

Code of Conduct

Introduction

Pegasystems is committed to the highest standards of ethical and legal conduct. We have adopted this Code of Conduct to communicate the ethical and legal standards we expect all Pegasystems personnel to observe when dealing with Pegasystems, their Pegasystems' colleagues, our customers, partners, suppliers and others. This Code applies to all officers, full and part-time employees, interns, natural persons retained as independent consultants and members of the Board of Directors of Pegasystems and its subsidiaries.

Our core principles are to:

- Comply with the letter and spirit of the laws and regulations applicable to our business.
- Avoid actual or perceived conflicts of interest.
- Protect our corporate assets and the confidential information of those with which we do business.
- Be honest, fair and trustworthy with customers, employees, investors and governmental agencies.
- Maintain a corporate culture that values and nurtures ethical conduct at all levels of the organization.
- Compete fairly, honestly and vigorously.
- Foster an environment that stimulates creativity and intellectual growth and encourages teams of employees to anticipate and address customer needs with energy, enthusiasm and flair.

It is your responsibility to understand and comply with these core principles and the specific policies that follow in this Code. It is also your responsibility to report any known or suspected violations of this Code in accordance with the procedures described at the end of the Code. Any violation of this Code may result in disciplinary action, including termination of employment. If a violation contravenes applicable law, such violation may also result in criminal prosecution.

It is not possible to create policies that address all circumstances or answer all questions with respect to legal and ethical conduct. When in doubt about the correct course of action, you should consult your supervisor, any officer of the company or our Chief Compliance Officer for guidance.

In addition to this Code of Conduct, Pegasystems has other policies concerning employee conduct. All employees must review and comply with these policies, which are located on the Pegasystems Intranet -- Employee Portal under "Policies".

Property and Opportunities

The equipment, tools, materials and supplies with which we accomplish our jobs have been purchased for a specific purpose. Unauthorized removal, misapplication or waste of these items

places an unnecessary financial burden on Pegasystems, handicapping our ability to operate profitably and may be a violation of criminal law.

Business opportunities identified while conducting Pegasystems' business belong to Pegasystems.

Your responsibilities:

- To protect Pegasystems' assets from theft and unauthorized, inappropriate, careless or wasteful use;
- To report any theft or attempted theft of Pegasystems' assets to your supervisor or the Chief Compliance Officer;
- To use Pegasystems' assets only for activities related to your employment with Pegasystems or for activities that have been approved in writing in advance by Pegasystems. However, you may use Pegasystems' office equipment and supplies for personal use if such use is reasonable and represents an insignificant expense to Pegasystems;
- To never use Pegasystems' assets for unlawful purposes; and
- To not take personal advantage of business or financial opportunities that you become aware of as a result of your position at Pegasystems.

Pegasystems Confidential Information

Pegasystems' trade secrets and proprietary information are valuable assets. Protection of this information is vital for Pegasystems' continued growth and competitiveness. Under the laws of most countries, a trade secret is treated as property, usually in the form of information, knowledge or know-how. The possession of a trade secret gives the owner some advantage over competitors who do not possess the information. A trade secret must not be publicly known. But it does not need to be patentable subject matter to qualify as a trade secret.

Your responsibilities:

Except when disclosure is legally mandated (and then only to the extent required by law), your responsibilities regarding Pegasystems' proprietary and trade secret information are:

- To not disclose this information to persons or organizations outside of Pegasystems, such as in conversations with visitors, suppliers or family;
- To be careful to avoid inadvertent disclosure of this information on such things as blogs, wikis, forums, public or customer presentations, etc.;
- To not use proprietary or trade secret information for your own benefit or for the benefit of persons or organizations outside Pegasystems;
- To only disclose this information to other Pegasystems personnel who need to know or use the information and who are aware that it constitutes a trade secret or proprietary information;
- To understand that proprietary and trade secret information is not always of a technical nature;

- To understand that typical proprietary and trade secret information includes Pegasystems' strategic, business, marketing, financial and product plans; revenues, profits and any unpublished financial or pricing information, methods and systems; employee rosters; customer and vendor lists and detailed information regarding customer requirements, preferences, business habits and plans;
- To understand that when you leave the employment of Pegasystems you must maintain the confidentiality of Pegasystems' proprietary and trade secret information until the information becomes publicly available or Pegasystems no longer considers it a trade secret or proprietary information; and
- To understand that when you leave the employment of Pegasystems you must return to Pegasystems (and not keep copies of) correspondence, printed matter, documents or records of any kind, describing specific process knowledge, procedures, and special Pegasystems' ways of doing things, whether classified or not.

