

The logo for SAPIENS, featuring the word "SAPIENS" in a bold, white, sans-serif font. A small blue swoosh underline is positioned under the letter 'A'.

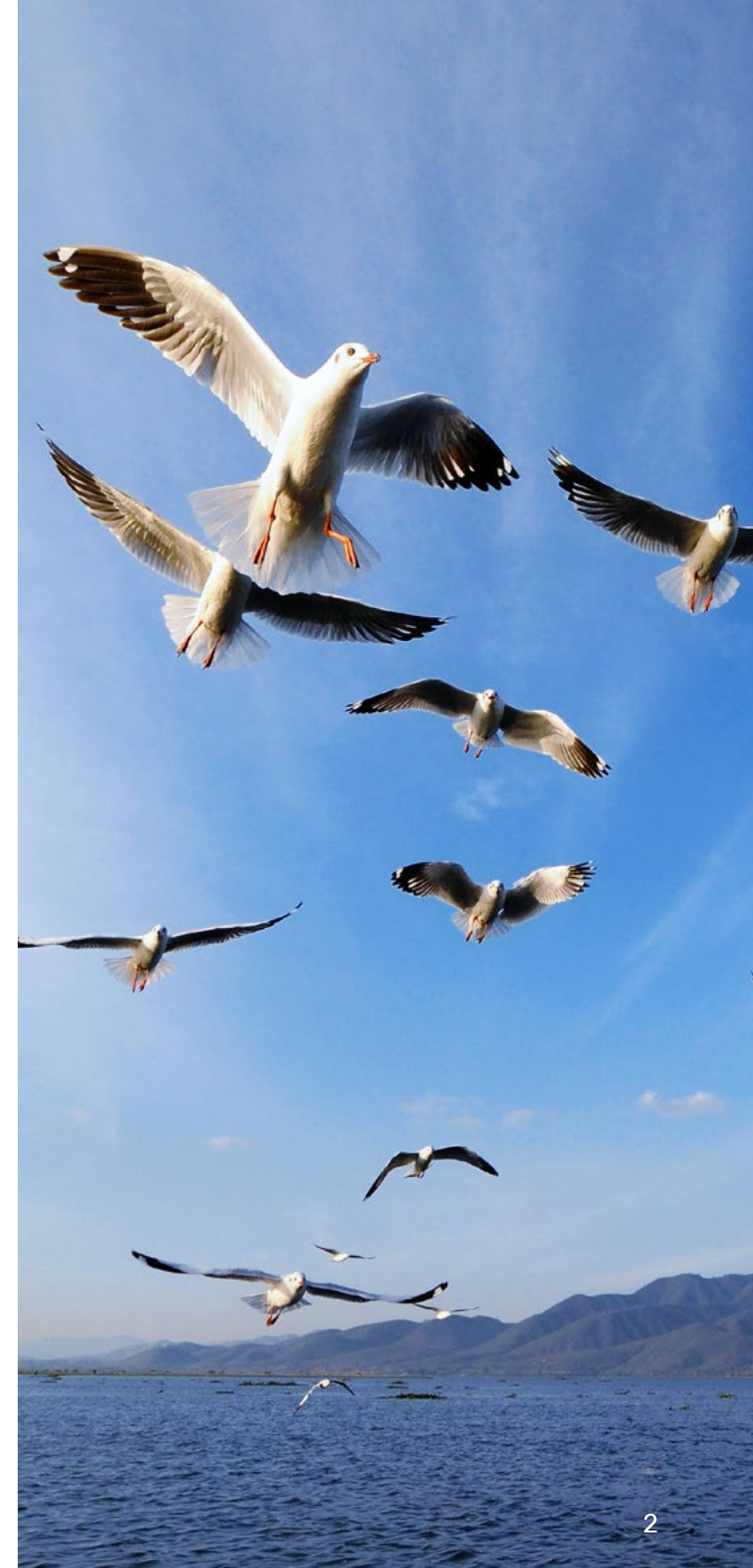
SAPIENS

The title of the report, "Environmental, Social & Governance (ESG) Report 2021", is displayed in white text. The year "2021" is highlighted in a bright blue color. The background of the entire page is a space-themed image showing the blue and white horizon of Earth from space, with a dark starry sky and several colorful circular markers in shades of blue, orange, green, and purple scattered across the upper right portion of the frame.

**Environmental,
Social
& Governance
(ESG) Report
2021**

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A Message from Sapiens President & CEO



I am proud to share Sapiens' 2021 ESG report, our second report since beginning our sustainability reporting journey. Sapiens has been active in the insurance industry for over 40 years, and we are privileged to have been a part of its evolution. As we look towards the future, we hope to continue empowering our clients to adapt to the technological revolution that is underway, and continuing to grow together with them. We are proud to provide leading insurance software solutions, and our

emphasis on product innovation continues to break barriers within our industry.

We are committed to building a better world together with our customers as we grow both our profits and our sustainability practices. In 2021 the Covid pandemic continued to pose challenges for us and the overall global economy, but we are proud of our resilience and our unwavering commitment to providing the best services to our customers.

Throughout the pandemic we provided ongoing support to our employees and communities. Our employees around the globe also worked together to support one another as we all had to adapt to the changing circumstances. We are proud of our broad reach, employing over 5,000 individuals in over 30 countries as of the publishing this report in October 2022. Our efforts in several countries helped accelerate vaccination processes and provide access to medical care. As for our environmental impact, in 2021 we began the important step of measuring and reporting our energy consumption and greenhouse gas emissions. This data will provide a baseline for understanding our

energy consumption, and as the next step will allow us to reducing our emission and make environmentally conscious business decisions.

Our success is reflected in industry analyst awards, from Celent, Gartner Magic and others. Recognition from the investor ecosystem has also been gratifying and validating. Specifically, in 2022, Ma'alot S&P Global upgraded the rating for its Series B Debentures from "ilA+" to "ilAA-". Along with achieving compound annual growth of 17% for the past decade, Sapiens has improved profitability and generated strong, consistent cash flow. The rating upgrade represents another vote of confidence in Sapiens' business model and strategy. It testifies to our long-term proven track record of growth in both revenue and profit.

As we look toward the future, we are committed to communicating to our diverse stakeholders the extent of ESG practices embedded within every aspect of our company. By measuring our progress based on sustainability standards and including our stakeholders at every step of the way, we are confident that we will continue to generate both financial profit as well as high returns for our people and planet

Sincerely,

A handwritten signature in white ink on a dark blue background. The signature is stylized and appears to read 'Roni Al-Dor'.

Roni Al-Dor
President & CEO, Sapiens

Sapiens

At a Glance







Sapiens International Corporation, a publicly traded company on NASDAQ and the Tel Aviv Stock Exchange (NASDAQ and TASE: SPNS) drives its customers' success as they seek new solutions to address their needs in the evolving insurance industry. Our goal is to be the partner of choice for insurance carriers that aim to digitally transform their business for the next generation. Sapiens offers its more than 600 customers spanning close to 30 countries around the world a rich product portfolio of integrated core and complementary software solutions, system integration, and a full digital suite. Sapiens has the ability to satisfy customers' needs for close to 40 years. Sapiens' approximately 4,000 employees, spread across five continents, ensure that our business operations are successful and sustainable.

Summary Results for Full Year 2021 (USD in Millions, except per Share Data)

	GAAP		% Change	NON-GAAP		% Change
	2021	2020		2019	2020	
Revenue	\$461.0	\$382.9	20.4%	\$463.6	\$384.5	20.6%
Gross Profit	\$187.8	\$156.0	20.4%	\$208.3	\$172.9	20.4%
Gross Margin	40.7%	40.7%	-	44.9%	45.0%	(10) bps
Operating Income	\$57.5	\$45.0	27.7%	\$81.4	\$67.9	19.8%
Operating Margin	12.5%	11.8%	70 bps	17.6%	17.7%	(10) bps
Net Income*	\$47.2	\$33.8	39.7%	\$65.5	\$52.0	26.1%
Diluted EPS	\$0.85	\$0.65	30.8%	\$1.18	\$1.00	18.0%

* Attributable to Sapiens' shareholders

2021 Sustainability Highlights

-  **1531** new employees
-  **4** offices with green certification*
-  **20%** renewable energy for Madrid office
-  **35%** women employees
33% women in Tech positions
-  **7,000** people daily helped by acceleration of vaccination process
-  Provided mentorship and support to InsurTech Startups

*Our offices in Cardiff, UK and Katowice, Poland are entirely run by green energy.

Our Impact

Sapiens caters to customers globally, focusing primarily on the insurance industry. Sapiens customers also include governmental bodies, banks, financial services groups and others. Insurers are constantly seeking new solutions to address the growing demand for digital transformation, as customer expectations evolve, and competition is on the rise.

Sapiens' "one-hand-to-shake" model offers an industry-unique combination of a rich product portfolio with cutting-edge technologies, and system integration services which enable customers to receive advanced online service, providing a safer, friendlier and more accessible ecosystem. We will continue to work closely with our customers to help them implement Sapiens' systems, meet regulations and maximize efficiency. We will also continue to introduce new capabilities to enable the expansion and transformation of their businesses.

Our solutions support agencies and brokerages in accelerating processes to gain deeper understanding of their clients and meet their expectations. Our positive impact on the insurance industry provides our clients many benefits by driving innovation further.



Our Global Footprint

Sapiens operates globally, serving mainly customers in North America, EMEA, the United Kingdom (UK) and Asia Pacific. Our organizational approach "Think global, act local" means that we have positioned our industry experts near Sapiens' customers, in order to establish and maintain strong relationships and provide fast support when necessary.

