



UNITED NATIONS GLOBAL COMPACT

Communication on Progress Report

January 2023 – January 2024

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.

Since January 2018, Pegasys has actively participated in the UNGC, affirming our commitment to these principles and the Sustainable Development Goals (SDGs). As we move forward, we reaffirm our dedication to these values, recognizing their enduring significance amidst today's challenges. The SDGs provide us with a comprehensive framework to tackle global issues such as poverty, climate change, gender equality, and access to quality education and healthcare. We are committed to 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 this annual Communication on Progress, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

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."

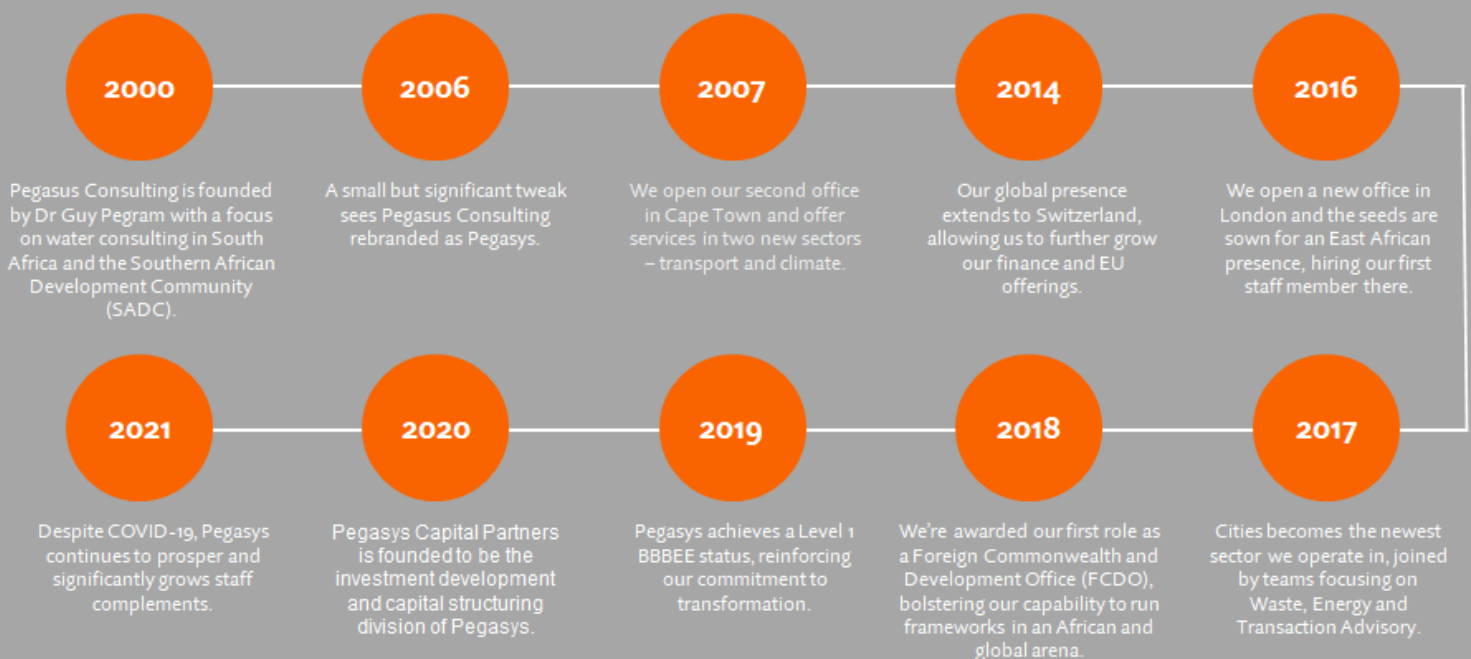
AFRICAN-HEADQUARTERED ADVISORY FIRM

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 three 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. During the past year, Pegasys collaborated on a World Bank project to support the Greater Amman Municipality (Jordan) to achieve its goals of becoming a greener and smarter city, as well as providing technical assistance on the upgrading of informal settlements in Mogadishu, Somalia and collaborating on projects pertaining to urbanisation in Rwanda.



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.

During the period under review, Pegasys collaborated in providing climate change projection scenarios and methodologies for risk assessments in Ghana and worked on the FCDO's flagship forestry programme (Forest

Governance, Markets and Climate (FGMC) which aims to simultaneously benefit poor communities and preserve forests and wildlife habitats, as part of the integration of forest and land use issues into the broader climate change agenda. Pegasys also assisted with the submissions for climate funding proposals in Pakistan, Iraq, Indonesia, Philippines, Brazil and other countries.



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.