Confidential Information of Others

It is Pegasystems' policy and practice to respect trade secrets and proprietary information of other companies and individuals. Software licensed by Pegasystems should not be used in any manner inconsistent with Pegasystems' rights and the vendor's rights as described in the licensing agreements.

Your responsibilities:

- To not reveal to any person at Pegasystems or use in connection with your work at Pegasystems any information that you believe is a trade secret or proprietary information belonging to a former employer;
- To comply with the confidentiality obligations of Pegasystems set forth in Pegasystems' agreements with others;
- To only use legitimate means to acquire a competitor's trade secrets or other confidential information. Illegal practices such as trespassing, burglary, wiretapping, bribery and stealing are obviously wrong. You also may not engage in any form of questionable intelligence gathering such as seeking confidential information from a new employee who recently worked for a competitor or misrepresenting your identity in hopes of obtaining confidential information from a competitor;
- To collect, use, process and disclose an individual's personal information in accordance with applicable law, Pegasystems' internal policies and our contractual obligations to customers; and
- To consult with the Pegasystems' Vice President and General Counsel for guidance, if there is any doubt about what constitutes a trade secret or proprietary information.

Employees

We respect, value and welcome diversity in our workforce, customers, partners and suppliers. We will comply with applicable laws and provide equal employment opportunity for all applicants and employees without regard to race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. This applies to

all areas of employment. We also provide reasonable accommodation to disabled applicants and employees to enable them to apply for and to perform the essential functions of their jobs.

We are committed to providing a workplace free of sexual harassment as well as harassment based on race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. We will not tolerate such harassment of employees by managers, co-workers or non-employees in the workplace.

We are also committed to providing a safe workplace for all employees. We expect a productive work environment to be maintained at all times.

Your responsibilities:

- To understand and comply with Pegasystems' policies that apply to employment practices;
- To report any violations of those policies to the Vice President of Human Resources;
- To not be insubordinate, or refuse or intentionally fail to perform a work assignment;
- To not be excessively tardy or absent without authorization;
- To not harass or threaten anyone either verbally, physically or through media;
- To not carry weapons or explosives of any sort (even for employees with permits or licenses) on Pegasystems' premises or when conducting Pegasystems' business;
- To not drive a motor vehicle or operate Pegasystems' equipment or perform any Pegasystems' duties while under the influence of alcohol or controlled substances;
- To limit consumption of alcoholic beverages on Pegasystems' premises to specific Pegasystems' celebratory events approved by an authorized officer of Pegasystems;
- To not threaten, fight or attempt bodily harm on another; and
- To not store any contraband, illegal drugs, toxic materials, weapons or explosives on Pegasystems' property.

Activities Outside of Work

Employees are expected to be of high moral and legal character outside of work, and not to act in ways that might reasonably tarnish Pegasystems' reputation. Employees who are charged or convicted of felonies, or are engaged in other activities that are materially inconsistent with this expectation, may be suspended and/or dismissed.

Your responsibilities:

- To promptly report to the Vice President of Human Resources if you are ever charged with, or convicted of, a felony or engage in any other conduct outside of work that might reasonably tarnish Pegasystems' reputation.

Conflict of Interest

Employees and independent contractors must act in the best interests of Pegasystems. You must refrain from engaging in any activity or having a personal interest that presents a "conflict of

interest." A conflict of interest occurs when a private interest (or that of an immediate family member or member of your household) interferes, or appears to interfere, with the interests of Pegasystems. A conflict of interest may arise whenever you take any action or have interests that prevent you from performing your Pegasystems duties and responsibilities honestly, objectively and effectively.

Examples of situations that could constitute a conflict of interest:

- Conducting business with a company owned, partially owned, or controlled by you or a member of your family or household;
- Ownership of more than two percent of the stock of a company that competes or does business with Pegasystems (other than indirect ownership as a result of owning a widely-held mutual fund);
- Working as an employee or a consultant for a competitor, regulatory government entity, customer, partner or supplier of Pegasystems;
- Doing any work for a third party that may adversely affect your performance or judgment on the job or diminish your ability to devote the necessary time and attention to your duties; and
- Appropriating or diverting to yourself or others any business opportunity or idea in which Pegasystems might have an interest.