Sapiens headquarters are in Israel. As of the end of 2021, more than 40% of our employees were based in India, being involved mainly in R&D and professional services. In addition to the development, delivery and support centers in India, we also have major R&D centers in Israel, Latvia, Poland, the UK and the United States.

Our sales team is spread across our regional offices in various countries including but not limited to Australia, Canada, France, Germany, India, Israel, the Nordics, South Africa, Spain, Poland, the UK, Denmark and the US.





Recent Industry Analyst Awards

2021 XCelent P&C Claims Systems Vendors, Breadth of Functionality, EMEA

2021 XCelent Customer Base for 2020 acquired company Tia Technology, EMEA

2021 XCelent P&C Policy Administration Systems, Breadth of Functionality, EMEA

2020 XCelent Life, New Business & Underwriting Systems, Breadth of Functionality, North America

2020 XCelent Life Insurance Illustration Systems, Advanced Technology and Breadth of Functionality, North America

2020 Gartner Magic Quadrant Leader, Non-Life Insurance Platforms, Europe

2020 Gartner Magic Quadrant Leader, Life Insurance Policy Administration Systems, Europe

2019 Gartner Magic Quadrant Leader, Non-Life Insurance Platforms, Europe

2019 XCelent Advanced Life & Pension Technology, EMEA

2019 Gartner Hype Cycle Legal and Compliance Technologies, Decision Management Sample Vendor

2018 Gartner Magic Quadrant Leader Non-Life Insurance Platforms, Europe

2018 XCelent P&C Policy Administration, Advanced Technology, EMEA

Sapiens Core Suite for Life and Pensions is recognized as a leader in Gartner's Magic Quadrant for "Critical Capabilities for Life Insurance Policy Administration Systems, Europe". Sapiens' CoreSuite for Life and Pension supports multiple lines of business for both individual and group life, annuities, investments and medical products in a single, end-to-end system. It offers a 360-degree view of the customer from the policy administration system, across all distribution channels and communication streams. CoreSuite helps insurers accelerate time to market with streamlined and simplified business processes and open architecture. The suite now offers one-click, cloud-native architecture for quick and easy provisioning, security and scale.



Roni Al-Dor
President and CEO, Sapiens

Since the insurance industry is such a financially strong sector, insurtechs sprout up like mushrooms after a rain shower. I think one can certainly say that technological developments affect all areas of insurance. From improving customer journey to digital enablement, from artificial intelligence and machine learning to managing new components and legacy systems. Decades-old IT system landscapes prevent insurers from rethinking processes and organization. Our main goal is to help them do this, and there is really no end in sight.

The Sapiens Management Approach to Sustainability

Sapiens' management is fully devoted to leading business responsibly and delivering value for all stakeholders: the customers, employees, investors, suppliers and communities in which they operate.

Sapiens is committed to a responsible way of conducting business. This principle is deeply incorporated in our day-to-day decision process and method of operation. We value the interests of our stakeholders to provide a safe workplace, innovate and create solutions according to their needs, and operate in a role that inspires others.

Sapiens is actively working on building strong and trustful relationships with its stakeholders. It is in our DNA to create long-lasting relationships with our customers who operate in an evolving industry. We invest time and effort to nurture our relationships with all our clients to provide a full service that supports our client's business path.

We believe that successful communication is the key to efficiency. For that reason, we use multiple channels for dialogue with every stakeholder to keep them updated and informed. Weekly meetings and monthly roundtable meetings with the board and management are helping us to develop strong internal communication and enhance trust.

Our Sustainable Leaders

”

Roni Giladi
Chief Financial Officer

"I believe that as a leader within our industry it is important for Sapiens to pursue ESG disclosures and targets. Making business decisions which are in line with the environmental and social needs improves our ability to serve our customers, our employees and our wider stakeholder community."

”

Alex Zukerman
Chief Strategy Officer

"We listen, identify and acknowledge our customers' needs. I believe that the integration of sustainable thinking into our product development and striving to innovate and develop products that have a positive socio-economic and environmental impact supports our dedication to helping insurers transform to digital solutions and move to the cloud."



”

Liana Gelikas
President, P&C and Reinsurance
Division

"I am proud to work for a company that offers meaningful insurance technology which supports and protects business owners, families and individuals in both times hardship and joy."

”

Noa Brummer
Chief Human Resources Officer

"Our employees are the beating heart of our operations. We strive to foster an environment of growth, equal opportunity and inclusivity that inspires personal and professional development. Sapiens is also deeply connected to the local communities where we work. We believe supporting our communities is meaningful and important for the greater good."

”

Tal Sharon
Life & Pension and
IPELS Divisions

"I am proudly working in an industry that assists and supports families and businesses in need. The Life & Pension, especially the long-term savings industry, is seeking innovative solutions that we are proud to supply. Knowing that our solutions have an impact on our society is an amazing experience and one of my main drivers to innovate advanced technological solutions for insurance companies."

”

Dina Vince
Head of Investor Relations

"ESG is an important journey, and we are just getting started. The rapidly evolving expectations for businesses engagement is redefining financial disclosures. We view this report as an opportunity for Sapiens to expand communication around our ESG business practices to stakeholders and foster long-term relationships."

”

Ofer Barhom
Vice President Operations

"In today's world, ESG-related decisions and actions taken by management and employees clearly impact the operational efficiency and future success of a company. It is our responsibility to further advance Sapiens' operations of facilities, suppliers, cyber, and IT investments, while including a sustainable approach in all our practices."



Our material issues and impact on SDGs

In 2019 Sapiens conducted an internal ESG gap analysis to assess our sustainability practices and define focus areas. The topics below were shortlisted based on benchmark research, ESG methodologies and input from various stakeholders, including senior management.



Our priority issues are split into the three pillars:



Environment

- Advanced Sustainable Technologies and Solutions
- Energy Efficient Data Centers
- Energy Management
- Green IT Practices
- Green Office Practices
- Greenhouse Gas Emissions (GHG)
- Waste Management



Social

- Community Engagement
- Development of Innovation
- Employee Attraction and Retention
- Employee Development and Career Growth
- Employee Diversity
- Employee Engagement and Satisfaction
- Employee Wellbeing and Motivation
- Sustainability in the Supply Chain



Governance

- Business Continuity
- Corporate Governance
- Customer Satisfaction and Dialogue with Customers
- Data Privacy and Cybersecurity
- Ethical Business Practices
- Intellectual Property Protection and Competitive Behavior
- Managing Systematic Risks from Technology Disruption

United Nations Sustainable Development Goals

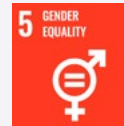
The United Nations Sustainable Development Goals (UN SDGs), officially adopted by 193 countries, are the blueprint to achieve a better and more sustainable future for all by 2030. Sapiens joins the global efforts in achieving these goals by integrating targets listed under SDGs 4, 5, 7, 8, 12, 13 into our business activities. We strive to create our business operations in accordance with the principles of corporate responsibility and make a positive environmental and socio-economic change..

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UN SDG 4 – Quality Education

Quality education enables upward socioeconomic mobility and is a minimum basis for a better future. We strive to help youth and adults to have relevant skills for employment, decent jobs and entrepreneurship. In addition to the career and development programs for our employees, Sapiens, together with its partners, strive to improve access to education for girls across the world and provide school access for children from the underprivileged families.



UN SDG 5 – Gender Equality

Gender equality is not only a fundamental human right but also a necessary foundation for a peaceful, prosperous and sustainable world. SDG 5 is dedicated to gender equality, opportunity, and empowerment of women and girls worldwide. We promote gender equality with our fair hiring practices that encourage women of all backgrounds to join the STEM field workforce and develop their careers with us.



UN SDG 7 – Affordable and Clean Energy

Energy is the dominant contributor to climate change. Increasing energy efficiency is an ultimate goal on the way towards net zero. We at Sapiens are focusing on upgrading our internal operations and, more significantly, on providing our clients with software solutions, such as Sapiens Digital Suite, Sapiens Ecosystem, Sapiens ChatBot and LiveChat, that reduce energy footprint of insurance companies.



UN SDG 8 – Decent Work and Economic Growth

Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs. In doing so, SDG 8 promotes inclusive and sustainable economic growth, employment, and decent work for all. This will drive progress and create jobs while improving living standards. We aim to hire locally wherever we operate so that we can promote higher levels of economic activity and productivity. We offer training and employee development programs to ensure that all our employees can succeed and flourish in their career.



UN SDG 12 – Responsible Consumption and Production

A driving force of the global economy is consumption and production, which is why SDG 12 aims to ensure sustainable consumption and production patterns. It focuses on decoupling economic growth from environmental degradation, increasing resource efficiency, and promoting sustainable lifestyles. Through our services and products, we encourage companies, especially large and transnational companies, to adopt sustainable practices such as moving their operations to the cloud.



UN SDG 13 – Climate Action

Climate change is a global challenge that affects everyone, everywhere. We have to take urgent action to combat climate change and its impact. For that reason, SDG 13 aims to lower CO2 emission, to prevent global warming to 1.5°C and sea-level rise. Sapiens strives to reduce greenhouse gas emissions and our carbon footprint by implementing various green office practices and reducing business related travel.



Impactful **Products & Services**





"Together we're stronger than the sum of our parts"

Sapiens is committed to helping our customers transform their insurance businesses across all domains and geographies. Our solutions and services help to modernize, digitalize and automate insurance carriers' processes to create greater organizational efficiency, reduce costs, manage risks and provide a better end-user experience. Our offerings not only enable our customers to effectively manage their core business functions, they support insurers on their path to digital transformation.