During the past year, Pegasys has assisted the Barbadian government in the establishment of the first Green Bank in the Caribbean, underpinning its commitment to transition completely to renewable energy by 2030 whilst building resilience to climate change. As signatory to the Net Zero Carbon Buildings Accelerator (a commitment to net zero carbon by 2030 of all new buildings and all municipal buildings, and all buildings by 2050) the City of Cape Town was assisted by Pegasys in its efforts to adopt more stringent energy efficiency standards.



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.

Pegasys assisted in increasing the climate resilience of the Comoros’ sea ports by assessing climate risks, conducting stress tests and identifying resilience adaptation designs and operations. In Ethiopia, the Pegasys team developed climate change and socio-economic scenarios and adaptation strategies, resulting in a successful application for funding from the Least Developed Countries Fund (LDCF). In Rwanda, we also supported the formulation of White Papers for climate-smart agriculture.



Transport

The Transport sector is a foundation of Pegasys’ business. Transport and mobility are essential catalysts for development and increased public transport modal share reduces congestion levels, improves safety and promotes sustainability. 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.

During the last year, Pegasys has contributed to a public transport passenger demand model for the SADC region, the integrated multimodal Dubai 2040 Strategic Transportation Plan and the design of rail projects in Burundi and Tanzania. Locally, Pegasys is integral to the Western Cape Province’s Sustainable Transport Programme, as well as collaborating on Integrated Public Transport and high-speed rail initiatives in other South African cities.



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.

Pegasys supported the development of technical and organisational capacities and skills within a circular economy approach to waste management in Rwanda. Our team is also a fundamental component of several of the City of Cape Town’s waste management services projects, especially in the challenging setting of informal settlements.



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.

In the period under review, Pegasys has been engaged in several large-scale projects aimed at preserving our water resources, among others, relating to South Africa’s National Water Reuse Programme (NWRP), the Living Indus Initiative (LII), the Cubango-Okavango River Basin, the Kunene River Basin, the Orange-Senqu Basin and the Kyoga Water Management Zone.

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

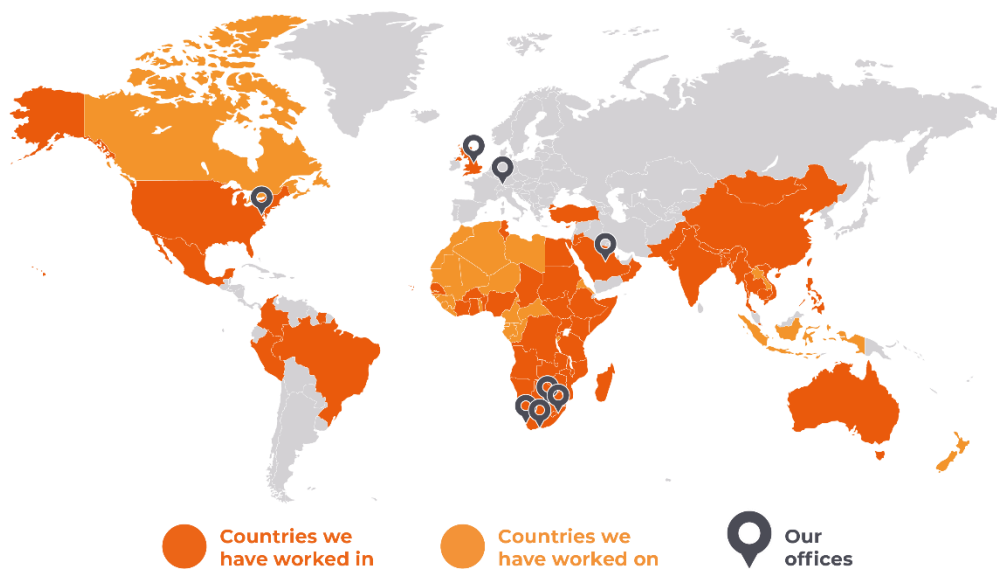
- **Revitalising public institutions** by working with the public sector to strengthen the way government carries out its mandate.
- **Forging effective partnerships** by integrating public, private, and civil interests to manage concerns and formulate solutions.
- **Engaging essential stakeholders** 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), Agence française de développement (AFD), 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. Progress has been made towards environmental sustainability goals. We completed our second Carbon Audit and our Carbon Reduction Plan, exploring ways in which to translate the insights gleaned into impactful measures within our operations, which includes improved management of international travel and duty of care to our employees.

Following the COVID-19 pandemic we closely examined the impacts of the pandemic on our operations and in line with our sustainability efforts, we have continued to maintain a Hybrid Office working environment.

