

SAPIENS

Sapiens
ESG Report
2022



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Message from the President & CEO



It is with great pleasure that I introduce Sapiens' 2022 Environmental, Social, and Governance (ESG) report, the third annual report in our ESG journey. As a responsible corporate citizen for over four decades, we recognize the importance of transparency and accountability in driving positive change and business growth.

At Sapiens, our software helps to provide critical digital solutions to the world's leading insurance companies. We engage our customers in **proactive dialogue and long-term partnerships** that ensure we closely understand their ever-changing software needs. In this report we present various case studies that highlight our meaningful stakeholder engagement processes. Our success is also embodied in the awards we have received from investor analysts including Clenet, Gartner and others.

We firmly believe that our most valuable asset at Sapiens is our people. Without their dedication, passion, and talent, we would not be where we are today. Consequently, we have established a strong foundation for a positive work environment that supports our employees' professional and personal development, along with their health and wellbeing. In 2022, we were happy to return to hosting numerous face-to-face events that brought our employees together across the globe. We are honored to have had our dedication to our employees acknowledged through the reception of numerous work-environment awards including **Great Place to Work**-Certified for our Sapiens India office.

Our people-centric approach extends beyond our workforce and into the communities where we work. In 2022 we are proud to have supported numerous NGOs working to promote mental health and support youth and other communities in need. We also take pride in our response to the recent humanitarian crisis in Ukraine. In addition to donating to NGOs that support Ukrainian children affected by the conflict, Sapiens has committed to supporting our employees in Poland that made the selfless decision to welcome refugees into their homes.

Additionally, we recognize the urgent need to address environmental challenges and minimize our ecological footprint. We have amplified our

resource consumption monitoring since we began the evaluation process in 2019, extending our coverage to encompass KPIs across nearly all of our global offices. Beyond enhancing our measurement capabilities, we have worked diligently to increase the use of **renewable energy** in our offices, promote **sustainable commuting** practices and raise awareness of environmental issues among our employees.

This ESG report reflects our commitment to responsible business practices and our dedication to making a positive impact. As we move forward, we will continue to **modernize, differentiate, rearchitect and accelerate** both in how we operate our business and how we manage our ESG impact. We hope you enjoy this ESG report and thank you for your support, feedback, and partnership on this path.

Sincerely,


Roni Al-Dor
President & CEO

Sapiens

At a Glance



Sapiens International Corporation (NASDAQ and TASE: SPNS) empowers the financial sector, with a focus on insurance, to transform and become digital, innovative, and agile. With more than 40 years of industry expertise, Sapiens' cloud-based SaaS insurance platform offers pre-integrated, low-code capabilities across core, data and digital domains to accelerate our customers' digital transformation. Serving over 600 customers in 31 countries, Sapiens offers insurers across Property & Casualty, Workers' Compensation and Life Insurance markets the most comprehensive set of solutions, from core to complementary, including Reinsurance, Financial & Compliance, Data & Analytics, Digital, and Decision Management. Sapiens' team of approximately 5,000 employees operates through our offices in North America, the UK, EMEA and Asia Pacific

Summary of Financial Results for 2022 (USD in millions, except per share data)

	GAAP			Non-GAAP		
	2022	2021	% Change	2022	2021	% Change
Revenue	\$474.7	\$461.0	3.0%	\$474.8	\$463.6	2.4%
Gross Profit	\$200.2	\$187.8	6.6%	\$213.5	\$208.3	2.5%
Gross Margin	42.2%	40.7%	150 bps	45.0%	44.9%	10 bps
Operating Income	\$66.5	\$57.5	15.7%	\$83.5	\$81.4	2.5%
Operating Margin	14.0%	12.5%	150 bps	17.6%	17.6%	0 bps
Net income (*)	\$52.6	\$47.2	11.5%	\$67.2	\$65.5	2.5%
Diluted EPS	\$0.95	\$0.85	11.8%	\$1.21	\$1.18	2.5%

(*) Attributable to Sapiens' shareholders

Highlights from 2022

Driving ongoing Business Growth and Success:

464+

Million USD in revenue

1,845

New employees

40+

Years

Promoting Female Leadership:

28%

28% women in management positions

34%

34% women in technical positions

Offering a Global Perspective:

31

Teams across 31 different countries

Powered by Renewable Electricity:

100%

Our offices in Germany, Cardiff, Lodz and Vilnius utilize 100% renewable electricity

Leading Innovation in the Industry:

25

Participated in 25 exhibitions and speaking engagements across North America and the EMEA

Support

Continued provided mentorship and support to InsurTech Startups

Our Global Impact

Sapiens caters to customers globally, focusing primarily on the insurance industry. Sapiens customers also include governmental bodies, banks, financial services groups and others. Sapiens' 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 services.

Our comprehensive suite of digital solutions and extensive package of services ease customers' digital transition by offering integration assistance and support throughout all stages of digitization. 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 and supports further innovation.

Sapiens headquarters are in Israel, but we operate globally, serving customers in North America, EMEA, the United Kingdom (UK), Nordic & Dach 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.



Industry Awards

- **2023 Celent XCelent award**, Life and Annuity Illustrations Systems, North America
- **2023 Celent Life and Annuity Illustrations Systems**, Luminary North America
- **2023 Celent Ceded Reinsurance Solutions**, Luminary, Global Edition
- **2023 Celent Life** Policy Admin Report, Luminary EMEA
- **2023 Celent Life XCelent Award** Life Policy Admin Report, EMEA
- **2023 Celent Life** Policy Admin Report, North Luminary America
- **2023 XCelent Award**, Property & Casualty PAS, EMEA
- **2023 Celent P&C Policy Admin Report**, Luminary, EMEA and APAC
- **2023 Celent P&C Policy Admin Report**, Functionality Stand Out, North America
- **2023 Celent Life NB & UW Report**, Functionality Stand Out, North America
- **2023 Celent, P&C Claims Report**, Functionality Stand Out, North America
- **2022 Celent Award Life PAS**, Luminary, North America
- **2022 Celent Model Insurer**, Anadolu Sigorta, Customer Experience Transformation Winner
- **2022 Celent Model Insurer Awards** Menora Mivtachim Group, Legacy and Ecosystem Transformation Winner
- **2022 Celent Award P&C PolicyPro, Functionality Standout**, North America
- 2022 Datos Insights P&C PolicyPro and ClaimsPro Contender, North America
- **2021 Gartner® Magic Quadrant**, Non-Life Insurance Platforms, Europe
- **2021 XCelent Award**, P&C Claims Systems Vendors, Breadth of Functionality, EMEA
- **2021 XCelent**, Customer Base Award for 2020 acquired company Tia Technology, EMEA
- **2021 XCelent Award**, P&C Policy Administration Systems, Breadth of Functionality, EMEA
- **2020 Life**, New Business & Underwriting Systems, Breadth of Functionality, North America
- **2020 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

Our Management Approach and Stakeholder Engagement

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

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 management and the board and management are helping us to develop strong internal communication and enhance trust. Additionally, we engage with our stakeholders in the following ways:



To engage **investors**, we communicate in a timely and transparent manner about financial performance, long-term strategy, and ESG initiatives. All our SEC filings and investor information can be conveniently accessed on our [website](#).



Our engagement with **employees** involves fostering a culture of open communication, providing opportunities for professional growth, and caring for employee health and overall welfare. We host regular fun and educational events for our employees, including regional events that provide the opportunity for employees to get to know their international colleagues.



We engage with our **customers** by actively seeking their feedback, understanding their needs, and delivering high-quality products and services. We also communicate with our customers through online social media channels, providing consistent [online resources](#) to keep them informed and hosting a multi-day annual Client Conference.



We build partnership and promote innovation with our **suppliers** and the **insurtech industry** through participation in numerous and diverse industry conferences, webinars and other educational and collaboration [events](#) across the globe. We build close relationships with our suppliers based on trust and mutual value creation.



Finally, our engagement with **local communities** involves being a responsible corporate citizen, contributing to social initiatives, respecting the environment, and actively addressing community concerns.



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We recognize that collaboration is key to innovation and work closely to build strong and meaningful relationships with all our stakeholders that accelerate the insurance industry's evolution and modernization.

Roni Al-Dor,
President and CEO, Sapiens

ESG Material Issues

In 2021, Sapiens conducted an internal ESG gap analysis to assess our sustainability practices and define focus areas for the coming period. The topics below were selected based on industry benchmark, ESG methodologies and input from various stakeholders, including senior management. The topics are reviewed annually to ensure they remain relevant and adjust as needed. In 2022 there were no changes made to our material ESG topics.

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 to achieve these goals by integrating targets listed under SDGs 4, 5, 7, 8, 12, 13 into our business activities. We strive to operate our business in accordance with the principles of corporate responsibility and make a positive environmental and socio-economic change.



UN SDG 4 - Quality Education

Quality education enables upward socioeconomic mobility and is a foundational 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.



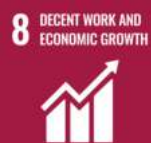
UN SDG 5 - Gender Equality

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 through 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 consumption is a predominant contributor to climate change. Increasing energy efficiency is an important step 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 through digitization.



UN SDG 8 - Decent Work and Economic Growth

Quality jobs that drive progress and improve living standards are critical for sustainable economic growth. SDG 8 promotes inclusive and sustainable economic growth, employment, and decent work for all. 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

SDG 12 aims to ensure sustainable consumption and production patterns by decoupling economic growth from environmental degradation, increasing resource efficiency, and promoting sustainable lifestyles. Through our services and products, we encourage companies to modernize their processes, increase the efficiency of their operations and improve resource consumption.



UN SDG 13 - Climate Action

Climate change is a global challenge that requires urgent action to insure a healthy and livable planet for all. SDG 13 aims to lower greenhouse gas emissions, to prevent global warming from going above 1.5°C degrees and reduce related climate risks. Sapiens strives to reduce our carbon footprint by implementing various green office practices and reducing business related travel.