Our Solutions



Property & Casualty (P&C)

A comprehensive software platform and solution supporting a broad range of business lines, including personal, commercial, Medical Professional Liability (MPL) and specialty lines, as well as reinsurance and workers' compensation.



Life, Pension, and Annuities (L&A)

A comprehensive, cloud-based, digital software platform, suite and complementary solutions for the management of a diversified range of products for life, pension & annuities.



Digital

Sapiens cloud-based DigitalSuite enables insurers to incorporate a fully digital experience for customers, agents and employers, enhancing insurers' engagement with customers and their end-consumers' experience and fostering rapid time to market for new digital initiatives.



Data and Analytics

An advanced data and analytics platform, which includes: an analytics solution that drives analytics adoption across the organization with compelling, insightful dashboards and apps; a comprehensive BI solution with pre-configured reports, dashboards and scorecards; predictive analytics, which uses AI and Machine Learning to generate actionable insights based on various models across the insurance value chain.



Reinsurance

A market-leading complete reinsurance software solution for full financial control and auditing support.



Workers' Compensation

Full end-to-end solutions to handle comprehensive workers' compensation policy/billing and claims needs.



Financial & Compliance

Financial & Compliance solutions comprised of both annual statements and insurance accounting software.



Decision Management

Sapiens DECISION is an enterprise-scale platform that enables institutions and "citizen developers" across verticals to centrally author, store and manage all organizational business logic – to track, verify and ensure that every decision is based on the most up-to-date rules and policies.



Technology-Based

Tailor-made solutions (serving multiple markets and verticals, not necessarily insurance or financial services market) based on our Sapiens eMerge platform, which provides end-to-end, modular business solutions, ensuring rapid time to market.



CASE: Anadolu Sigorta

Turkish insurer Anadolu Sigorta, one of Turkey's top 10 most valuable business brands across multiple industries, was experiencing demand from consumers for faster service across all channels, which accelerated during the pandemic. Before partnering with Sapiens, their platform relied heavily on customization and coding, making simultaneous product launches and workstreams challenging. Anadolu's complex web-services limited their ability to engage with partners to improve distribution and customer service.

Sapiens IDITSuite for Property and Casualty was the solution as a cloud-first, component-based, end-to-end software solution that offers policy, billing and claims software. Using Sapiens' solution, coupled with its industry expertise, Anadolu managed to shorten time to market and improve customer experience and journey across multiple channels.



Integrating Sapiens IDITSuite powered Anadolu with:



13 new products delivered in 18 months



1.5 million additional new customer policies, as of Oct 2021



A 33% increase in external API's harnessing the insurtech ecosystem



A reduction of time-to-market for new product launches by an average of 75%- including the first Turkish 100% automated quote/buy/claim travel product and the nation's first 100% automated parametric insurance product

Quality of our Services and Customer Satisfaction

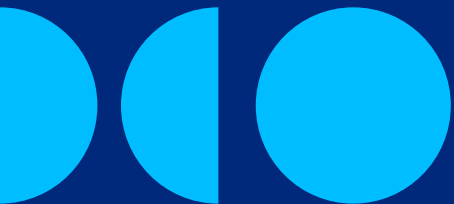
Expanding our next-generation insurance solution offering is key to Sapiens, as it enables us to grow, upsell and cross-sell into our existing customers and attract new ones. Sapiens develops cutting-edge software used at the core of our customer's operations while providing an outstanding integration service based on the "one-hand-to-shake" concept. With one point of contact for all product-related and delivery processes, we offer accountability across all aspects of a project.

At Sapiens we invest heavily in order to bring our solutions and services up to the latest client expectations for what a "great Policy Administration and Servicing (PAS) solution" needs to be.



Rose Troller
VP Product and Data Analytics, KW Specialty

To expand our competitive edge, we were seeking a comprehensive reinsurance solution that supported both ceded and assumed business. We needed a solution that could easily we expand our reinsurance program.




Engaging Customers in Long-Term Partnerships

Understanding and addressing our customers' needs is one of our top priorities. We value our deep and long-lasting relations with our customers and partners, and therefore invest time and effort in building and nurturing them.

We take pride in the fact that our customers benefit from our vast knowledgebase, from our broad product portfolio, and from the comprehensive set of professional services provided by Sapiens, helping them with project implementation, as well as, with long term activities such as support, cloud-based managed services, transformation, change management, etc.

Sapiens provides a comprehensive digital & analytics suite, which is pre-integrated with our core solutions, across P&C; L&A, and Workers' Compensation business. Our offering is also available as a stand-alone to insurers whether they utilize our core solutions or do not.

Our DigitalSuite provides robust customer engagement and experience capabilities through a wide range of advanced tools such as:

	API Layer for integration facilitation		Portals (agent, customer, employer, etc.)		AI-based chatbots
	Omni-channel live chats		Low-code/no-code digital business processes builders, allowing e-business users to create new digital business processes extremely fast		

Throughout the years, we gained in-depth knowledge and understanding about the global insurance market. Yet, we set a high focus on also delivering local and market specific solutions.



Rich Inman
NYCM Insurance,
Accounting Supervisor

Sapiens ReinsurancePro provides significant improvements over our previous software solution by both increasing efficiencies and enhancing our data access, reporting and extract capabilities. We really appreciate the true partnership we're enjoying with Sapiens and the experienced Reinsurance team. They were with us step-by-step throughout the implementation and continue to provide excellent customer service.

Product Development with Sustainability in Mind

Sapiens solutions are the key to improving customer engagement and creating unique customer experiences, with advanced digital solutions that answer consumers' needs for speed, efficiency, reducing risk, adding value, and exceptional service. Our services and solutions enable organizations to meet their transformation goals, while significantly reducing the risk of the transformation and ensuring its success.

Implementing environmentally-friendly solutions into our product development is part of our company's responsibility to act as a sustainable company. Our customers can reduce their paper consumption, save energy and waste of resources, decrease the usage of environmental pollutants such as irons and plastic, and lower their CO2 emissions when using our products.

Impact



Reducing the usage of paper and of inefficient energy processes

By digitalizing insurance processes and the interaction of customers with insurers and transforming previously paper-based processes to digital ones. Our software minimizes the reliance on high-touch manual processes typically performed by large teams of employees in physical global footprints, minimizing the need for physical real estate.

■ Sapiens Digital Suite



Saving energy and waste of resources

Partnering with InsurTech companies for using AI-based technologies to seamlessly collect and analyze data and use it in the insurance business processes in a fully automated and digital manner, hence saving energy and waste of resources and manual work that is automated.

■ Sapiens Ecosystem



Cloud transformation reduces physical IT infrastructure usage

By providing a comprehensive service of cloud-based managed services, Sapiens drives strong cloud transformation, reduces the usage of physical IT infrastructure (irons and plastic), and increases energy efficiency.

■ Sapiens Managed Services



Reducing energy use and CO2 emissions

by digitally providing contextual and intelligence engagements with consumers via a chatbot, they are less likely to take the traditional route of travelling to a local service provider to resolve issues, which drives reducing CO2 emissions. In addition, the ChatBot and LiveChat reduce call volumes to call centers, thereby reducing the potential call center footprint and associated energy use. In addition, the ChatBot and LiveChat reduce call volumes to call centers, thereby reducing the potential call center footprint and associated energy use.

■ Sapiens ChatBot

■ Sapiens LiveChat



Case Study: DELA

One of Europe's largest and premier providers of funeral coverage was able to transform their sales with Sapiens digital technology. DELA required a solution to the complexity of final expense insurance, which is often overlooked and underutilized, requiring a different sales approach than traditional life insurance products. Leveraging expertise from Sapiens DigitalSuite, DELA has enhanced and expanded sales across business lines from its customer base of four million and counting. It uses a holistic and digitally consultative approach, from the first point of sale to the modern UI that enables users to efficiently and naturally navigate through personalized journeys.

The DigitalSuite has enabled DELA to create and employ limitless creativity to reimagine customer journeys and direct-to-consumer sales, to map consumer needs with empathetic methods, to develop an action-oriented approach to produce personalized product and services, and to provide an optimized UX/UI experience that seamlessly reacts to individual needs across channels.

CASE:

Centralizing Reinsurance Programs with Greater Efficiency, Simplicity & Ownership

A specialty insurer operating across the US whose mission is to produce an underwriting profit and superior return to their stakeholders with their creative insurance solutions was looking to streamline its reinsurance processes, dispersed teams and multiple approaches into one unified entity. The company has over 40 reinsurance programs, each with its own treaty manually calculated over Excel spreadsheets and managed in 14-15 different ways across multiple teams, causing inconsistent data, errors from human calculation, and discrepancies in teams' processes, so that data analysis became impossible and reporting was only conducted on a summary level. The insurer chose Sapiens ReinsurancePro, an efficient reinsurance administration tool that supports all types of reinsurance processing in a single, powerful platform. Our product automates the underwriting and administration of reinsurance, working directly with primary policy and claims processing systems to perform the automated identification and calculation of cessions. It also supports interfacing with a general ledger, annual statement and other systems, reducing manual work and operator error and eliminating duplicate entries. The insurance company chose to implement the system in a 3-segment approach, starting with a Minimal Viable Product (MVP) and gradually expanding into full, cross-segment implementation.