Your responsibilities:

- To disclose, if you are a non-officer employee, intern or independent contractor, any material transaction or relationship that reasonably could be expected to give rise to an actual or perceived conflict of interest to the Chief Executive Officer;
- To avoid any actual or perceived conflict of interest situation unless you obtain the prior written approval of the Chief Executive Officer;
- To obtain the approval of the Audit Committee before hiring on behalf of Pegasystems any former or current partner, principal or professional employee of Pegasystems' independent auditor in order to avoid jeopardizing the independence of Pegasystems' independent auditor.

Loans to Executive Officers and Directors

Pegasystems will not, directly or indirectly, extend or maintain credit, or arrange for an extension of credit in the form of a personal loan to or for any executive officer or member of the Board of Directors of Pegasystems in violation of Section 402 of the Sarbanes-Oxley Act of 2002. For this purpose, an "executive officer" is defined as the President, any vice president in charge of a principal business unit, division or function, any other officer who performs a policy making function or any other person who performs similar policy making functions for Pegasystems.

Gifts

It is Pegasystems' policy that you or members of your immediate family may not give or accept gifts, in any form, if such gifts would influence inappropriately or appear to influence

inappropriately business decisions or judgments by you or our customers, partners, suppliers or others doing business with Pegasystems.

Your responsibilities:

- To not solicit gifts from anyone;
- To avoid even the implication of impropriety, you should decline any gift from current or prospective customers, suppliers or partners, other than gifts that do not have substantial value;
- To not offer money, gifts or other items or services of value to current or prospective customers, suppliers or partners unless they:
- Are consistent with customary business practices;
- Do not have substantial monetary value and would not be viewed as improper by others; and
- Do not violate applicable laws or regulations.
- When giving a gift, to take reasonable precautions to ensure it will not violate the policies of the recipient's firm;
- To properly record all gift expenses in Pegasystems' records and accounts;
- To seek guidance from the Chief Compliance Officer whenever there is any question about the appropriateness of any gift; and
- To obtain the approval of the Chief Executive Officer before giving or accepting any gift with a value of more than \$500 (the Chief Executive Officer is required to obtain the approval of the Board of Directors before giving or accepting any such gift).

Entertainment

It is Pegasystems' policy that you or members of your immediate family may not provide or accept entertainment, in any form, if such entertainment would influence inappropriately or appear to influence inappropriately business decisions or judgments by you or our customers, partners, suppliers or others doing business with Pegasystems.

Your responsibilities:

- To not solicit entertainment from anyone;
- To avoid even the implication of impropriety, you should decline any entertainment from current or prospective customers, suppliers or partners, except for infrequent business entertainment that is modest and customary;
- To not offer entertainment to a current or prospective supplier, customer or partner unless it:
 - Is reasonable and consistent with customary business practices; and
 - Does not violate applicable laws or regulations.
- To use common sense, decorum and moderation in providing entertainment to customers or others on behalf of Pegasystems;
- When offering entertainment, take reasonable precautions to ensure it will not violate the policies of the recipient's firm;
- To properly record all entertainment expenses in Pegasystems' records and accounts; and

- To seek guidance from the Chief Compliance Officer whenever there is any question about the appropriateness of any entertainment.

Government Relations

Pegasystems' policy is to seek business from governmental agencies solely on the basis of superior price, performance, reliability, delivery or customer service versus our competitors.

Our policy prohibits the payment or gift, whether made directly or indirectly, of corporate funds or other assets to any political party or committee, to any candidate for public office and to any official or employee of any local, state or federal government agency of the United States or of any foreign country. The prohibition of payments applies to employees or persons acting on behalf of Pegasystems and its subsidiaries. It also extends to any payment or gift granted to a third party, whether it be an individual or a corporation, in which there is an understanding or presumption that part of or all of the payment or gift may ultimately be paid to any political party or committee, candidate for public office, governmental official or employee. This does not prohibit infrequent modest business meals or infrequent modest entertainment that is permitted by law and meets the criteria of Pegasystems' policy on gifts and entertainment.

Your responsibilities:

- To inquire of the intended recipient of any gift or entertainment about the gift and entertainment limitations of the applicable government agency; and
- To be alert to any special payment requests from third parties for obtaining business from government agencies.