Impactful Products and Services

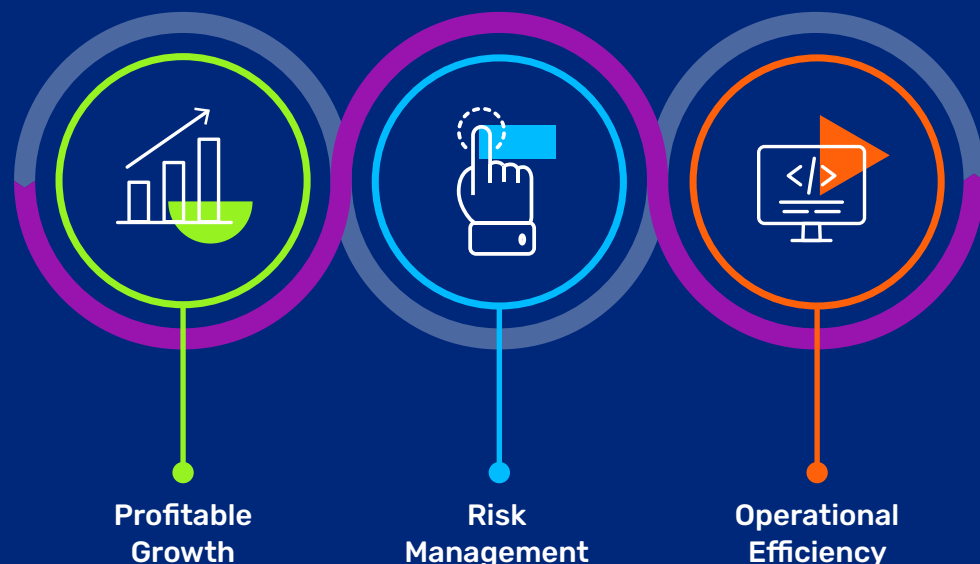


At Sapiens, we're passionate about making our customers' lives as easy as possible and are merging leading insurance software solutions with innovative, automated services. Our comprehensive range of solutions and services is designed to modernize, digitalize, and automate insurance carriers' processes, boosting operational efficiency, reducing costs, managing risks, and enhancing end-user experience.

By utilizing cutting-edge AI technology, our offerings not only help our customers manage their core business functions effectively, but also support insurers on their journey to digital transformation. We firmly believe that by harnessing the latest innovations in AI and automation, we can help our customers streamline their operations, boost customer satisfaction, and stay ahead of the competition.

Our Solutions

Our solutions help deliver core business benefits to our customers including:



Sapiens Data: Products & Services

Sapiens Intelligence

Enterprise DWH/BI Solution, Pre-Integrated with Sapiens PAS/ Core suites with Prebuilt Reports, Dashboards and extensive Self Servicing capabilities

Sapiens DataOne

A Big Data Solution platform to consolidate and process data from diverse sources, supporting Advanced Analytics and NLP base querying (ASK)



Data Services

Other Services like Data Governance, Data Quality, Performance Tuning & more

Insurance DWH Framework

Insurance specific Datastore to accelerate business focused data warehouse implementations

Sapiens Advanced Analytics

Advanced Analytics solution, based on predictive models and deep learning, leveraging data to gain a competitive edge in the market

Our Suite of Solutions Includes:



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.

In North America, in addition to our CoreSuite, our portfolio includes complimentary Underwriting, Application, and Illustration modules.



Workers' Compensation

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



Reinsurance

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



Financial & Compliance

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



Digital

Sapiens' SaaS, 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 & 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.



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 Study: Anadolu Sigorta

Leading Turkish insurer Anadolu Sigorta was facing customer demands for faster service across all channels. 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. After partnering with Sapiens, the brand was able to overcome these challenges and streamline their operations, enabling them to deliver faster and more efficient services to their customers while expanding their reach through better engagement with partners.

Sapiens IDITSuite for Property and Casualty was the chosen 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:

- **13** new products delivered in 18 months
- **1.5 million** additional new customer policies as of October 2021
- A **33% increase in external APIs** 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



High Quality Service and Customer Satisfaction

At Sapiens, we place customer satisfaction at the forefront of our services. We collaborate closely with our customers to gather feedback and insights that we use to develop cutting-edge software that powers the core of their operations. Our outstanding integration service is based on the "one-hand-to-shake" concept, with one point of contact for all product-related and delivery processes, offering accountability across all aspects of a project.

Sapiens maintains close relationships with our clients, allowing us to understand their changing software needs and invest in developing new Policy Administration and Servicing (PAS) solutions that meet and exceed their demands. For us, customer collaboration is key to our success, and we're committed to working closely with our clients to deliver exceptional solutions that exceed their expectations.



Highlight

Sapiens Wins 2023 XCelent Award for Property & Casualty PAS in EMEA

In 2023, Sapiens IDITSuite for Property and Casualty won Celent's XCelent award for the Breadth of Functionality category in the EMEA region. Research and consulting firm Celent analyzed 46 policy administration systems for EMEA Property & Casualty (general) insurance using its vendor view for identifying premier technology solutions serving the insurance and financial industries. Due to IDITSuite's positioning near the top of the field also in Celent's other two categories for Customer Base and Support, the product was named a "Luminary" solution, the top tier in Celent's Technical Capabilities Matrix.

Celent gathered feedback from clients, all of whom rated Sapiens favorably overall. Here are the top-rated features across the five dimensions:

- **Functionality:** excess layers and reinsurance
- **Technology:** scalability of the solution
- **Integration:** The solution integrated most easily with their CRM systems.
- **Implementation experience:** responsiveness (handling of issue resolution)
- **Ongoing system support:** responsiveness (handling and speed of issue resolution)

The full report can be downloaded [here](#).

Engaging Customers in Long-Term Partnerships

Sapiens is committed to working closely with our clients to deliver outstanding solutions that help them achieve their business objectives. We take pride in our deep and long-lasting relationships with our customers and partners, and invest significant time and effort in building and nurturing them. To gather feedback and insights, we run user groups for each of our products, allowing us to stay closely attuned to our customers' evolving needs.

Our customers benefit from our extensive knowledge base, broad product portfolio, and comprehensive set of professional services, including project implementation, support, cloud-based managed services, transformation, and change management. By integrating customer feedback into our product development, we ensure that our solutions consistently meet and exceed our customers' expectations, providing them with exceptional value.

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 option for insurers.



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 of the global insurance market, while maintaining our priority to deliver local and market-specific solutions.



Highlight

Sapiens Life Product Client Community

The mission of each Sapiens Life Product Client Community is to serve as a space for clients to share, communicate, and collaborate with each other, while also providing Sapiens input on potential enhancements and considerations for future solutions.

The Life Client Community has over 200 end user participants across 70 accounts for the following products: CoreSuite for Life and Annuity, IllustrationPro, ApplicationPro, UnderwritingPro, and ID3. Quarterly virtual meetings and our annual Community Business Forum session, held at our Sapiens Summit each fall are led by our Community Leadership board along with Sapiens. The Client Community works in conjunction with their Sapiens Product team to:

- Generate product and technology enhancement ideas.
- Recommend, evaluate, vote and prioritize enhancement ideas for the Product Specific Life system and its associated modules.
- Provide support (sponsorship of requirements and specifications) for priority ideas.
- Utilize the Client Community website to communicate on the above items and other Community activities.
- Works in conjunction with industry leaders to share and contemplate implications of new regulatory actions and their impact on the Life Product platform and current priority initiatives.

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"There are a couple of things we bring to the table through our partnership, but I think the biggest thing that really jumps out to me is our ability to set and accelerate digital transformation, something that is very topical... Just overall, (we enjoy) working with a technology partner that is on a SaaS platform that can really keep you in a best in class digital transformation strategy providing updates and upgrades without lifting a finger to get to those resources. We are looking forward to the future with this partnership."

Angela Abbott, InvoiceCloud



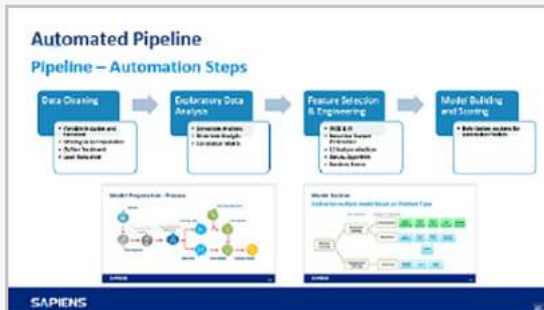
Digitizing Insurance for Efficient Sustainable Solutions

By choosing our products, our customers enhance their operational efficiency, reduce their environmental footprint, and deliver value to their customers. Through our cloud-base software, Sapiens seeks to streamline digital solutions that are also environmentally-friendly. The digitization process helps customers to reduce their need for unnecessary labor and minimize their resource consumption including reducing paper consumption, saving energy and decrease waste.

We are committed to helping organizations achieve their transformation goals, and our services and solutions enable them to do so while minimizing risks and ensuring success.

Salient Features

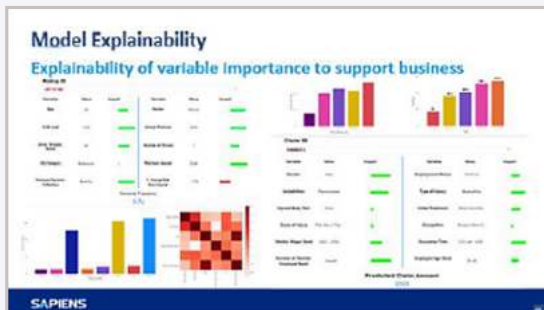
Automated Pipeline



Exploratory Data Analysis



Model Explainability



Model Monitoring



Other Capabilities



Intelligence Data Extractor (from PDF's, images, etc.)