The Benefits

- Automated Reinsurance provides calculations at granular precision while eliminating human error. Processes are streamlined across all relevant teams, generating team dedication and ownership over all aspects of the reinsurance.
- Consistency across segments of all reporting, data and information has a unified look and feel. This provides a greater understanding and utilization of the generated data and information.
- Internal Control Mechanism and process were put in place, including a preset approval process where treaties are not set up until secondary review and approval have been completed.
- Proactive Data Analysis is conducted internally based on granular data versus a general summary provided by the IT department. This shift in capabilities delivers a greater hands-on approach and control over all aspects of reinsurance including complex treaties.

As a result of the implementation, the company witnessed a significant rise in team dedication, efficiency and ownership over reinsurance processes and data and allowed their senior management to focus on strategic matters and the future of the company.

Inspiring Innovation

Innovation is key to helping insurance companies go through transformations. We have R&D teams that are looking at both the short- and long-term roadmap of the various products. One of our key goals is focusing on innovations and various types of solutions that can be incorporated into each of our products. Our CTO office overlooks all technologies and works closely with all divisions.

In addition to internal innovations through our CTO, strategy and R&D teams, we place a great emphasis on partnerships and leveraging external innovations. This encompasses the development of partnerships and collaborations with other InsurTech companies, allowing us to build an ecosystem where we can consistently provide our customers with inspiring innovations.



Carol Woodruff
Vice President Information Systems, EquiTrust Life

"We were looking for one vendor to drive our digital transformation and accelerate innovation within our agent sales process. Innovation is a key pillar within EquiTrust Life, and we felt that Sapiens' digital tools would enable innovation much faster than any other competitor, while providing us industry insights and best practices. We administer financial products for retirees, and Sapiens' solution delivers a superior agent experience to market complex financial products that help protect our growing senior population"



Alan Sadler
Chief Operating Officer,
Guardian Group

"Building an autonomous company that's able to stand alone and deliver efficiency and productivity requires optimal processes around culture, people and systems. Sapiens shares the same DNA and supports our mission to operate as one integrated, customer-centric company that delivers its brand promise consistently, at every customer touch point."



Kobi Bendelak
InsurTech, CEO

"Sapiens is a great and valuable addition to our accelerator program. The company provides years of market experience, in-depth knowledge and helps start-ups to accelerate their business. We are grateful to have Sapiens on board."



We at Sapiens are honored to be part of the Israel InsurTech Accelerator program in which we act as mentors and sponsors. We help select the best startups of those participating in the program, review business plans, assist startups with their go-to-market strategy and networking, while sharing our experience and knowledge. Our top priorities are forming partnerships, helping to formulate value proposition for the benefit of our customers, and integrate innovative solutions in our product proposition. In 2021, Sapiens provided mentorship to 6 InsurTech startups.

Our InsurTech mentoring program is an ongoing process, demonstrating our deep commitment to selected mentees with whom we work. The program includes:

- A bi-annual workshop and strategy day, providing insights, advice and lectures on the market, customers, technology usage and more
- Periodic calls with specific startups for mutual brainstorming and advice
- Mentoring and hands-on advice from a wide range of experts and departments at Sapiens

Sapiens People





It's only natural that a company named Sapiens values its employees as the cornerstone, making us the partner of choice for our customers, business affiliates and suppliers. We are focused on providing our broad customer base of more than 600 insurance carriers and other financial institutions with the most comprehensive product portfolio and services.

Our approximately 4,000 professionals provide innovative solutions, to our customers around the world, from multiple continents. Sapiens is constantly looking to add the brightest, most dynamic, caring, trustworthy, and collaborative people to our family.

We strive to create a global employee experience that attracts top talent and supports employee development and wellbeing. Our employee-centric approach allows us to create a sense of wellbeing and strong connection amongst our diverse international teams, even though they are spread across 5 continents.

We create and aim to present new options and opportunities for our people to develop and grow. We define career paths for fundamental roles within Sapiens while equipping our people with the relevant knowledge and tools to take the path desired and most suitable for them.

Diversity across all levels is important to us, and we acknowledge the different skills and uniqueness that each Sapiens employee brings to the table.

Geographic Region	2021
Asia Pacific	1,732
Europe and UK	965
Israel	754
North America	593
Total Employees	4,044



The Sapiens Experience



We are always focused on caring for the physical and mental wellbeing of our employees and their families. For example, we run an employee mental health support service in several countries, in which we provide quality psychological counseling.

Caring Community Caring is the cornerstone of life at Sapiens. We value the uniqueness and humanity in each of our employees, and encourage an environment of appreciation of one another. We love to work together as a community, and support each other from every location in the world and in any time zone. Our **4C approach: Connect, Collaborate, Care, Communicate** helps create a sense of belonging, personal touch and collaboration across units, locations, geographies and cultures.

Caring for our Employees and their Families We are always focused on caring for the physical and mental wellbeing of our employees and their families.

For example, we run an employee mental health support service in several countries, in which we provide quality psychological counseling.

Our global health week consists of a vibrant celebration of health-conscious activities including sports games, activities for families, lectures and workshops, and more. We intend to continue investing in the wellbeing of our employees also in the years to come.

In general, we work to care for the families of our employees, as well, as they are part of the greater Sapiens community. We enjoy special events together, and appreciate their indirect support to Sapiens.

Be a Part of a Caring Community Be an Expert Express Yourself Grow Together Go Global



Sports in Israel



Mental health service in Israel



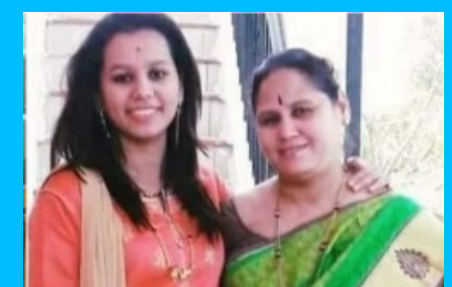
Family trip in Poland



Healthy cooking class in US



Mothers' Day celebration in India



Poland

For the past 6 years, Sapiens Poland has taken part in the Poland Business Run, the largest charity sports race which brings together over 1000 companies from various industries in the country. We run a distance of 4 km in various locations, gathering Sapiens employees for a good cause. Entry fees of each team are donated to support people with disabilities and others in need.

Latvia

As a part International Women's Day celebration at Sapiens, we have engaged with various institutions globally focused on promoting women in the technology sector. One of them was Riga Tech Girls, a non-profit organization and the first community in Latvia dedicated to educating and inspiring girls and women about technology. Sapiens Latvia offers financial support for their activity and also has participated in lectures in collaboration with the organization.

India

Sapiens India began an initiative to make railways accessible for people with disabilities and the elderly. In collaboration with the NGO Samarathanam Trust for Disabled, we revamped four railway stations across Bengaluru with accessibility options. Special features include 100 sign language announcements for the speech and hearing impaired, braille maps, signages, platform indicators and auditory signals at the entry and exit gates. These stations are the first-time audio & video boards for people with disabilities have been installed in India.

Be an Expert

For the past 6 years, Sapiens Poland has taken part in the Poland Business Run, the largest charity sports race which brings together over 1000 companies from various industries in the country. We run a distance of 4 km in various locations, gathering Sapiens employees for a good cause. Entry fees of each team are donated to support people with disabilities and others in need.

Our employees are recognized as experts worldwide. By working at Sapiens, our employees take part in the insurance digitization revolution, becoming experts in a fast-growing company with several paths for development and personal growth.

We are proud of our team's level of expertise. No matter who we're serving, we do so with care and purpose and bring our knowledge, experience and insights to the front line.



Caring for Each Other At Sapiens, we understand that a huge factor in employee wellbeing is work-life balance, and the opportunity to get to know our colleagues as individuals, independent of our work. We prioritize opportunities for fun and celebration wherever possible.



Team bonding in Turkey



Christmas party in Lithuania

Caring for Our Communities Community contribution is part of our wellbeing formula, which helps our employees take part in meaningful activities of supporting others. Whether in face-to-face or virtual mode, during 2021 we continued to conduct our community activities, concentrating mainly on children and youth, healthcare, and unique less fortunate populations. Part of the activities were dedicated to continued support of Covid-related situations in our communities.

In particular, we invested in extra support for our India team as they faced the Covid crisis. Our employees from around the world pitched in to help out their fellow employees, demonstrating the caring culture of comradery that we foster as a company. We also ran vaccination drives and organized employee donations for those suffering.



Helping the community in Israel



NICU donation in UK



Charity run in Poland



Employee Feedback from Annual Employee Survey

"The people at Sapiens are wonderful to have as coworkers. I fully trust my coworkers and management and know that they are willing to do whatever it takes to make both Sapiens and our clients successful."

Express Yourself

We are only as great as the sum of our parts, and at Sapiens, we appreciate the unique value that each individual brings to our community. We encourage a culture of listening to our people, and always encourage them to speak up and make an impact.

Communication and Transparency

We believe that a 2-way approach in communication and transparency are keys to creating a sense of belonging, engagement and motivation amongst employees. As such, we created an internal communication strategy in order to provide our people, the context, connect them to the 'bigger picture', and fill their day-to-day work with purpose. For example, every year starts with a global kickoff event with all employees, headed by the Company's CEO and senior management. Our annual employee engagement survey is administered globally to gain a sense of employees' spirit, understand their needs and draw actionable conclusions. We also conduct quarterly divisional and regional Town Halls, and encourage our people to share thoughts and ideas in frequent round table meetings with senior and cross-functional managers. We also send regular updates and communications to employees, including global and divisional newsletters.

