resources.

We as a company have also worked closely with key stakeholder and clients on key projects focused on addressing pressing environmental challenges, such as climate change, water scarcity, waste management, natural resource conservation, and infrastructure development.

Pegasys works in partnership with others to drive innovation, promote environmental care, increase understanding of environmental issues and disseminate good practice. Pegasys operates in compliance with all relevant environmental legislation, and we will strive to use pollution prevention and environmental best practices in all we do.

ACTIONS IN THE LAST YEAR:

- The water we use every day is directly dependent on the landscapes through which it flows, yet nearly half of global drinking water sources are significantly degraded. To tackle water insecurity, we urgently need to restore resilient, healthy watersheds from where our water is sourced. Nature-based solutions for water security (NbS-WS) offers a promising path forward. NbS-WS protects, sustainably manages, and restores natural or modified ecosystems to help alleviate water insecurity. The challenge is designing and implementing these solutions as they are complex and often lacks technical know-how and investment partners. **Pegasys has partnered with The Nature Conservancy to create The Nature for Water Facility**, a technical assistance facility that help actors across upstream watersheds prepare and implement NbS-WS projects to address their water security challenges.
- Due to COVID-19, Pegasys adopted a **full time Hybrid Office Working Environment**, which not only enabled us to focus our attention to working in a more digital environment, but also significantly reducing much of our office equipment and stationery (including lighting and paper products) volumes and has drastically minimised the use of air conditioning and lights in our office. This also in turn enables us to lower our carbon footprint related to CO2 emission produced by travelling by car and other forms of transport, by staff travelling into the office.
- Pegasys completed our first carbon footprint report and baseline period through an external consultant, including the development of a carbon reduction plan. This aligns with the company's commitment to the net-zero initiative.

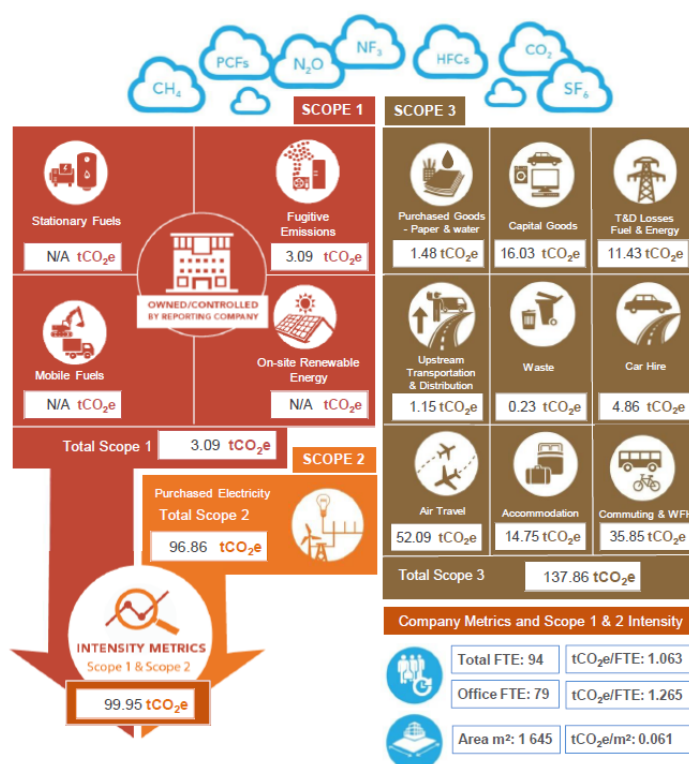


Figure 1 Summary of Pegasys's FY2022 emissions and company metrics.

- The use of DocuSign is implemented for the smooth running of the business, the use of this tool, together with the move to a more digital environment has led to a significant decrease in working paper.
- We continue to train our staff annually on our environmental sustainability policy.
- We continue to promote environmental friendliness through interactions with customers suppliers, associates and other stakeholders and increase awareness.

4.4 ANTI-CORRUPTION PRINCIPLES

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery;

Pegasys recognises that corruption is a major hindrance to the sustainable development of an organisation and its communities. The development of rules for corporate governance rules around the world has prompted Pegasys to focus on anti-corruption measures as part of our need to protect the reputation and interests of our stakeholders.

Pegasys has zero-tolerance for bribery, fraudulent and corrupt activities and will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. Pegasys is committed to conducting business in an ethical and honest manner and is committed to implementing and enforcing systems that ensure bribery, fraud and corruption is prevented.

Pegasys fosters honesty, integrity and fairness in all aspects of its business and expects the same in its relationships with all those with whom it does business. Our zero-tolerance approach to bribery, fraud and corruption is communicated to associates, contractors and sub-contractors at the outset of our relationship with them and as appropriate thereafter.

ACTIONS IN THE LAST YEAR:

- All staff are trained on our formal Anti-Bribery and Corruption policy, including our Whistleblowing policy.
- We include anti-corruption clauses in all our contracts with contractors.
- We assessed, and continue to assess, the risk of corruption when conducting all business, in line with our policy.
- The inclusion of DocuSign into our internal controls ensuring full compliance with our risk protocols.
- We have launched an internal Supplier Due Diligence database that will assist to ensure adherence to anti-corruption.
- We ensured, and continue to monitor, that all internal procedures support the company's anti-corruption commitment.

5 Measurement of Outcomes

- There have been no reports of human rights abuses or infringements during the past year.
- There have been no instances of occupational diseases, accidents or injuries at the place of work or while travelling.
- During the year, no incidents of discrimination, forced labour or compulsory labour were found to exist in the Group.
- Pegasys has not been involved in any legal cases, rulings or other events related to corruption and bribery.