Images Analysis (Deep-learning Techniques)



Support Chat Bot, Text Analytics Using Natural Language Processing



Easy Data Querying Using Natural Language Querying



Case Study:

Menora Mivtachim Digital Claims Transformation through integrating Sapiens' Topaz Platform

As Israel's population of retiree eligibility grows, one of Israel's largest insurance and finance groups, Menora Mivtachim Holdings Ltd. (Menora Mivtachim), started facing challenges in managing the complexity of pension fund claims. The process for claiming pension funds was highly complex, bureaucratic, and prone to errors, requiring specialist intervention and manual creation of spreadsheets for nearly every retiree's application.

To address this challenge and opportunity, the Menora Mivtachim team, alongside Sapiens, embarked on a large-scale initiative to digitize and simplify the claim experience, resulting in breakthrough improvements in pension services facilitated through the new platform's digital capabilities. Sapiens specialists designed and developed all the automation within the core system—Topaz. The new Topaz platform automates and simplifies the pension filing requirements, seamlessly integrating the process for all required parties, including regulatory agencies and legal entities.

Since the platform's launch, the result for Menora Mivtachim has been a dramatic improvement in straight through processing and a better retiree experience with a six-fold decrease in claim calls and processing time:

- **25%** of all pension claim requests are **completed as a straight-through event** (no specialist intervention). The projection is for an increase to 75% over the medium and longer term for no-touch, straight-through service.
- A **42% error deduction** when comparing the digital process to the manual process – The system is now able to automatically identify deficiencies.
- A **six-fold decrease in time** spent for each individual claim call.
- A **30% increase in usability** among clients over the age of 60.





Case Study:

Transforming Decision-Based Claims Modeling and Execution with Hiscox

Hiscox is an international specialist insurer, underwriting a diverse range of personal and commercial insurance risks operating across direct and broker. Priding itself on the quality of its claim service Hiscox began an initiative to better understand how to meet their evolving stakeholders' expectations. After surveying its customers, Hiscox understood that it needed to find the optimal balance between human and digital engagement for its claims operations and used the survey findings as a basis for new improvements.

As part of upgrading the digital capabilities of their policy, claims, and billing management system, Hiscox decided to integrate their core system 'Sapiens IDIT' and 'Sapiens Decision'. The new platform was fully integrated into Hiscox's existing cloud infrastructure and is now serving Hiscox UK as a central, unified platform that contains the single source of truth with respect to business logic.

Sapiens Decision now helps automate standard decisions and intelligently route online claims. The Decision solution helps guide the policyholder when submitting a new claim via the Hiscox online portal, making their journey straightforward and efficient.

The Solution Implemented at Hiscox Managed to Generate Substantial Benefits Across Many Domains including:

1

Increase of customer satisfaction scores from 83% (October 2019) to 93% (September 2020)

2

Increase of Net Promotor Score (NPS) from 68.3 (October 2019) to 82.0 (September 2020)

3

10% reduction in claim reallocations

4

Annual **6% headcount cost savings** through increased claims staff efficiencies.

5

15% increase in Day 1 (fast track) settlements.

6

90% of changes can be developed and deployed with zero IT involvement.

7

Reusability of business logic across multiple integrations. Developed and rigorously tested once for a range of use cases.

8

Where a risk is identified, consistent additional investigative questions asked to **support the claim handler with sensitive conversations.**

Highlight

Our Products' Environmental Impact

Through supporting the digitization of insurance service providers Sapiens transforms a labor-intensive, heavily paper-based processes to a streamlined and efficient digital format. This transition has a variety of environmental efficiency benefits including:

Increased accuracy resulting in reduced overall resource inputs.

By utilizing AI-based technologies, our products seamlessly collect, analyze and automate the insurance business processes. We recognize that employee's time also translate to energy inputs and always look for ways to increase the efficiency and save our client's resources.

Reduction of paper use and related natural resource impacts.

Lower reliance on physical real estate and related electricity, energy and water consumption, as well as reduced operational costs.

Decreased demand for physical IT infrastructure. By providing a comprehensive software-as-a-service product, Sapiens drives strong cloud transformation, optimizing the of usage of physical IT infrastructure.

Reduction in emissions. By digitally providing contextual and accurate engagements with consumers via a chatbot, they are less likely to take the traditional route of traveling to a local service provider to resolve issues, which can reduce drive time and related CO2 emissions.



Case Study:

Centralizing Reinsurance Programs with Greater Efficiency, Simplicity & Ownership

A specialty insurer operating across the US was looking to streamline its reinsurance processes, dispersed teams and multiple approaches into one unified entity. Data analysis had become almost impossible with their over 40 reinsurance programs due to variation in management across multiple teams causing inconsistent data, errors from human calculation, and process discrepancies.

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 by working directly with primary policy and claims processing systems. It also supports interfacing with a general ledger, annual statement and other systems, reducing manual work, operator error and duplicate entries.

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.

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.
- **Consistency** across segments of all reporting, data and information providing 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
- **Proactive Data Analysis** is conducted internally based on granular data versus a general summary provided by the IT department. This shift delivers a greater hands-on approach and control over all aspects of reinsurance.
- **Multi-Dimensional Claims Calculations** are produced across multiple segments and intercompany treaties.
- **Augmented Reporting** is available at multiple levels with granular data and insights.
- **A Repository System** where all direct and ceded data is centralized allows the whole organization to work effectively in a uniform manner and have greater engagement among the teams.

Inspiring Innovation within InsurTech

Sapiens values innovation as key to helping insurance companies go through transformations.

As a cutting-edge software company equipping insurance businesses with critical solutions, we recognize that strong technological innovation allows companies to make the brave leap to digital transformation.

Our R&D teams are continuously looking at the short- and long-term roadmap of our products with the key goal of finding enhancements that can be incorporated into our line of solutions. Our CTO office overlooks all technologies and works closely with all our customer divisions.

In addition to internal innovations through our CTO, strategy and R&D teams, we place a great emphasis on building an ecosystem of partnerships so we can consistently provide our customers with inspiring innovations. This encompasses attending and presenting at InsurTech conferences, conducting comprehensive research, publishing white papers and developing collaborative partnerships with other InsurTech companies.

In 2022, we participated in 25 exhibitions and speaking engagements across North America and the EMEA.



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"ODG by MCG decided to partner with Sapiens as they are an innovator in this industry, especially in the Workers Compensation Insurance Industry. ODG by MCG has been a key player in the industry for several decades. I would say ODG by MCG brings evidence-based medicine and data-driven science towards our duration and treatment information and it goes a long way towards proper claims resolutions within workers comp. We're excited to partner more... and look into the other offerings within Sapiens."

David Kukielka, ODG by MCG

”

"SmartPay is involved in billing for primarily commercial insurers and its based upon a variable exposure – what that means is things like payroll that go up and down. Insurances like workers comp is based on payroll. What SmartPay does is we take that payroll data, and we figure out what the premium is each pay period. We pull the money from the insurance and send it wherever it needs to go. Any Sapiens partner that's involved in workers comp should really think about taking advantage of it. The relationship we have with Sapiens to deliver this exciting concept is great and that's why we're here."

Dino Carbone, SmartPay

Supporting Israeli InsurTech Innovation



Sapiens is honored to strengthen its partnership with the Israel InsurTech Accelerator program 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. We prioritize forming partnerships, that create value for our customers by integrating innovative solutions into our product proposition. **In 2022, Sapiens continued to mentor, support and provide educational opportunities to multiple cohorts of InsurTech IL startups.**

Our InsurTech mentoring program is an ongoing process, demonstrating our deep commitment to work with a few dozen mentees. 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 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."

InsurTech, Kobi Bendelak, CEO



Sapiens People

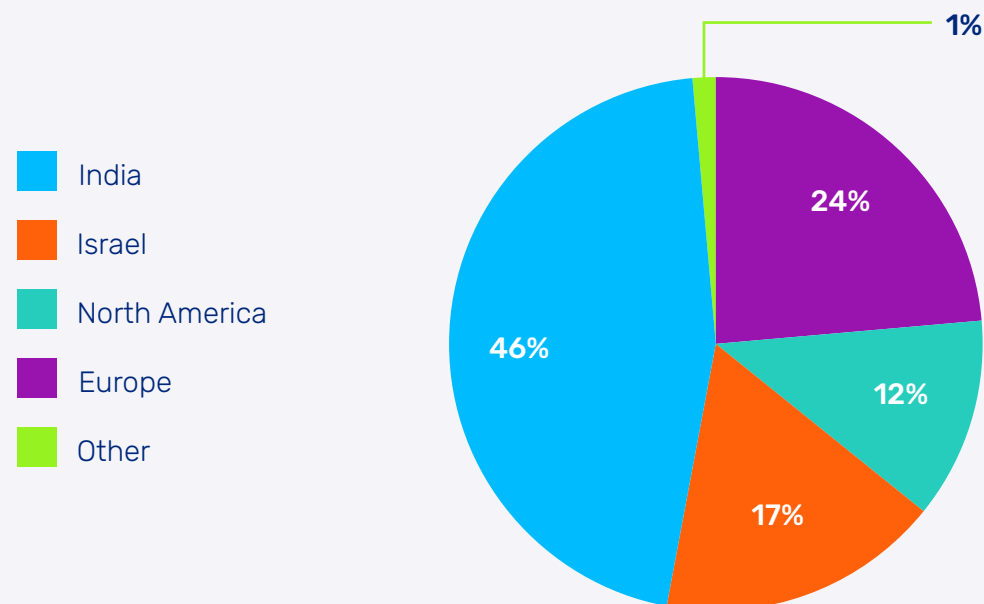


With a name like Sapiens, it's natural that our approximately 5,000 employees are our greatest asset and that we prioritize their wellbeing. It is through a philosophy of putting people first that has made us a trusted partner for our customers, business affiliates, and suppliers.