Open Communication Nurtures Teamwork. We believe that teamwork is essential in a global company like ours, and we therefore encourage ongoing and open communication between employees, and between employees and their managers as well as with senior management.

Everyone at Sapiens is encouraged to speak freely with Human Resources functions through widely available communications channels.

When new companies are acquired, we work diligently to get acquainted with their people, culture and values, and we work

in collaboration to integrate them into Sapiens' culture and workflow, with a structured Post Merger Integration (PMI) and Change Management plan. We take pride in our proven ability to bring together under "one umbrella" people from various cultures and regions.



Brain storming on Spain



Employee feedback session in Germany



Town halls in all countries and units



Round table in India



Employee Feedback from Annual Employee Survey

"As an employee, managers and co-workers do want to hear from us. Our suggestions and opinions are taken into account when decisions are being made."

Grow Together

Sapiens' consistent growth generates and enables an abundance of opportunities for our employees to grow both professionally and personally.

We take pride in the fact that many Sapiens employees have been with the company since its inception or joined shortly after, and we acknowledge their unique position as a valuable knowledge base. We offer and promote succession plans for internal successors and clear career paths to encourage and promote talent from within. Our investments in our employees have earned us wide international recognition for our positive office work environment. For example in 2021 we received certification by 'Great Place to Work in India'.

Career Path Program

We launched the Career Path Program to give our employees the opportunity to navigate their future according to their goals and aspirations. The purpose is to better clarify role progressions at different levels and to offer transparency and visibility into employee career progression. We aim to enable our employees with the tools to navigate their personal career paths with the company's support.

Being a rapidly growing company, Sapiens employees can embark on a variety of career

opportunities. They can advance hierarchically to managerial positions, or vertically within their professional path to a Subject Matter Expert (SME) role. We encourage internal mobility and focus on giving our employees priority when it comes to new open positions in the Company.

In 2021, 419 employees succeeded to leverage an internal mobility opportunity and change their roles or be promoted in Sapiens.



Growing Together



During 2021,
we welcomed
1531
new employees



419
Employees
change their
roles or
promoted



Most veterans
38 years
in the company



97%
of Sapiens
employees
received their
performance
reviews in 2021



During 2021,
we grew by
13%

Performance Management Process

We aim for our annual performance management process to further enhance our culture of growth and to enable development and future readiness amongst our people. We view the performance management process as an opportunity to talk with our employees, gain focus for the year to come and highlight their importance to the organization's success while providing them with development opportunities. It's also an organizational opportunity to have a full picture of our talent pool and manage their development in a proactive manner.

Being a rapidly growing company, Sapiens employees can embark on a variety of career opportunities. They can advance hierarchically to managerial positions, or vertically within their professional path to a Subject Matter Expert (SME) role. We encourage internal mobility and focus on giving our employees priority when it comes to new open positions in the Company.

Our values are reflected in the performance process as competencies we expect our people to act upon: personal integrity & commitment, expertise, result orientation, customer and business focus, planning & execution, partnership and leadership. The process includes four main components: Evaluation of the annual objectives previously set, evaluation of competencies which are based on the company's values – how they were reflected in the past year, the objective setting for the new fiscal year and future development objectives.



Certified! "Best place to work" in India



Celebrating 100 employees in Latvia



Constantly growing- Mega recruitment drives in India

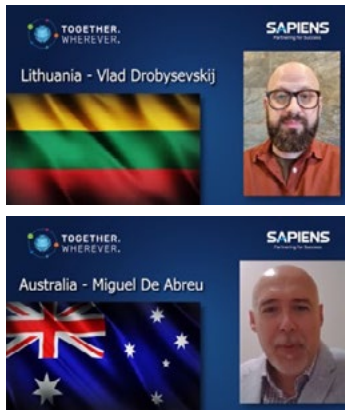


Poland- Celebrating the 300 employee

Go Global

With operations in 22 countries, Sapiens employees work in a truly global team with exposure to many parts of the world, interesting people, and plenty of global opportunities. Our global operations demonstrate the beauty of diversity and inclusion.

Think Global, Act Local As a global company, we hold a global vision which unites all our locations, and we emphasize a localized approach to suit the various sites. We invest time and energy into cross-cultural collaboration and promoting the “One Sapiens” approach. In 2021, we conducted cross-cultural sessions to understand and collaborate better, strengthening the global connection. We continue to invest in our global community, maintaining the unique international atmosphere of Sapiens.



Holiday greetings from across the globe



Proud of our diversity



Employee Feedback from Annual Employee Survey

“The global environment gives us a chance to learn the good from other cultures and make us better individuals.”

Diversity and Inclusion

Sapiens is an equal opportunity employer. Our belief is that we can better achieve our business objectives with greater diversity. We believe that every person has a unique set of skills, knowledge, talents, and experience and we encourage our employees to value and respect each other. We use advanced human resources systems that include data analytics to guarantee that we give fair compensation and benefits to our people – no matter their gender, location, or ethnicity. We have a zero-tolerance policy for any harassment or breaches of code.

Gender Diversity

Sapiens is proud of the strong female voice in the company. Sapiens' Executive Leadership team consists of over 50% women, and we strive to constantly grow women's representation within our operation.



“Ted Talks” Israel 2021

We recognize that girls and women in some parts of the world still do not enjoy gender equality. It is often said that equality starts in the classroom but for this to be achieved, girls must be able to access the classroom. For the 2021 celebration of International Women's Day, Sapiens highlighted its employee charities in each country that work to improve access to education for girls across the world and promote donations to each of these local charities.

Operational **Excellence**



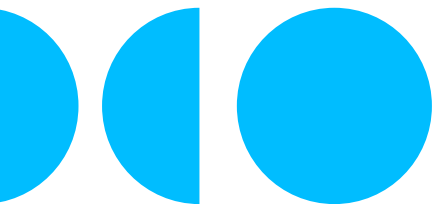


As part of our ESG strategy, Sapiens aims to be the best in class in our operations. Our corporate governance and high ethical standards ensure that our stakeholders are considered throughout all of our decision-making.

Corporate Governance

As part of our sustainable operations policies, Sapiens aims that our corporate governance systems align the interest of all our stakeholders. To do so, it developed a strong set of corporate values that inspire ethical behavior in decision-making. We are working on building a strong management system that will ensure that ethics and security issues are given their due weight.

It is the responsibility of the Chief Executive Officer, Chief Financial Officer and Controller to bring to the attention of the Audit Committee of the Board of Directors any material information that could adversely affect the company's ability to comply with regulations, disclosures, or internal controls.



Members of the Board

Description

Role and participation in the committee

Independent Director

Date of joining the Board



Guy Bernstein

Guy Bernstein has served as a director of the Company since January 1, 2007 and was appointed Chairman of the Board of Directors on November 12, 2009. Mr. Bernstein has served as the chief executive officer of Formula, our parent company, since January 2008. From December 2006 to November 2010, Mr. Bernstein served as a director and the chief executive officer of Emblaze Ltd. or Emblaze, our former controlling shareholder.

From April 2004 to December 2006, Mr. Bernstein served as the chief financial officer of Emblaze. He also served as a director of Emblaze from April 2004 until November 2010. Prior to joining Emblaze, Mr. Bernstein served as Chief Financial and Operations Officer of Magic Software, a position he held since 1999. Mr. Bernstein joined Magic Software from Kost Forer Gabbay & Kasierer, a member of EY Global, where he acted as senior manager from 1994 to 1997. Mr. Bernstein also serves as Chief Executive Officer of Magic Software and Chairman of the Board of Matrix IT Ltd. Mr. Bernstein is a Certified Licensed Public Accountant and holds a BA in Accounting and Economics from the College of Management in Israel.

Chairman of the Board of Directors

January 2007



Roni Al-Dor


Roni Al-Dor joined the Company as President and Chief Executive Officer in November 2005 and has served as a director of the Company since November 2005. Prior to joining the Company, Mr. Al-Dor was one of the two founders of TTI Team Telecom International Ltd., or TTI, a global supplier of operations support systems to communications service providers and from August 1996 until 2004, Mr. Al-Dor served as President of TTI. Prior to

that, Mr. Al-Dor served as TTI's Co-President from November 1995 until August 1996 and its Vice President from September 1992 to November 1995. During his service in the Israeli Air Force, Mr. Al-Dor worked on projects relating to computerization in aircrafts. Mr. Al-Dor is a graduate of the military computer college of the Israeli Air Force, studied computer science and management at Bar Ilan University and attended the Israel Management Center for Business Administration.