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 is crucial to our sustainability efforts. To this end, we have refined our initiatives to enhance our governance practices, ensuring greater accountability, transparency, and ethical behaviour throughout our organization. By bolstering our governance framework, we are better positioned to tackle sustainability challenges, manage risks, and capitalize on opportunities for positive impact. We are convinced that strong governance is essential for achieving our long-term sustainability objectives.

Our commitment to sustainability is deeply rooted in our core values and reflects our responsibility toward the environment, stakeholders, and society at large. Guided by the Pegasys Way, we strive to uphold these values in all our interactions with clients, partners, and stakeholders worldwide. We encourage our stakeholders to hold us accountable to these standards, reinforcing our dedication to ethical and sustainable practices.

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:

- 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.
- 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 continues to undertake 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.**
- We have made changes to our Safeguarding Policy to include an anonymous incident reporting form.
- We have refined our Duty of Care and Security Risk Management Policy in order to foster a culture that emphasises the health, safety, and security of our personnel and programs, placing the well-being of our staff above profits, assets, or physical locations. This included developing a more robust Travel Risk Procedure and Guideline document for our personnel.
- 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, continuously align 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.
- 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.
- We have implemented a more robust Duty of Care and Travel Risk policy to safeguard our employees when travelling to potentially risky locations.

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 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 continues to adopt a **full time Hybrid Office Working Environment**.
- Pegasys completed our second carbon footprint report and a recalculation of our baseline period through an external consultant, including our carbon reduction plan. This aligns with the company's commitment to the net-zero initiative.

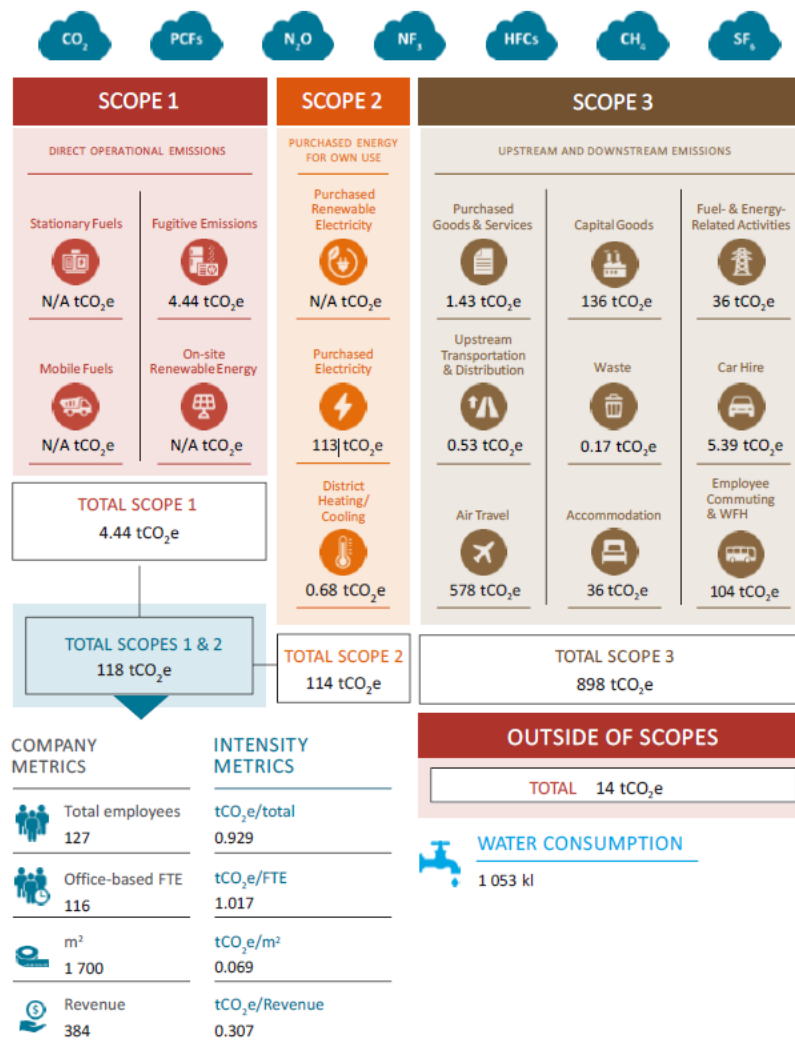


Figure 1 Summary of Pegasys's FY2023 emissions and company metrics.

- The use of DocuSign continues to be used across 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.
- We have implemented a more robust Travel Risk Procedure and Guidelines which stipulates clear guidelines and rules in relation to travel which may contribute to higher carbon emissions.

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 annually 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.
- Our internal Supplier Due Diligence database continues to assist to ensure adherence to anti-corruption, through adoption and adherence of Pegasys Policies.
- 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.