With operations in 31 countries, we strive to **Think Global, Act Local** holding a vision to unite all of our employees across the globe with a localized approach. We believe in fostering a positive global employee experience to attract top talent and encourage growth and development.

Our employee-centric approach creates a strong sense of connection and wellbeing among our diverse international teams, despite being spread across four continents. Diversity is integral to our company culture, and we celebrate the unique skills and perspectives that each Sapiens employee brings to the table. We also offer a range of career development options to our employees and provide them with the career tools they need to succeed and grow in their chosen path.

Number of Employees by Region, 2022



Our People Awards and Recognition

Named **Top Company 2022**
by Kununu in Germany



Great Place to Work-Certified
for our Sapiens India office



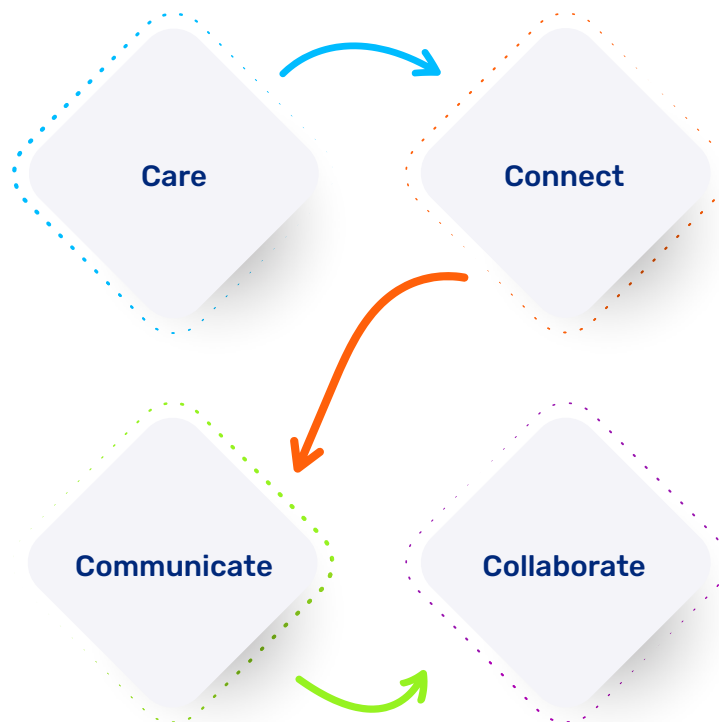
2022 Employees	Indicators	Men	Women	Total
Senior Management	Under 30 years old	0	1	1
	30-50 years old	118	36	154
	Over 50 years old	109	40	149
Managers	Under 30 years old	28	15	43
	30-50 years old	437	162	599
	Over 50 years old	63	32	95
General Employees	Under 30 years old	965	616	1581
	30-50 years old	1078	631	1709
	Over 50 years old	283	208	491

Our 4C's Approach to the Sapiens Community



Sapiens strives to foster a culture of mutual appreciation within our company where everyone is valued and supported. We recognize and celebrate the individuality and diversity of our employees across the globe. No matter their location, we come together as a community to collaborate and care for one another.

Our **4C's** approach (which stands for **Care**, **Connect**, **Communicate** and **Collaborate**), is designed to create a sense of belonging and encourage personal connections among our team members. This approach promotes collaboration and teamwork across units, locations, geographies, and cultures.



Caring for Employee Health and Wellness

Sapiens is focused on caring for the physical and mental wellbeing of our employees and their families. We have implemented a number of health and wellness services for our employees across many of our offices. These include periodical medical checks, and mental health support for employees such as psychological counseling. These employee health and wellness programs are available in several countries, including the UK, India, US, Israel and Germany. We also have a global health week that features health-conscious activities including sport games, family activities, lectures, workshops, and more.

Highlight

Caring Initiatives in India

Innovating Wellness: In India, employee health and wellness programs are conducted regularly to promote a healthy work environment. These programs include health talk sessions on cancer, nutrition, and diabetes. The employees can also participate in health and wellness sessions and health checkup activities, such as eye checkups and BP and blood sugar test camps.



Health Week in Israel

As part of promoting employee health and wellness, Health Week is held in Israel once a year. The week includes various activities to improve the employees' health and well-being such as:

- Lectures on mental health and psychology
- Yoga classes
- Healthy shake workshops
- First aid course
- Meeting with health experts including dermatologists, nutritionists and breast cancer specialists



Health Activities in North America

Sapiens in North America is also taking steps to promote employee health and wellbeing. Bi-weekly yoga classes, quarterly healthy cooking classes, monthly wellness and self-care webinars, and monthly wellness newsletters are among the activities provided to employees. These activities aim to promote physical and mental wellness and provide employees with the tools and resources to take care of their health. The focus is on creating a positive work environment that prioritizes employee wellbeing.

Connecting our Employees Across the Globe

We invest time and energy into cross-cultural collaboration and promoting the **"One Sapiens" approach**. In 2021, we conducted cross-cultural sessions to strengthen our global connection. Building on the information collected, in 2022 we established our new **"Across the Universe" program**. This program features a series of webinars guided by local experts regarding the intercultural differences of the countries in which Sapiens operates. It also includes video blogs about effective interactions with global stakeholders in topics such as communication, authority and time management.

Highlight

Fostering Community in the United Kingdom

Due to the widely distributed employee base across the UK, Sapiens implemented the **"Bubbles program"** to promote cross-division and cross-functional interaction. We identified 22 geographic centers for Sapiens employees to meet bi-monthly and now provide opportunities for face-to-face time and knowledge sharing.

This program is particularly important for new joiners, as it helps them to socialize and connect with their colleagues. By emphasizing connection and socialization, the "Bubbles program" helps to create a more cohesive and connected team, fostering a positive work environment.



Collaborating with Colleagues

Sapiens understands that collaboration is the key for a successful business. We have implemented various channels to encourage collaboration and knowledge sharing among colleagues, particularly among the leadership. Sapiens created a managerial forum to provide a platform for global managers to collaborate and engage in strategic discussions. This forum brings together managers from different regions and exposes them to new ideas and knowledge through lectures and presentations. The program is designed to promote collaboration and knowledge sharing among colleagues, ultimately leading to improved decision-making and business outcomes. By fostering collaboration and providing a platform for open communication, our Managerial Forum helps to build a more cohesive and productive team.

Communicating Effectively Among Colleagues

At Sapiens, we employ a number of strategies to promote communication and encourage open dialogue among employees and management. One way we achieve this is by enhancing activities such as **round tables, town halls, and face-to-face meetings** with executives. These events provide opportunities for employees to share their thoughts and ideas, ask questions, and get to know their colleagues and managers on a more personal level.

In addition, we conduct **mid-year performance check-ins** with employees and an **annual employee survey** to gather feedback and ensure that everyone's voice is heard.

We also believe in fostering informal communication and collaboration, such as through the “Coffee meetups” with Management platform, which allows global teams, managers, and employees to meet and discuss technological and strategic topics in an open and relaxed setting.

Highlight

On-Boarding Breakfasts in Spain

We recognize the importance of creating a welcoming environment for new employees, which is why our offices in Spain organize on-boarding breakfasts. These meetings provide an opportunity for new employees to meet the management team and introduce themselves to their colleagues, helping to build relationships and facilitate communication from the very beginning of their tenure with Sapiens.

Encouraging Collaboration Across India through Spectrum Newsletter

Spectrum is a quarterly newsletter launched by Sapiens India under the banner of “People First”. This India-wide newsletter serves as a platform for open and transparent communication, providing employees with the latest news and happenings across the India site. The newsletter covers a wide range of topics, including project go-lives, team collaborations, client appreciations, employee engagement activities, learning and development opportunities, celebrations, corporate social responsibility, and recognition and awards. By providing a means of open **communication** and sharing information across different teams and departments, “Spectrum” encourages **collaboration** and fosters a sense of unity and **connectedness** among employees.

Promoting Employee Engagement

At Sapiens, we understand that the unique value of each individual contributes to the success of our community. We prioritize employee engagement and create a culture of listening where every employee is encouraged to speak up and make an impact.

Every year we conduct a **global employee engagement survey** that includes all Sapiens employees. The survey aims to understand employee's spirit related to their employee experience. We use the feedback from our survey to define action items to improve the employee experience across the company.

To foster employee engagement, we have developed various initiatives that promote inclusiveness, belongingness, and team building across our global workforce. These initiatives help our employees feel more connected, valued, and engaged, and ultimately contribute to the success of our community.

- **New employee engagement experience In Lithuania:** we have launched a new employee engagement program where employees nominate themselves into themed groups focused on activities related to CSR, sports, social events, and office celebrations. These groups propose and run the actions, with an emphasis on employee voice and initiative as a top priority.
- **Employee Recognition & Appreciation:** Our India site launched a Recognition & Appreciation tool to improve employee morale, motivation, and engagement. The platform aims to recognize and appreciate the hard work and contributions of employees through peer to peer and management to employee feedback channels.
- **Team-building exercise:** We also encourage our employees to work together outside the office. One example is from Israel where our team worked with the Nature and Parks Authority for an outdoor team-building exercise.
- **Fun Clans** activities In India: we have established "Fun Clans," employee engagement clubs that promote inclusiveness and belongingness among employees. The clubs are "for the people and by the people," with four active clubs on the topic of cultural events, books, sports, and movies.

- **Feedback Working Group in North America:** Our employees participate in an Organizational Culture Committee (OCC), a team of employees who work together to discuss, propose and promote topics related to the organizational culture and community to senior management.
- **English Classes in Spain:** We recognize the importance of communication and offer English classes in Spain so that all our employees are empowered to better communicate with their colleagues around the world.



Training and Developing Experts

Continuous Learning Opportunities

At Sapiens, we are committed to providing our employees with opportunities to learn and grow both professionally and personally. Our range of programs and activities ensures that our team members have access to the knowledge and skills they need to excel in their roles and contribute to the company's success.