President, Chief Executive Officer and Director

Independent Director

November 2005

Description	Role and participation in the committee	Independent Director	Date of joining the Board
 <p>Yacov Elinav</p> <p>Yacov Elinav has served as a director of the Company since March 2005. For over 30 years, Mr. Elinav served in various positions at Bank Hapoalim B.M., which is listed on the London and Tel Aviv Stock Exchanges, including over 10 years as a member of the Board of Management, responsible for subsidiary and related companies. From 1992 through 2006, Mr. Elinav served as Chairman of the Board of Directors of Diur B.P. Ltd., the real estate subsidiary of Bank Hapoalim. From August 2004 until 2009, Mr. Elinav served as Chairman of the Board of Directors of DS Securities and Investments, Ltd. From August 2004 through 2008, Mr. Elinav served as Chairman of the Board of Directors of DS Provident Funds Ltd., and from 2010 until August 2015, served as Chairman of the Board of Directors of Golden Pages Ltd.. Mr. Elinav also serves on the Board of Directors of several other public and private companies. Mr. Elinav is an independent director.</p>	Director	Yes	March 2005
 <p>Eyal Ben- Chlouche</p> <p>Eyal Ben-Chlouche has served as a director of the Company since August 15, 2008, Mr. Ben-Chlouche served as the Commissioner of Capital Market Insurance and Savings at the Israeli Ministry of Finance from 2002 through 2005, where he was responsible for implementation of fundamental reforms in pension savings. Prior to that, he served as a Deputy Commissioner of Capital Market Insurance and Savings and as a Senior Foreign Exchange and Investment Manager in the Foreign Exchange Department of the Bank of Israel. He also served as an Investment Officer in the Foreign Exchange Department of the Bank of England, in London. Mr. Ben-Chelouche is serving as Chairman of the Board of DaviedShield Holdings and DaviedShield Insurance Ltd. Mr. Ben-Chelouche served as a director of Matrix IT Ltd. and Migdal Holding Ltd. Mr. Ben-Chlouche also serves on the Board of Directors of several other private companies.</p>	Director	Yes	August 2008

Description

Role and participation in the committee

Independent Director

Date of joining the Board

Naamit Salomon

Naamit Salomon has served as a director of the Company since September 2003. She held the position of Chief Financial Officer of Formula from August 1997 until December 2009. Since January 2010 Ms. Salomon has served as a partner in an investment company. Ms. Salomon also serves as a director of Magic. From 1990 through August 1997, Ms. Salomon was a controller of two large, privately held companies in the Formula Group. Ms. Salomon holds a BA in economics and business administration from Ben Gurion University and an LL.M. from the Bar-Ilan University.

Director

Yes

September 2003



Uzi Netanel

Uzi Netanel has served as a director of the Company since March 2005. He has served as chairman of the Board of Directors of Maccabi Enterprise Development & Management Ltd. since 2005, and as a director of Maccabi Health Services since 2005. He previously served as Chairman of Maccabi Group Holdings Ltd., from 2005 through 2011. From 2004 through 2007, Mr. Netanel served as Chairman of Board of Directors of M.L.L Software & Computers, and from 2000 through 2011 served as a director of Bazan and Carmel Olephine. From 2001 through 2003, Mr. Netanel served as partner in the FIMI Opportunity Fund. From 1993 through 2001, he served as Active Chairman of Israel Discount Capital Markets and Investments Ltd. From 1997 to 1999, Mr. Netanel served as Chairman of Poliziv Plastics Company (1998) Ltd. From 2005 through 2014, he served as director of Maman Group and from 2012 through 2014, he served as director of Gadot Biochemicals. Mr. Netanel also serves on the Board of Directors of Acme Trading, Assuta Health Centers and Dorcel (B.A.Z.) Ltd. Mr. Netanel is an independent director.

Director

Yes

March 2005

As per the 2021 20F annual report filed by the company.

Our Board of directors consists of six (6) members, of whom four (4) are independent and one (1) is a woman.

In 2021, seven (7) meetings of Sapiens Board of Directors were held, with an attendance rate of 100%.

Board of Directors Committees

Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing financial information, internal controls and the audit process. In addition, the committee is responsible for oversight of the work of our independent auditors. The committee meets at regularly scheduled quarterly meetings.

In 2021, the Committee held nine (9) meetings.

Compensation Committee

The Compensation Committee is responsible for the review and approval of grants of options to our employees and other compensation matters as requested by our Board of Directors from time to time. The Committee currently consists of three (3) members, two (2) of whom are independent directors.

In 2021, 2 meetings of the Committee were held.

Nomination Committee

We have informed NASDAQ that we follow home country practice—in the Cayman Islands—with regard to, among other things, composition of our Board of Directors (whereby a majority of the members of our Board of Directors need not be “independent directors,” as is generally required for domestic U.S. issuers), director nomination procedure, and approval of compensation of officers.

Ethical Business Conduct

Sapiens depends on its reputation for quality, service, and integrity. We are committed to upholding the highest professional standards of business conduct and maintaining confidence and trust in our relationships with each other, with our customers, employees, investors, partners, suppliers, regulators and others.

This requires that we conduct our business in accordance with all applicable laws and regulations, and to adhere to outstanding ethical business practices. We have thousands of employees working worldwide, and each facility upholds its individual organizational culture while committed to the global Sapiens Code of Business Conduct and Ethics. Our Executive and Financial Officers have leadership responsibilities that include nurturing this culture of commitment to ensure standards and compliance; maintaining a work environment that encourages employees to raise concerns; and promptly addressing employee compliance concerns.



Noa Brummer
Chief Human Resources Officer

At Sapiens we know that strong ethical standards are a strategy to creating a positive working environment that allows our employees to thrive while benefiting our business

The Code of Ethics and Business Conduct

In August 2021, Sapiens implemented an updated Code of Ethics that includes updated versions of the whistleblower policy, anti-fraud policy, and a new anti-slavery policy.

The Code is intended to deter wrongdoing and promote the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely and understandable disclosure in reports and documents Sapiens files with, or submits to, the Securities and Exchange Commission and the Israel Securities Authority and in other communications made by Sapiens
- Compliance with applicable governmental laws, rules and regulations

- Prompting internal reporting of violations of the Code to the appropriate person or persons identified.
- Accountability for adherence to the Code
- Adherence to a high standard of business ethics

The Code sets principals and standards for:

- Insider trading policies
- Anti-fraud
- Anti-corruption policies
- Whistleblower Policy
- Anti-slavery policy

The Code is available to anyone as a navigable E-document that each employee must become familiar upon joining the company, and shared with and signed by our suppliers as part of our service. The Code is posted on Sapiens' website and is published once a year by the Chief Human Resources Officer to all employees. In November 2021, all employees received a copy of the updated Code and had to acknowledge receipt.

Employees, suppliers and contractors are clearly encouraged to report violations to supervisors, senior management, or other offices as deemed appropriate. If matters concern accounting or auditing issues, employees can directly report to the Chief Financial Officer. Whistleblowers who make reports in good faith of suspected violations are protected from retaliation such as demotion or termination of employment

because of reporting. Any staff member who wants to bring an ethical issue to light, can also write an anonymous email to the Corporate Secretary in the legal department, as well as to a Human Resources officer.

Insider Trading Policy

Sapiens has a strict Insider Trading Policy that all employees must be familiar with and adhere to. Employees can report any failures to Internal Auditor.

Employees may not trade in Sapiens securities while in the possession of "material non-public information" concerning Sapiens, or during any special blackout periods. Employees and their immediate family members may trade in Sapiens' securities only during the clearly defined periods. A failure to comply with the Policy could result in a serious violation of the securities laws and may involve both civil and criminal penalties.

Anti-Fraud Policy

The Sapiens Anti-Fraud Policy aims to aid employees and the company in avoiding fraud through preemptive action. All Sapiens employees must sign that:

- Fraud can deprive Sapiens of assets and resources, and may potentially damage Sapiens' reputation
- Each employee has an obligation to act honestly and with integrity, and safeguard the Sapiens resources for which they are responsible

- Each employee has an obligation to report any activity that might be fraudulent

Corruption and Bribery

Sapiens has zero tolerance for corruption and bribery, and we are devoted to working honestly and ethically to ensure a truthful business and partnership. We believe that transparency plays an important role in preventing corruption, thus we consistently communicate our progress to our stakeholders.

In 2021, as in previous years, no cases of corruption were reported.

Human Rights

Sapiens prioritizes protecting the human rights of all people. Respect, fairness, and equality in our day-to-day business are important to us. We attempt to do everything in our power to ensure that all our stakeholders are treated according to those principles as well as in compliance with the Code of Conduct.

Anti-Competitive Behavior

We believe that a competitive market is vital for our society, economy, and business. It helps to keep prices low, ensures a high quality of goods and services, offers a range of choices, and encourages companies to innovate. For that reason, we are against any anti-competitive behavior as it interferes to

build a well-functioning market. In 2021, no anti-competitive behavior was reported.

Compliance with Laws, Rules and Regulations

We hold the view that obeying the law, both in letter and in spirit, is the foundation on which a company's ethical standards are built. At Sapiens all Directors, Officers, and employees should respect and obey all laws, rules, and regulations applicable to our business and operations. We are aware that not all Directors, Officers, and employees know all details of these laws, rules, and regulations. Yet, it is important to us that they know enough to determine when to seek advice from supervisors, managers, officers, or other appropriate Sapiens personnel. No report of non-compliance in the year 2021 was reported.

Non-Discrimination and Anti-Harassment Policy

We have zero tolerance for any kind of harassment, which involves discrimination, sexual harassment, humiliation, and abuse of authority. Any wrongful doing that comes to light will have legal consequences. This matter is treated with seriousness, and any complaints are handled immediately with full attention.

In 2020, we received one discrimination complaint. Sapiens General Counsel reviewed the complaint and investigated the case with the relevant individuals. Following the investigation, the General Counsel reported to the Company's CEO. The former employee filed a complaint with the Equal Employment Opportunity Commission. The Equal Employment Opportunity Commission decided not to proceed further with its investigation and dismissed the claim. In May 2021, the former employee decided to file a claim against the Company, which was found to be unjustified.

Freedom of Association

Stakeholders at Sapiens have the right to join or establish a group of

their choice. We do not restrict the freedom of association and support our workers in freely discussing issues, including working conditions at Sapiens. Sapiens addresses any concerns and requests to optimize the terms and conditions of our employees.