Fair Competition

It is our policy to compete vigorously and energetically, but also honestly and fairly in accordance with basic ethical principles. It is also our policy to comply with anti-trust laws and regulations.

Your responsibilities:

- To rely on the quality and merits of Pegasystems' products or services and not knowingly make false or misleading statements about competitors' products;
- When you come in contact with competitors by attending the same seminars, trade association events or other normal business activities, you should not collaborate on such things as bids, prices, production or marketing policies including territorial or customer allocation;
- To avoid the appearance of collusion, when you are in contact with Pegasystems' competitors you should refrain from discussing such topics as terms of a prospective sale, pricing or marketing policies; and
- To consult with the Vice President, General Counsel on any issues or situations that may be questionable.

Compliance with Applicable Laws

All Pegasystems people are expected to comply with all applicable local, state and federal laws and regulations, both domestic and international, and refrain from illegal, dishonest or unethical conduct. Although laws and resolutions may sometimes be ambiguous and difficult to interpret, we expect you to make a good faith effort to follow both the letter and spirit of the law. It is important to understand that the laws of one jurisdiction may apply to activity in another jurisdiction. You are required to comply with all laws applying to a particular activity.

Your responsibilities:

- To seek advice from the Vice President, General Counsel if you are uncertain about the applicable law.

Fair and Accurate Filings

We are required under U.S. federal securities laws to provide the public with periodic disclosure regarding our business and financial condition (such as quarterly and annual reports and materials for our annual shareholders' meeting). We provide additional disclosures to the public through our quarterly earnings calls and press releases.

We have created disclosure controls and procedures which are designed to ensure that all public disclosures are accurate, complete and timely. We have also created a Disclosure Committee to ensure compliance with the disclosure controls and procedures and to evaluate the effectiveness of those controls and procedures on a regular basis.

Your responsibilities:

- If you participate in the preparation or dissemination of our public disclosures, or provide information that you know may be used in the preparation of those disclosures, you have a legal and ethical duty to ensure that the content of the disclosures is accurate, complete and timely.
- If you become aware that our public disclosures are not accurate, complete and timely, or become aware of a transaction or development you believe may require disclosure, you should report the matter immediately to a member of the Disclosure Committee. Our Disclosure Committee includes our Vice President Finance, our Corporate Controller, our Vice President and General Counsel and certain other appointed people. If you would like to know the other members of the Disclosure Committee, please contact our Vice President and General Counsel.
- You must not disclose outside of Pegasystems material, non-public information about Pegasystems until such information has been publicly disclosed in our SEC filings, earnings releases, analyst conferences or through other authorized disclosure channels.

Accuracy of Books and Records

We are required under U.S. federal securities laws and generally accepted accounting principles to keep books, records and accounts that accurately reflect all transactions and to provide an adequate system of internal accounting and controls.

All Pegasystems' personnel who exercise supervisory duties over Pegasystems assets or records are expected to establish and implement appropriate internal controls over all areas of their responsibility. This will help ensure the safeguarding of Pegasystems' assets and the accuracy of our financial records and reports. We have adopted various types of internal controls and procedures as required to meet internal needs and applicable laws and regulations.

Your responsibilities:

- You are expected to ensure that those portions of our books, records and accounts for which you have responsibility are valid, complete, accurate and supported by appropriate documentation in verifiable form.
- You should not:
 - Maintain any undisclosed or unrecorded funds or "off the book" assets;
 - Establish or maintain improper, misleading, incomplete or fraudulent accounting documentation or financial reporting;
 - Record revenue for any license or service engagement that does not fully comply with Pegasystems' revenue recognition guidelines;
 - Make any payment for purposes other than those described in the documents supporting the payment;
 - Submit or approve any expense report where you know or suspect that any portion of the underlying expenses were not incurred or are not accurate; or
 - Sign any documents believed to be inaccurate or untruthful.
- You are expected to follow our internal controls and procedures to the extent they apply to you, to assure the complete and accurate recording of all transactions.
- If you are involved with accounting entries or adjustments and believe that any such entries or adjustments may materially depart from generally accepted accounting principles, you should report your concerns to our Chief Compliance Officer or to our Audit Committee.
- You must not interfere with or seek to improperly influence (directly or indirectly) the review or auditing of our financial records by our Audit Committee or independent auditors.
- You should report all material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other Pegasystems' relationships with unconsolidated entities or other persons that may have material current or future effects on our financial condition or results of operations to our Chief Compliance Officer or to our Audit Committee.