To ensure that our employees are equipped with the necessary knowledge and skills to excel in their roles, we have implemented a comprehensive learning and development program. Our new joiners, for instance, undergo insurance eLearning, and learn about Sapiens products through a standard learning path, with classroom courses conducted by trainers for all new joiners.

In 2022, our employees participated in more than 147,000 hours of learning, with more than 3,000 employees participating in at least one learning activity.

In addition, we have implemented a blended learning model for our products, using eLearning with simulated screens and transactions. We have also launched a number of key campaigns, including a promotion campaign for Sapiens University, and global learning weeks, as well as learning games and a digital chatbot to help learners.

We also offer a **"Master Class"** soft skills training program, which is open to all employees on our sites in the US, Poland, India and Israel. This program provides a series of technical and soft skills training to help employees develop themselves and expand their work-related knowledge. Moreover, we organize an annual learning program in India with a comprehensive training calendar and a National Upskilling Program that includes over 30 external courses in areas such as international business analysis, agile project management, and health and safety.

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.



Promoting Professional and Personal Growth

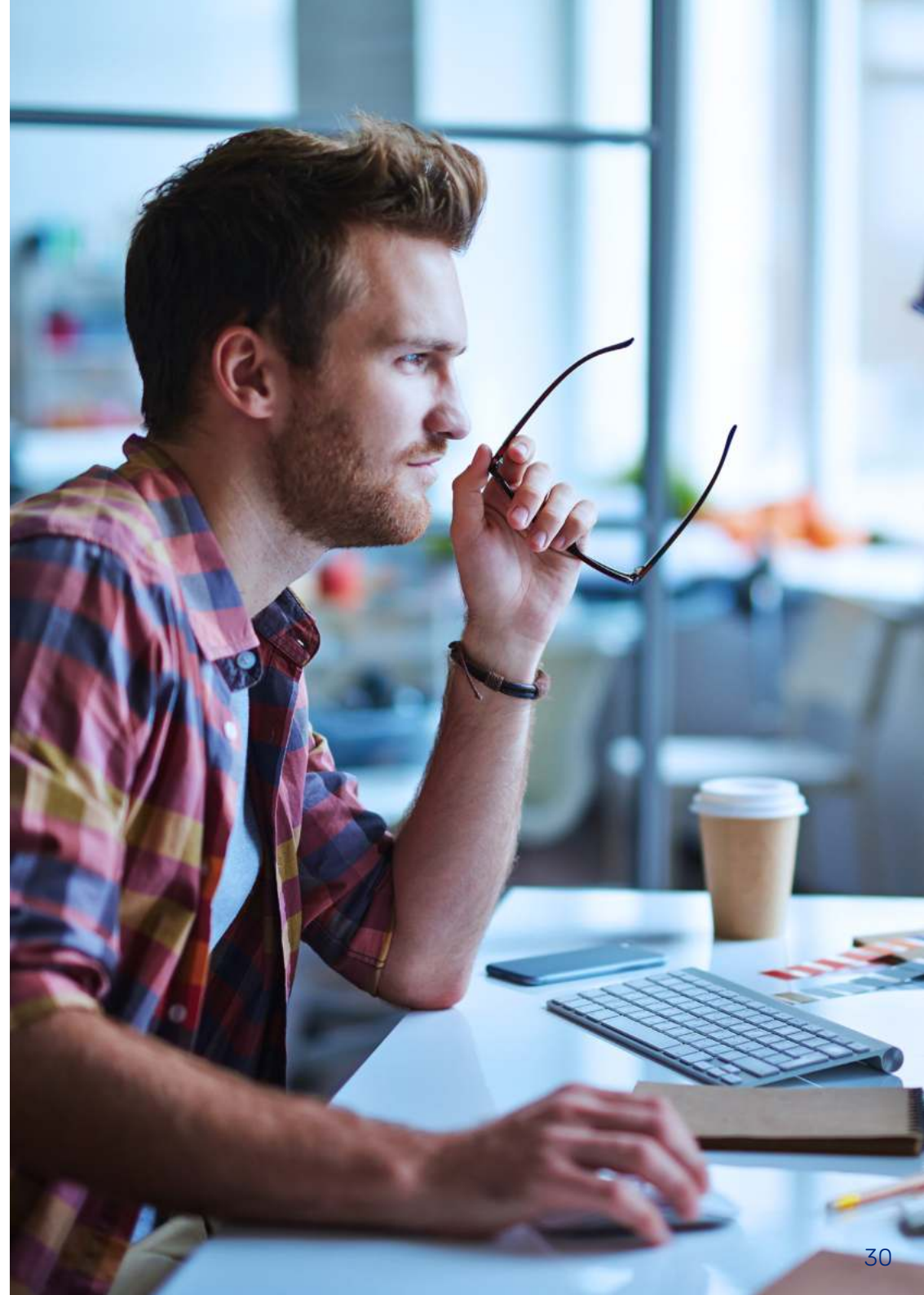
At Sapiens, we are committed offering a wealth of opportunities for our employees to develop their skills and expertise. We are proud that many of our employees have been with us since our inception or shortly after, and we recognize their unique value as a knowledge base. Our investments in our employees have earned us wide international recognition for our positive office work environment. For example, in 2022 we received certification by 'Great Place to Work' for our India office.

To equip managers with consistent and repeatable frameworks we have a **“Targeted Development Program (TDP)”** where managers can create Individual Development Plans for high potential employees. In addition we have a global program called **“CoachIN”**, in which senior managers (VP & Directors) are trained to become internal coaches and coach mid-level managers within the organization.

Performance management is an annual process that evaluates employee performance during the past year and sets work-related objectives and personal growth plans for the coming year. **Employee performance reviews are a mandatory process with a coverage of 97% of eligible employees.**

To improve leaders' managerial mindset and provide them with tools to better manage their teams, we offer **local leadership courses** in India, Latvia, Poland, and Israel.

We believe that investing in our employees' growth and development is crucial to the long-term success of our company and our employees as experts worldwide.



Diversity and Inclusion

At Sapiens, we are committed to promoting diversity and inclusion and strive to provide equal opportunities for all of our employees. We strongly believe that a diverse and inclusive workforce enhances our ability to achieve our business goals. We recognize and respect the unique value that every individual brings to our company, regardless of their gender, location, or ethnicity.

To ensure fairness in our hiring, compensation, and benefits practices, we utilize advanced human resources approach that include data analytics. We have a zero-tolerance policy for any harassment to ensure a safe and respectful workplace for everyone.

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. In March 2022, Sapiens marked **"Sapiens Global Women's Month"** which reaffirmed our commitment to gender equality. We promoted the advancement of women within the company through a variety of events including lectures and sharing success stories which focused on women in the company. By celebrating the success of women at Sapiens we can remind all women of their integral value they bring to the company and promote an empowering work culture.



**28% women in
management positions**



**34% women in
technical positions**



**36% total
women employees**

We understand the critical role of education in achieving gender equality, and we are committed to supporting initiatives that create opportunities for girls and women to access education. We strive to provide an inclusive and welcoming workplace for all our employees, where everyone is encouraged to respect and appreciate each other's unique perspectives and backgrounds.



Highlight

Celebrating Pride in North America

In the US, we created a month-long initiative to educate our employees about the LGBTQ+ community, including a virtual Pride Parade.

Sapiens understands our responsibility to foster belonging for all our employees and create growth opportunities for everyone. Through celebrating Pride Month, we honor the struggles and achievements of the LGBTQ+ community, including the LGBTQ+ members of our workforce.

The celebration reaffirmed our belief that when we draw on the wisdom of a workforce recruited from all segments of society, it betters us all, both personally and professionally.