Fair Employment and Equal Opportunities

Offering a workplace in which each employee feels safe and respected is one of Sapiens' key priorities. We do our best to listen to every need and request of our staff members to provide fair employment that creates equal opportunities for all. All contracts comply with laws and regulations by the country operating and, in some cases, we have established employment procedures that are beyond the standards required.





Cyber Security and Data Protection

As a leading company in its industry, Sapiens acknowledges the risk and the responsibility in the field of cyber security and information protection. We aim to preserve a high level of confidentiality, integrity, and availability throughout our computer networks and any other information assets, both paper-based and electronic.

Especially today, when many insurance companies are undergoing digital transformation, the topic of data protection became not only our internal concern but a question of trust. We support our customers in the process of converting their data from analog to digital while aiming to ensure that their data privacy and security are treated with the highest standards. We build both our internal and external data security and risk management processes while opting to serve our customers' needs of high-level data security. It is our common interest to provide the same or even greater data security standards.

For further information, please refer to the "Impactful Products and Service" chapter.

Information Security Policy

The purpose of Sapiens' Information Security Policy is to protect Sapiens' information assets from all possible information threats – whether internal or external, deliberate or accidental. We adopt a best practice approach to information security in accordance with the guidelines laid out by regulatory and legislative requirements, business needs, and binding contracts. It is the policy of Sapiens to ensure that:

- Information will be protected against unauthorized access
- Confidentiality of information will always be assured
- Integrity and security of information will always be maintained
- Regulatory and legislative requirements will be met
- Compliance with regulatory and legislative requirements is demonstrated

- All breaches of Information Security, actual or suspected, will be reported and investigated in accordance with the appropriate procedures, policies, and agencies.

Engaging Managers and Employees in Cyber Security

We have a dedicated senior staff member designated as Key Data Owner within each business unit who ensures compliance in conjunction with the Sapiens Information and Cyber Security Team. The Chief Information security Officer is in sync with the Global Head of IT about process changes, as well as ensuring compliance with performance requirements. The Chief Information Security Officer is also responsible for an annual review process which includes the executive board, to ensure that the policy is appropriate and up to date. The CEO, CFO and the Board are engaged in the process through a steering committee.

New employees have an Information Security and Privacy training as part of their onboarding process

Each employee undergoes annual cybersecurity training to make sure that all levels of staff are familiar with the policy. It is the responsibility of each employee to adhere to the cybersecurity standards set out in our policy, and all managers provide direction & adherence to the policy within their business units. Employees are provided with relevant security and privacy awareness newsletters and updates in order to improve their knowledge.

Managing Our Cyber Security Risk

Information security needs to be treated with a lot of attention in taking care of customer privacy. We have taken significant steps in the last year in order to optimize our organizational methods for the benefit of our customers. We have increased our security budget, our team, and developed and implemented additional technological solutions.

We are constantly upgrading our technologies and working to maintain the highest standards in privacy and data protection.

We are continuously working on a risk management program and annual work plans. As part of the risk management program, Sapiens puts great emphasis on protecting against risk of computer-related crimes and viruses. The program intends to provide customers with clarity and transparency, to reduce and minimize information security risks.

We have introduced and implemented advanced technologies for data protection and cyber security. We constantly evaluate, analyze and respond to potential threats, we run regular audits, various vulnerability assessments and hold specialized trainings and ongoing communication between Sapiens and its customers.

Software and Information Protection

Sapiens complies with the applicable regulations, while using licenses produced in order to minimize the risk of computer viruses and breaches. We only permit authorized software and licensed copies of commercial software to be installed on our computer systems. To reduce the risk of computer viruses, we train our employees and have deployed advanced Endpoint Detection and Response (EDR) software across all information assets. We have set, for example, a timeout after a pre-set period of inactivity on all computers and laptops. Once a device is not used, only the secured password will grant access again.

International Standards

Sapiens invests the utmost efforts to improve internal practices and to support our customers to be compliant with regulatory requirements such as GDPR, among others.

As of the second half of 2021, Sapiens is ISO 27001 certified and accredited for all corporate, development and managed services divisions.

The managed services division has certified all of its cloud environments and customer services.

Performance in Data Security and Privacy

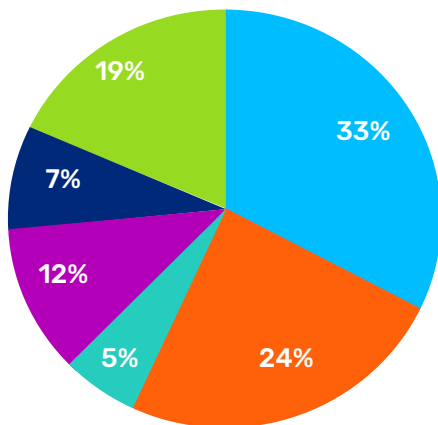
In 2021, Sapiens was not aware of any data security breaches, leaks, thefts, or losses involving customers' personally identifiable information. In addition no fines or penalties were paid in relation to information security breaches, customer privacy or other cybersecurity incidents.

Sustainable Supply Chain

Our vendors are an essential part of our ecosystem providing us with hardware, office supplies, server space, professional services and others. Sapiens recognizes that we can maximize our positive impact by spreading sustainability practices into our supply chain and engaging our suppliers into the change.

To support local businesses and economies, as well as to reduce negative environmental impacts, we attempt to work mostly with vendors that are from the countries we are operating in. We prioritize suppliers who share our values, making particular efforts to work with companies who employ people from underrepresented populations, and partnering with non-profit organizations, certified green businesses, and using services that are certified Fair Trade.

2021 Sapiens Vendors by Site



■ Israel ■ US ■ UK ■ India ■ Poland ■ Other

In order to achieve a greener Sapiens business cycle and improve risk management along the supply chain, we require all of our suppliers and business partners to abide by a code of ethics. In 2021, 50% of our suppliers signed a supplier code of ethics. In addition, Sapiens' own procurement department underwent 5 hours of training on sustainability in the supply chain in 2021.

We are committed to further engaging our suppliers in building sustainable ecosystems in our industry.



Environment, Health and Safety **at Sapiens**





Sapiens recognizes the need for change in today's world and is aiming to contribute to protecting the environment and practice a green business. This includes the application of green office practices and buildings, developing and implementing advanced sustainable innovations, and efficient commuting. We constantly monitor our activities such as energy and water consumption. In 2021 we observed a continued decrease in energy consumption at Sapiens. This can be attributed to two processes that happened simultaneously:

- Return to the offices in the hybrid model: employees work partially from the office and partially from home so there is limited occupancy in our offices (although still higher than in 2020).
- Adjustment of spaces: downsizing of office spaces, and therefore their footprints, and introduction of hotdesking in offices.

Since the extensive integration of the cloud and virtual communication into our business processes, it has become much easier to change the ways in which offices function. New premises no longer require special server rooms with additional AC, thus lower investment costs and higher flexibility. In 2021, our average energy intensity throughout the 90% of our sites covered was 55 kWh/sqm We also generated and consumed a total of 108,331 kWh of renewable energy.

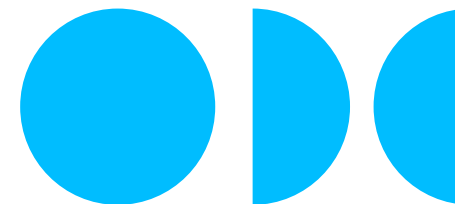
	Unit of measure	FY 2021
Total electricity consumption	kWh	2,443,5021
Total water consumption	Liter	6,769,407 ²

1. Calculation includes 90% of Sapiens sites globally.
2. Calculation includes 95% of Sapiens sites globally.

In addition, we strive to improve our monitoring of energy and water consumption. In 2021 we managed to monitor over 90% of our office spaces, as compared to 65-70% in the previous year. Unfortunately, some of the landlords are not able to provide relevant data at all or the settlement of 2021 data will only be available at the end of 2022.

This allowed us to calculate GHG emissions - the list of emissions for 2021 is adopted as the base year (please note that covers 90% of our leased office space).

Emissions	Total
Scope 1	432,685
Scope 2 (Location-based)	1 260,341
Scope 2 (Market-based)	1 219,135



Green Office Practice

As of the end of 2021, all Sapiens sites were rented; therefore, we are not completely in control of our energy, water and waste management. All newly leased buildings have large windows with lots of natural light to reduce lighting electricity needs and improve employee wellbeing. We also work with property owners to utilize innovations such as recycling wastewater from air conditioning to water plants and energy-saving schemes such as LED lighting.

Green buildings: We consider green building standards when choosing our offices. For example, our office in Poland is LEED Gold-certified, our two offices in the US (Orlando FL and Raleigh NC) received the Energy Star certificate, and our UK office received the BREEAM Excellent certificate, and our Riga office has obtained BREEAM In-Use certification.

Recycling: We segregate our waste into paper, plastic, bio, glass, and mixed, along with a battery collection stand in our offices.

Paperless office: We try to minimize printing and photocopying and use recycled paper whenever possible. Our staff is entitled to print one-sided as an exception only. This function is embedded in our computers allowing two-sided and black & white printing.

Energy-efficient lighting: Most of our office lighting operates under smart controls and most of the offices have LED lights installed.

Reducing consumption of air-conditioning: Effective ventilation systems are installed in almost all our offices which are supported by cool air from outside.

Reducing GHG: Our offices in Cardiff, UK and Katowice, Poland are entirely run by green energy. Madrid office is supplied in 20% by renewable energy.

Sustainable Canteen: Whenever possible, we strive to eliminate single-use plastic and paper items and replace them with regular cups, glasses, spoons, etc. In most sites, we have introduced plant-based milk for employees.