Release of Company Information

Because of the importance of the legal requirements regarding disclosure of certain information to our investors, we must make certain that any information regarding our business, financial condition or operating results that is released to the public is accurate and consistent. As a result,

you should not discuss internal Pegasystems' matters with anyone outside of Pegasystems except as clearly required in the performance of your job duties. This prohibition applies particularly to inquiries about Pegasystems made by the news media, securities analysts and investors. All responses to these inquiries must be made only by authorized persons. Only the Chief Executive Officer, the Chief Financial Officer and the Director of Public Relations (and individuals specifically designated by them) are authorized to discuss information about Pegasystems with the news media, securities analysts and investors. If you receive inquiries from these sources, you should immediately refer them to one of these authorized spokespersons.

Compliance with the Code

If Issues or Questions Arise

If you become aware of any violation or suspected violation of this Code by any person, you have a right and a responsibility to point it out promptly to the Chief Compliance Officer. If you have information about suspected improper accounting or auditing matters, you should bring such information to the attention of the Chief Compliance Officer or any of the other persons specified in our "Procedures Regarding Complaints or Concerns Regarding Accounting, Internal Accounting Controls, Auditing and Other Matters" located at Pegasystems Intranet - Employee Portal under Corporate sub-heading Governance.

Pegasystems will not discipline, discriminate against or retaliate against any person who in good faith reports a violation or suspected violation of this Code.

If you are asked to depart from this Code, whether by your supervisor, another employee or anyone else, you have a right and a responsibility to seek clarification and/or guidance as to the propriety of the actions in question from the Chief Executive Officer or the Chief Compliance Officer.

Pegasystems' Chief Compliance Officer can be reached by telephone, U.S. mail or email at:

Pegasystems Inc.
Chief Compliance Officer, Confidential
101 Main Street
Cambridge, MA 02142
Telephone 866 500-7342 or 617 577-7554
Email: Compliance@pega.com

Accountability

Pegasystems has assigned to the Chief Compliance Officer overall accountability for tracking and responding to issues and questions relating to, and reported violations of, this Code. If the Chief Compliance Officer receives information regarding an alleged violation of this Code, he or such other person authorized by the Board of Directors to investigate the alleged violation shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a member of the Board of Directors, inform the Chief Executive Officer and Board of

Directors of the alleged violation, (c) determine whether it is necessary to conduct an inquiry or investigation and, if so, conduct such inquiry or investigation as he deems to be appropriate and (d) report the results of such inquiry or investigation (if any), together with a recommendation as to disposition of the matter, to the appropriate executive officer or member(s) of the Board of Directors for action, or if the alleged violation involves an executive officer or a member of the Board of Directors, report the results of such inquiry or investigation to the Board of Directors.

Pegasystems personnel are required to cooperate fully with any inquiry or investigation by Pegasystems. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge.

Consequences of Violation of the Code

Our policy is to take prompt action to enforce this Code and all other policies of Pegasystems. Depending on the seriousness of the violation and the other relevant circumstances, violations of this Code may result in warnings, reprimands, demotion, suspension, dismissal, or other disciplinary action.

Certain violations of this Code may require Pegasystems to refer the matter to the appropriate authorities for criminal prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

Waiver

There may be circumstances where a waiver of this Code is appropriate. Any request for a waiver should be in writing and should be presented to the Chief Executive Officer, who is responsible for maintaining a complete record of all requests for waivers to any of these policies and the disposition of such requests. No waiver will be effective unless it is in writing and is from an authorized representative of Pegasystems.

Any waiver of the Code for executive officers or members of the Board of Directors or any change to this Code that applies to executive officers or members of the Board of Directors may be made only by the Board of Directors or a board committee and will be disclosed as required by law or NASDAQ regulation.

Dissemination and Amendment

This Code shall be distributed periodically to each person subject to it. To ensure the continued dissemination and communication of this Code, the Chief Compliance Officer shall take, or cause to be taken, reasonable steps to communicate effectively the standards and procedures included in this Code to Pegasystems' personnel.

Pegasystems reserves the right to amend or alter this Code at any time for any reason.

This document is not an employment contract between Pegasystems and any of its employees, officers or members of the Board of Directors and does not alter Pegasystems' policy of at-will employment.