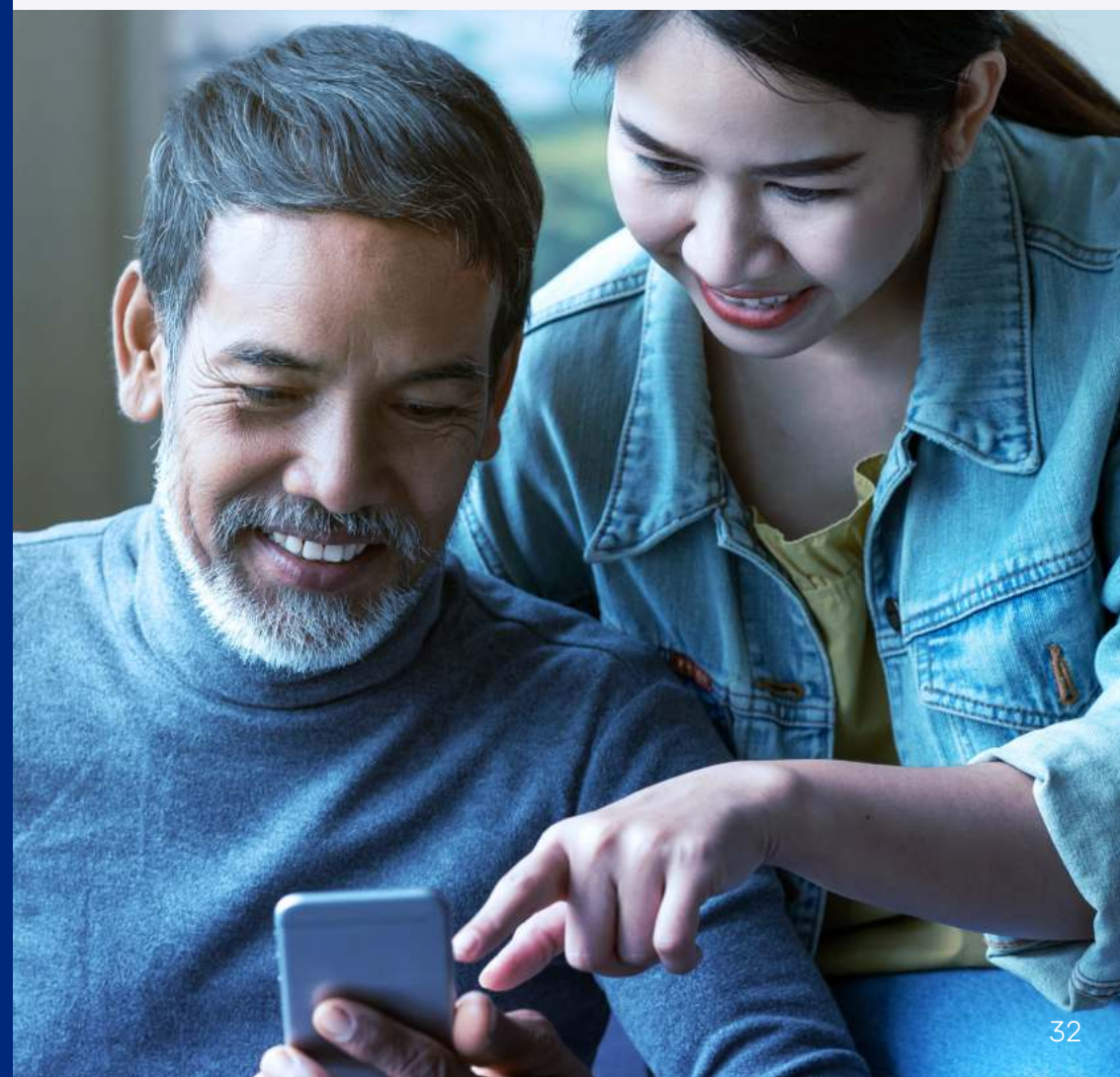
Disability Inclusion in Spain

In Spain, Sapiens collaborated with vendors and organizations that specialize in disability inclusion to promote greater accessibility and inclusivity for people with disabilities, some of their projects include:

- Hosting an employee summer event with “Fundacion A LA PAR”, an organization with the mission to support the rights of people with intellectual disabilities and help them get involved with society.
- We made a monetary donation to “Fundacion Alares”, an organization dedicated to developing social improvements projects and initiating conversation on the challenges affecting people with disabilities within the civil society.
- Purchasing office fruits baskets from “Aqualntegra”, a socially oriented business that employees and promotes the inclusion of people with diverse abilities into the labor market.

Recruiting Female Talent in India and Israel

In India and Israel, Sapiens conducted a targeted recruitment drive aimed at hiring more women employees. This initiative was designed to maintain the company's commitment to diversity and inclusion, and to ensure that women are well-represented at all levels of the organization. The recruitment drive was conducted through a range of channels, including special search tool in the career page of company's external portal, and with the objective of hiring a significant number of talented and dedicated female employees in our India offices.



Acting as Global Citizens

Sapiens remains committed to making a positive impact on the communities in which we operate. Our community contributions in 2022 spanned multiple regions and included a diverse range of initiatives aimed at supporting those in need. We recognize that our responsibility extends beyond our business operations, and we are proud to have made a meaningful difference in the lives of others.

Supporting Ukraine



In response to the ongoing humanitarian crisis in Ukraine in 2022, Sapiens donated to an NGO agency that supports children in Ukraine, and our employees collected goods and first aid materials for Ukrainian citizens and animals affected by the conflict. Many of our employees in Poland took refugees into their homes and Sapiens supported them through providing social vouchers as their household expenses increased. We also brought in an external professional speaker to deliver a lecture on the best ways to cope with stress and ambiguity for our employees in Poland. Additionally, Sapiens developed a Business Continuity Plan for our teams

in Latvia, Poland, and Lithuania, which ensures that we are prepared to respond effectively in case of any crisis or emergency situation.

Initiatives in India

Sapiens' India focused on community initiatives that support the special-abled people, eye donation, and orphanage communities. We equipped four railway stations for specially-abled people, upgrading the waiting hall with adaptations for the disabled and senior citizens at "KSR" with improvements such as hand railings, non-slippery floors, comfortable seating, and an attached restroom facility. Additionally, our volunteers joined hands with "Aashayein Foundation to" host a breakfast for the children of "Auxilium Rainbow Home", Bangalore. Our employees in the India office also visited an orphanage community to engage with the children and support them in their growth and development.

Additionally, Sapiens India sponsored the revamp of Children's play area and installed open gym equipment for adults at Seegehalli and Devasandra Lake Parks. These initiatives will help provide better access to outdoor spaces for the local community. Access to outdoor spaces help encourage fitness and positive mental health.



Caring for Advanced Dementia Patients in the UK

In the UK, our employees partnered with a local hospital ward caring for advanced dementia patients to source many items that were badly needed by residents, promoting their dignity and respect. This initiative has helped us contribute positively to the local community and provide support to those in need.

Supporting German Youth

In Germany, we focused on supporting the youth by motivating them to discover their skills and talents and supporting them for their future development. We invited them to our company office to explore exciting IT experiences and learn more about the technology industry.

Promoting Mental Health Awareness in US

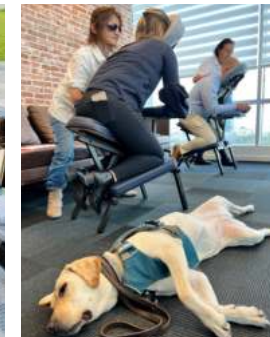
In 2022, Sapiens made donations to "Project NAMI", the National Alliance on Mental Illness. The organization is the US's largest grassroots mental health organization dedicated to building better lives for the millions of Americans affected by mental illness. We understand the importance of mental health, and we support initiatives that promote mental health awareness and prevent suicide.

Helping Israel's Underserved Populations

In Israel, Sapiens' employees worked with various organizations to support the community. We organized a volunteering day with the "Leket Israel" association to collect food from the fields for people in need. Additionally, we worked with the "P'tachon Lev" association to pack food packages for those in need. We also made a monetary donation to the "IGY" association, a volunteer organization for LGBTQ+ youth, to support them in finding their place in society as adults and contributing to themselves, their families, and Israeli society.

Additionally, Sapiens continued to support the "Young Business Leadership" program, which serves as job preparation for youth at risk.

Our employees connected with the student group throughout the year, teaching them lessons, guiding them through life, and preparing them for the next stage after high school. We also organized a day for the students to visit Sapiens offices, where they met our employees from various fields, listened to their life stories, and learned about resume writing and job interviews.



Operational Excellence



Corporate Governance

As part of our ESG strategy, Sapiens is committed to being a leader in corporate responsibility, striving to exceed industry standards. Our corporate governance and unwavering ethical standards ensure that all our stakeholders are carefully considered in every decision we make. We have established a robust set of corporate values that inspire ethical behavior throughout the organization, and we continue to develop a strong management system that prioritizes ethics and security.

To ensure our compliance with regulations, disclosures, and internal controls, it is the responsibility of the Chief Executive Officer, Chief Financial Officer, the legal department and Controller to bring any material information that may negatively impact the company's ability to the attention of the Audit Committee of the Board of Directors. This demonstrates our dedication to maintaining the highest level of transparency and integrity.

Members of the Board



Guy Bernstein

Chairman of the Board
of Directors

Joined: January 2007

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.



Roni Al-Dor

President, CEO
and Director

Joined: November 2005

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.

**Yacov Elinav**

Director (Independent)

Joined: March 2005

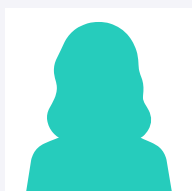
Yacov Elinav has served as a director of the Company since March 2005. For over 30 years, Mr. Elinav served in various positions at Bank Hapoalim B.M., which is listed on the London and Tel Aviv Stock Exchanges, including over 10 years as a member of the Board of Management, responsible for subsidiary 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.

**Eyal Ben-Chlouché**

Director (Independent)

Joined: August 2008

Eyal Ben-Chlouché has served as a director of the Company since August 15, 2008. Mr. Ben-Chlouché 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-Chelouché is serving as Chairman of the Board of DaviedShield Holdings and DaviedShield Insurance Ltd. Mr. Ben-Chelouché served as a director of Matrix IT Ltd. and Migdal Holding Ltd. Mr. Ben-Chlouché also serves on the Board of Directors of several other private companies.

**Naamit Salomon**

Director (Independent)

Joined: September 2003

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.

**Uzi Netanel**

Director (Independent)

Joined: March 2005

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 2012 through 2022, and as a director of Maccabi Health Services since 2005. He previously served as Chairman of Maccabi Group Holdings Ltd., from 2000 through 2017. 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 at present on the Board of Directors of Acme Trading, Assuta Health Centers and Dorcel (B.A.Z.) Ltd.

Our Board of Directors consists of **six** members. **Four** of the members are independent. The board is composed of 5 men and one woman.

In 2022, **six** meetings of Sapiens Board of Directors were held, with an attendance rate of 96%. For more information on our Board of Directors and governance procedures please refer to our 2022 20F.

Information on the Committees	Board of Directors	Audit Committee	Compensation Committee
Number of Members	6	3	3
Percentage Independent Directors	67%	100%	67%
Number of Committee Meetings held in 2022	6	7	2
Board Meeting Attendance Rate	96%	93%	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 and additional meetings as required.

In 2022, the committee held 7 meetings, with a 93% attendance rate.

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 members, two of whom are independent directors.

In 2022, the committee held 2 meetings, with a 100% attendance rate.



Ethical Business Conduct

At Sapiens, our reputation for quality, service, and integrity is paramount. We understand that maintaining confidence and trust in our relationships with our customers, employees, investors, partners, suppliers, regulators, and other stakeholders is crucial. As such, we are firmly committed to upholding the highest professional standards of business conduct.

We understand that adhering to outstanding ethical business practices and complying with all applicable laws and regulations is essential. With thousands of employees working across the world, each facility upholds its unique organizational culture while remaining dedicated to our global [Sapiens Code of Business Conduct and Ethics](#). This ensures that our company's values are consistently upheld, regardless of location.