Raising awareness: Our India office holds an annual Environment Week to bring to light environmental issues that we can work to tackle together. Similar initiatives have been launched in other offices, including in the UK, where employees engage in beach clean-ups, woodland voluntary work, plant growing competitions, etc.

We hope to expand these activities to our sites worldwide.

Efficient Commuting

Another project to reduce our carbon footprint is by reducing emissions caused by employee commutes to work. In 2021, Sapiens was leasing 104 private cars to employees in Israel (as compared to 135 in 2018). This number is continuously decreasing as better commuting options become available.

In our Poland office, we encourage commuting by offering a parking spot for those who carpool to work, while in India we provide transportation for employees. All cars leased in Poland and Belgium by Sapiens are hybrid.

	Unit of Measure	FY 2020	FY 2021
Fuel consumption (gasoline for cars)	Liter	153,754 ¹	179,325 ²
Fuel consumption (diesel for cars)	Liter	15,095 ¹	15,710 ²
Number of cars (owned or leased)	Number	129 ³	133 ⁴

1. Cars leased to employees in Israel & Poland. It does not include data from Belgium, Turkey & Latvia.

2. Cars leased to employees in Israel, Belgium, Turkey, Poland, Latvia, Germany & Spain.

3. Cars leased to employees in Israel, Belgium, Turkey, Poland & Latvia..

4. Cars leased to employees in Israel, Belgium, Turkey, Poland, Latvia, Germany & Spain.

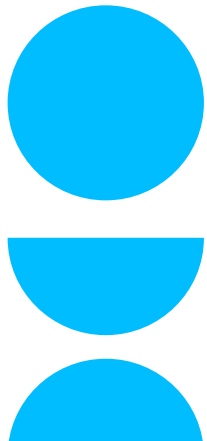
Health and Safety

Our employees are key to Sapiens' success; thus, we are committed to providing a safe and healthy work environment. We comply with health and safety laws and regulations according to the countries we operate in. Each of our buildings undergoes emergency drills as per local regulations and our staff is regularly updated with any safety changes within our office space.

In 2021, there were no accidents reported in our offices.

Road Safety

In recent years, our staff was not involved in any serious accidents while commuting to work. Several minor accidents were reported that involved damages to the car, which happened while parking in and out of parking spots. All our cars are tested once a year or every 15,000 kilometers, to ensure that they meet the required safety standards.



About **the Report**





We are happy to present the Sapiens 2021 ESG report, the first of our global periodical ESG reporting cycle. This report contains an overview of Sapiens corporate responsibility (CR) projects and activities, globally, unless stated otherwise and aims to provide in-depth information to the various stakeholders. It was prepared in compliance with the Global Reporting Initiative Sustainability Reporting Standards (GRI SRS) core level and is also based on Sustainability Accounting Standards Board (SASB) standards.

To determine report contents, we considered:

- Our materiality assessment
- Input from executives and content experts across Sapiens
- Input from external stakeholders
- External standards and frameworks such as the GRI SRS, the UN Sustainable Development Goals, the SASB Software and IT Services Sustainability Accounting Standard
- Global reporting trends and best practices

Reporting Scope and Measures

This report describes Sapiens ESG policies and programs globally, unless stated otherwise. It includes performance data for the year 2021, unless stated otherwise.

The information in this report is current as of the date of its initial publication.

All references to years are to Sapiens fiscal year, which ends December 31st.

The report was written with the assistance of Good Vision – CSR Consulting Firm, of the Fahn Kanne & Co. Grant Thornton Group. Good Vision is a member of the GRI GOLD community and a SASB consultant content program.



Your comments and suggestions are important to us. Please don't hesitate to contact:

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GRI

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GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure
Organization profile	GRI 102-1	Name of the organization	Sapiens at a Glance
	GRI 102-2	Activities, brands, products, and services	Sapiens at a Glance, Our Solutions
	GRI 102-3	Location of headquarters	Sapiens at a Glance
	GRI 102-4	Location of operations	Sapiens at a Glance
	GRI 102-5	Ownership and legal form	Sapiens at a Glance
	GRI 102-6	Markets served	Sapiens at a Glance
	GRI 102-7	Scale of the organization	Sapiens at a Glance
	GRI 102-8	Information on employees and other workers	Sapiens People
	GRI 102-9	Supply chain	Sustainable Supply Chain
	GRI 102-10	Significant changes to the organization and its supply chain	About the Report
	GR 102-11	Precautionary Principle or approach	The Sapiens Management Approach to Sustainability
	GR 102-12	External initiatives	Inspiring Innovation, Engaging the community contribution remotely
	GRI 102-13	Membership of associations	Inspiring Innovation
Strategy	GRI 102-14	Statement from senior decision-maker	A Message from Sapiens President & CEO
Ethics and integrity	GRI 102-16	Values, principles, standards, and norms of behavior	A Message from Sapiens President & CEO, The Sapiens Management Approach to Sustainability, Operational Excellence, Global Employee Experience
Governance	GRI 102-18	Governance structure	20F
Stakeholder engagement	GRI 102-40	List of stakeholder groups	The Sapiens Management Approach to Sustainability
	GRI 102-41	Collective bargaining agreements	No collective agreements
	GRI 102-42	Identifying and selecting stakeholders	A Message from Sapiens President & CEO; The Sapiens Management Approach to Sustainability; Operational Excellence
	GRI 102-43	Approach to stakeholder engagement	

GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure
Reporting practice	GRI 102-44	Key topics and concerns raised	Our material issues and impact on SDGs
	GRI 102-45	Entities included in the consolidated financial statements	20F
	GRI 102-46	Defining report content and topic Boundaries	About the Report
	GRI 102-47	List of material topics	Our material issues and impact on SDGs
	GRI 102-48	Restatements of information	About the Report
	GRI 102-49	Changes in reporting	About the Report
	GRI 102-50	Reporting period	About the Report
	GRI 102-51	Date of most recent report	About the Report
	GRI 102-52	Reporting cycle	About the Report
	GRI 102-53	Contact point for questions regarding the report	About the Report
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	About the Report
	GRI 102-55	GRI content index	GRI Content Index
	GRI 102-56	External assurance	Not performed
Management approach	GRI 103-1	Explanation of the material topic and its Boundary	Our Impact; The Sapiens Management Approach to Sustainability; Our material issues and impact on SDGs; Impactful Products and Services; Sapiens People Operational Excellence; Environment, Health and Safety at Sapiens
	GRI 103-2	The management approach and its components	
	GRI 103-3	Evaluation of the management approach	
Indirect Economic Impacts	GRI 203-2	Significant indirect economic impacts	Inspiring Innovation
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	ustainable Supply Chain
Anti-corruption	GRI 205-3	Confirmed incidents of corruption and actions taken	Corruption and Bribery
Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-competitive behavior
Energy	GRI 302-1	Energy consumption within the organization	Environment, Health and Safety at Sapiens

GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure
	GRI 302-5	Reductions in energy requirements of products and services	Product Development with Sustainability in Mind
Water	GRI 303-1	Water withdrawal by source	Environment, Health and Safety at Sapiens
Supplier Environmental Assessment	GRI 308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
Employment	GRI 401-1	New employee hires and employee turnover	Sapiens People
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety
Training and Education	GRI 404-1	Average hours of training per year per employee	Training and Development
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development; support Employees' Development
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Performance Management Process
Diversity and Equal Opportunity	GRI 405-1	Diversity of governance bodies and employees	Gender Diversity
Non-discrimination	GRI 406-1	Incidents of discrimination and corrective actions taken	Non-Discrimination and Anti-Harassment Policy
Local Communities	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Engaging the community contribution remotely; Gender Diversity
Public Policy	GRI 415-1	Political contributions	The company does not support any political party and makes no political contributions
Customer Privacy	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Performance in Data Security and Privacy
Socioeconomic Compliance	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws, Rules and Regulations

SASB

Disclosure Table



SASB Disclosure Table

SASB Topic	Accounting Metric	Code	Page
Environmental Footprint of Hardware Infrastructure	Total energy consumed, percentage grid electricity, percentage renewable energy	SASB TC0102-01	Environment, Health and Safety at Sapiens
	Total water withdrawn, percentage recycled, percentage in regions with High or Extremely High Baseline Water Stress	SASB TC0102-02	Environment, Health and Safety at Sapiens
	Description of the integration of environmental considerations to strategic planning for data center needs	SASB TC0102-03	Environment, Health and Safety at Sapiens
Data Privacy & Freedom of Expression	Discussion of policies and practices relating to collection, usage, and retention of customers' information and personally identifiable information	SASB TC0102-04	Cyber Security and Data Protection
	Amount of legal and regulatory fines and settlements associated with customer privacy	SASB TC0102-06	Cyber Security and Data Protection
Data Security	Number of data security breaches and percentage involving customers' personally identifiable information	SASB TC0102-09	Cyber Security and Data Protection
	Discussion of management approach to identifying and addressing data security risks	SASB TC0102-10	Cyber Security and Data Protection
Recruiting & Managing a Global, Diverse Skilled Workforce	Percentage of gender and racial/ethnic group representation for: (1) executives and (2) all others	SASB TC0102-13	Gender Diversity

SASB indicators TC0102-05, TC0102-07, TC0102-08, TC0102-11, TC0102-14, TC0102-15, TC0102-16, TC0102-17 were not presented due to confidentiality and/or due to not being tracked for the reported period.

We consider it a privilege to live up to Sapiens' values of integrity and partnership, and to ensure that our company is successful and sustainable.