Our Executive and Financial Officers are responsible for nurturing our culture of commitment, ensuring that standards and compliance are met, and maintaining a work environment that encourages employees to raise concerns. It is imperative that our employees feel comfortable bringing any compliance concerns to our attention. As such, our officers are dedicated to promptly addressing these concerns to ensure that any issues are resolved quickly and effectively. By fostering an environment of transparency and accountability, we can uphold our commitment to outstanding ethical business practices and maintain the trust and confidence of our stakeholders.

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"At Sapiens, we strive to maintain strong ethical standards as a backbone of our business. From our internal policies to our relationships with stakeholders, our values create trust and help our business and employees succeed."

Leetal Yakir, Head of Legal, Sapiens



The Code of Ethics and Business Conduct

In August 2021, Sapiens implemented an updated Code of Ethics, including new versions of the whistleblower policy, anti-fraud policy, and a new anti-slavery policy. In 2022, we continued implementing this updated Code of Ethics and Business Conduct, which is intended to deter misconduct 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 Policy



Anti-Corruption Policies



Whistleblower Policy



Anti-Slavery Policy

The Code is available online as a searchable PDF that each employee must become familiar upon joining the company. It is also shared with and signed by our suppliers as part of their service. The Code is circulated once a year to all employees. The Code was sent to all employees in December 2022, and as per our policy will be sent for acknowledgement biennially.





Whistleblower Policy

As described throughout the code, employees, suppliers and contractors are clearly encouraged to report violations to supervisors or senior management. 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 Compliance Officer. In 2022, we received one whistleblower complaint that was investigated, reported to the audit committee and resolved. The complaint was found to be unjustified.



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 the Internal Auditor. Employees may not trade in Sapiens securities while in the possession of “material non-public information” concerning Sapiens, or during any 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 2022, as in previous years, there were no legal cases relating to corruption and bribery.



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 2022, no anti-competitive behavior was reported.

Related Party Transaction Policy and Process

Sapiens upholds our commitment to ethical business practices and ensures that all related party transactions are conducted in a transparent and accountable manner. We have thus implemented a formal Related Party Transaction Policy that outlines a clear procedure for engaging and disclosing all related party transactions. Furthermore, any transaction, including employment of related party, must be approved by the audit committee, after examination that the terms are in accordance with the market practice. For usual and immaterial related party transactions (that do not exceed a certain amount), the Head of Legal and CFO may approve them and report them to the Audit Committee.

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. In 2022, there were no legal cases related to material non-compliance issues.

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. There were no cases of harassment or discrimination in 2022.

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.

Our Approach to Risk Management

At Sapiens, our management team is responsible for identifying and managing risks. Each department leader is responsible for risk management in their department. According to our policy, risk assessments are performed every three years and we perform a fraud risk assessment every 3-5 years. Additionally, we employ an internal control team who performs multiple audits per year and a formal and independent internal auditor who performs audits 4-5 times per year.

Cyber Security and Data Protection

As a leading company in our industry, Sapiens prioritizes cyber security and information protection to mitigate risks and uphold our responsibility. Our goal is to maintain the utmost confidentiality, integrity, and availability across our computer networks and information assets, be it digital or paper-based. To address evolving threats, we have implemented an enhanced strategy that incorporates advanced technologies, robust security measures, and proactive monitoring. This enables us to safeguard our systems and data effectively, continuously assessing emerging risks and updating security protocols accordingly.

Recognizing the importance of data privacy and security in today's digital transformation era, Sapiens supports our customers in their transition to digital processes. We ensure their data is treated with the highest standards by developing internal and external data security and risk management processes aligned with industry standards. Preserving the confidentiality, integrity, and availability of our customers' data is our shared interest, fostering trust and delivering superior data security. Through our ongoing investment in cyber security, expansion of our Information Security team, and steadfast commitment to stringent data protection standards, we protect our internal and customer data.

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. In 2022, we implemented new controls to our information security systems and policy, resulting in enhanced tools to better protect Sapiens and our customers.

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. Our policy includes key points such as:

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

Sapiens takes proactive measures to engage managers and employees in our cyber security initiatives, recognizing the critical role they play in maintaining a secure environment. At the end of 2021, Sapiens established a cross-functional team dedicated to working on a privacy program for the company. Now, each business unit has a dedicated senior staff member designated as the Key Data Owner. These individuals work closely with the Sapiens Information and Cyber Security Team to ensure compliance with our security protocols. The Chief Information Security Officer (CISO) collaborates with the Global Head of IT to communicate process changes and ensure adherence to performance requirements. Additionally, the CISO conducts an annual review process involving the executive board to keep our policy appropriate and up to date. To further drive engagement, a steering committee involving the CEO, CFO, and the Board actively participates in the process.

As part of our onboarding process, new employees undergo Information Security and Privacy training to familiarize themselves with our policies and best practices. To promote ongoing awareness, all employees undergo annual cybersecurity training, ensuring that everyone at all levels of the organization is well-versed in our security measures. We also provide relevant security and privacy awareness newsletters and updates to enhance employees' knowledge. In line with our commitment to continuous improvement, in 2022 we completed a Business Continuity Management plan for all sites worldwide, ensuring our ability to maintain operations during unexpected events. Additionally, we successfully conducted mandatory Information Security and Privacy training for all employees and conducted secure development (SDLC) training for all developers.

Through these initiatives, we empower our managers and employees to actively contribute to our cyber security objectives, fostering a culture of responsibility throughout the organization.

2022 Cyber Security Highlights

- New Certification: **ISO 27701, ISO 27017, and ISO 22301**
- Establishing centralized security risk management tool
- Business Continuity Management plan for all sites worldwide
- Information Security and Privacy training for all employees
- Secure development (SDLC) training for all developers

Managing Cyber Security Risk alongside our Customers

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 and continue to increase our security budget and team capacities in order to develop and implement ongoing technological solutions. In 2022, we established a security business partner team to support our internal and external clients through ongoing communication specialized trainings and between Sapiens and its customers.

We are constantly upgrading our technologies and work to maintain the highest standards in privacy and data protection. In 2022, we started managing the company's security risks in a centralized tool and are continuously working on a risk management program and annual work plans. As part of the risk management program, Sapiens focuses 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.

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. Additionally, we deploy advanced Endpoint Detection and Response (EDR) software across all information assets.

Upholding International Standards

Sapiens invests significant efforts to maintain high privacy standards and ensure international compliance with regulatory requirements including the General Data Protection Regulation (GDPR) and other relevant mandates. We use data collected only for its intended purpose, in alignment with the GDPR standard. As part of our comprehensive training initiatives, we also conduct annual privacy awareness training alongside our cyber security training, ensuring that our employees remain well-informed about privacy and security best practices.

We proudly hold ISO 27001 certification and in 2022 expanded our certification to include compliance with ISO 27701, ISO 27017, and ISO 22301. Additionally, our managed services division has obtained certifications for its cloud environments and customer services, providing an added layer of assurance to our customers.

Performance in Data Security and Privacy

We continue to significantly improve the Data Leakage Prevention system within Sapiens. In 2022, we did not have any known cases of data security breaches, leaks, thefts, or losses involving customers' personally identifiable information, to the best of our knowledge. In addition, no fines or penalties were paid in relation to information security breaches, customer privacy or other cybersecurity incidents.



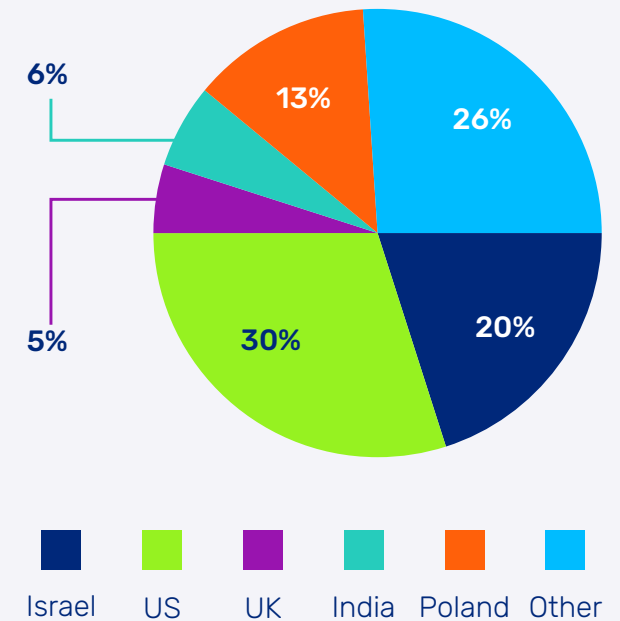
Sustainable Supply Chain

Our vendors play a vital role in our business, and Sapiens seeks to amplify our positive impact by integrating sustainability practices throughout our supply chain and engaging our suppliers in this process. We ensure that our employees also practice these values through training and engagement. In 2022, employees within our procurement department underwent around 5 hours of ESG/ sustainability training.

To support local businesses and economies, we attempt to work mostly with vendors from the countries where we operate. In 2022, approximately **70% of our suppliers were local**. Additionally, seek to enforce our Code of Conduct on all our suppliers and business partners, helping us achieve a greener Sapiens business cycle and improve risk management along the supply chain. In 2022, 50% of our suppliers signed our Code of Conduct.

We prioritize suppliers who share our values and strive to work with companies who employ people from underrepresented populations. In 2022, we identified and began to measure key metrics throughout our supply chain such as the percent of local suppliers, and the percent of suppliers with environmental policies or certifications. We are proud that approximately **70% of our suppliers have an environmental policy and around 40% are ISO 140001 certified**. Additionally, Sapiens partners with non-profit organizations, certified green businesses, and uses services that are certified Fair Trade.

2022 Sapiens Vendors by Site



Cultivating a Responsible Environment at Sapiens



Sapiens remains committed to addressing the pressing environmental challenges of today's world and actively contributes to the protection of our planet. We have ongoing efforts to implement green office practices, adopt sustainable innovations, and encourage efficient commuting among our employees. Moreover, we maintain diligent monitoring of our energy and water consumption to ensure continuous improvement.

To accommodate the changing work landscape, we have adopted a hybrid work model, allowing employees to work both from the office and remotely. This approach has significantly reduced the occupancy in our offices, promoting a more efficient use of resources and helping us minimize our environmental footprint. Additionally, we have implemented adjustments to our office environments, including downsizing and the introduction of hotdesking, to optimize space utilization.

We are committed to enhancing our monitoring systems for energy and water consumption. In the past year, our monitoring coverage expanded to encompass almost all of our offices with the exception of our US Rolling Meadows office. This extended monitoring capability has enabled us to calculate our greenhouse gas (GHG) emissions more comprehensively as it now also covers electricity used for heat consumption. This additional data resulted in a major increase in reported consumption between 2021 and 2022 with electricity for heating accounting for 27% of our total 2022 consumption.

In 2022, our cumulative electricity consumption throughout our global office sites was 3.97 million kWh, a fifth of which was produced through renewable energy generation. **Germany, Cardiff, Lodz and Vilnius offices all operate on 100% renewable electricity sources.**

	Unit of Measure	2021	2022
Total Electricity Consumption	kWh	2,442,502 ¹	3,973,000
Total Renewable Energy Production	kWh	107,800 ²	799,000
Total Water Consumption	Liter	10,425,407	10,487,000

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	2021 (tCO ₂ e)	2022 (tCO ₂ e)
Scope 1	433	455
Scope 2 (Location-based)	1,260	2,167
Scope 2 (Market-based)	1,219	1,798



¹ The 2021 data was revised after the publication of the 2021 report from 2,443,502 kWh to 2,442,502 kWh.

² Refer to footnote 1 above.

Green Office Practices

Although we lease our company sites, we actively collaborate with property owners to implement sustainable practices for energy, water, and waste management. We prioritize office locations with ample natural light, large windows, and innovative design features that reduce the need for artificial lighting and enhance employee well-being. Furthermore, we work closely with property owners to explore environmentally friendly solutions such as recycling air conditioning wastewater for plant irrigation and implementing energy-saving initiatives like LED lighting.



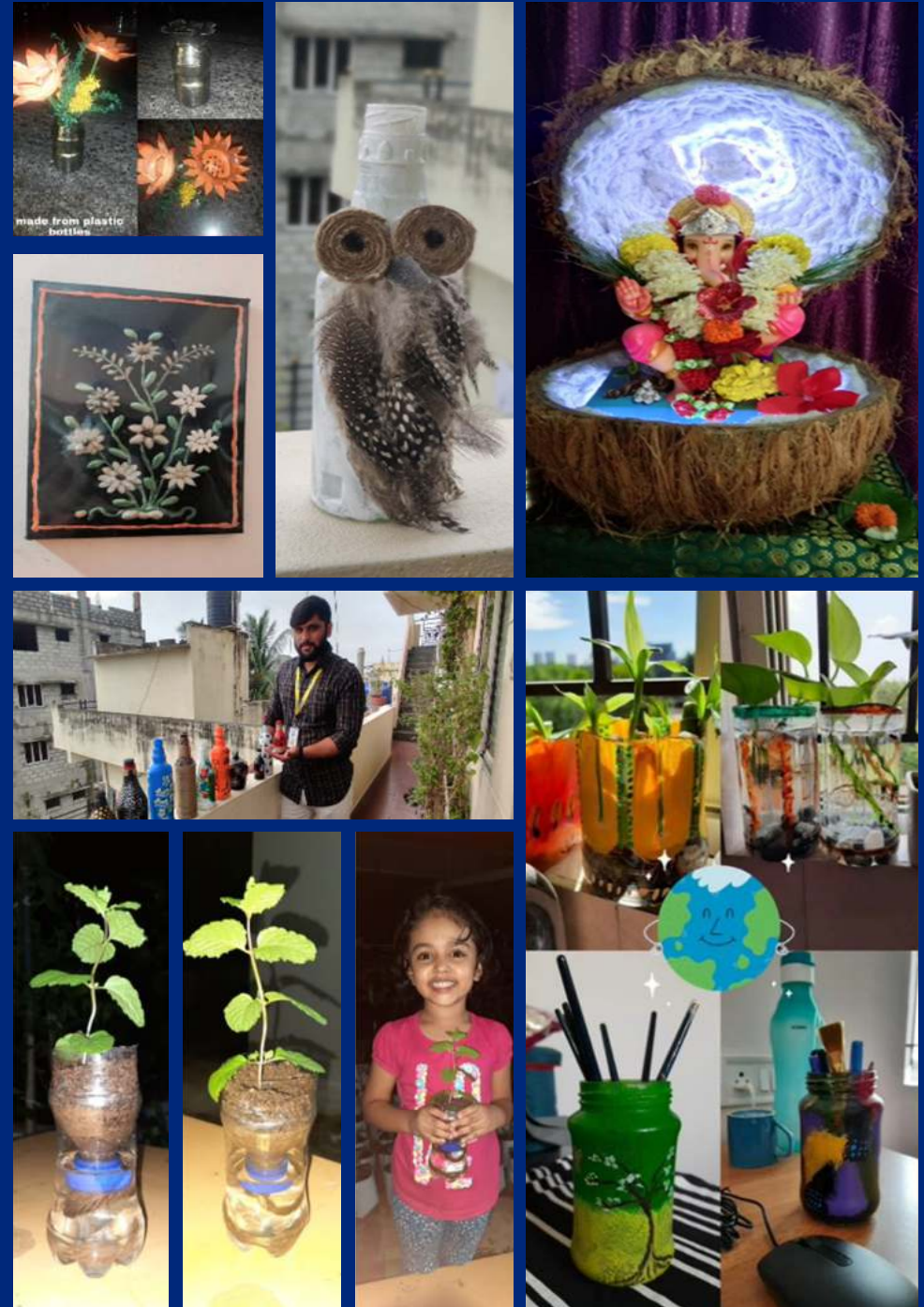
Prioritizing Green Buildings

Our commitment to green building standards is exemplified by our office locations worldwide. For instance, the building in which our office in Katowice, Poland is located, holds the LEED Gold certification, while the buildings in which we have our offices in Orlando, FL, and Raleigh, NC (both US) have received the Energy Star certificate. Our Cardiff, UK office is located in a building recognized with the BREEAM Excellent certificate, and our Riga, Latvia office is in an office complex that obtained the BREEAM In-Use certification.



Promoting Responsible Waste Management

To promote responsible waste management, we have implemented comprehensive waste segregation practices across our offices. We separate waste into categories such as paper, plastic, bio, glass, and mixed, while also providing dedicated battery collection stands. Additionally, we actively encourage a paperless office environment, minimizing printing and photocopying wherever possible and configuring computer systems to default to two-sided and black & white printing.





Initiating Green Practices in Our Offices

Energy efficiency is a key focus in our office spaces. Smart controls regulate most of our office lighting, with LED lights being the preferred choice throughout our premises. Our HVAC systems are adjusted to the occupancy of the floors and working hours, being lowered after hours. Moreover, we prioritize effective ventilation systems in our offices, supplemented by cool air intake from the outside, to reduce reliance on air-conditioning and lower energy consumption.



Encouraging Climate-Friendly Canteens

We also strive to promote sustainable practices within our canteen facilities. Whenever feasible, we minimize eliminate single-use plastic and paper items, opting for reusable cups, glasses, and utensils. Furthermore, we have introduced plant-based milk options in most of our sites, reducing the environmental impact associated with conventional dairy products.

Our offices in Germany have committed to order only vegetarian and vegan food for all catering events, encouraging more environmentally friendly food choices from our employees.



Raising Environmental Awareness

Raising awareness about environmental responsibility is a priority across our organization. In India, our Sapiens office hosts an annual Environment Week featuring events such as Trash to Treasure to encourage transforming old items into new ones and tree planting events. In Germany and many of our other offices, we have green teams of employees which help seek out ways to make the work-life more sustainable and organize lectures and activities on relevant environmental topics.

Efficient Commuting

Sapiens is deeply committed to reducing our carbon footprint and addressing emissions caused by employee commutes. We have implemented various initiatives to promote sustainable transportation options and minimize the environmental impact associated with commuting.

Reducing Vehicle Fleet and Embracing Electric Cars:

To actively reduce our carbon emissions, we have decreased the number of cars owned and leased by our company compared to the previous years. This ongoing trend reflects our commitment to adopting improved commuting alternatives. Furthermore, we have recently introduced 20 electric cars to our fleet, in an effort to reduce our carbon footprint and embrace cleaner modes of transportation.

In line with our commitment to greener transportation, all cars leased by our company in Poland and Belgium are hybrid vehicles. This deliberate choice significantly lowers emissions and demonstrates our dedication to adopting environmentally friendly transportation solutions.

Promoting Carpooling and Shared Rides:

In our Poland office, we actively encourage and support carpooling as an eco-friendly commuting option. We provide dedicated parking spots for employees who carpool to work, incentivizing shared rides and reducing the number of vehicles on the road. This initiative not only contributes to fewer emissions but also fosters a sense of community among our employees.

Promoting Alternative Transportation:

In Germany, we have introduced the "JobRad" program. This initiative enables employees to lease bicycles at a reduced rate compared to standard options. The cost of leasing is deducted from their salary as a monetary benefit. The JobRad program has gained popularity among our employees, with over 10% of employee in Germany currently participating. This program encourages biking as a sustainable mode of transportation, promoting physical well-being while reducing reliance on fossil fuel-based commuting methods.



To further reduce our employee's commuting emissions in Copenhagen, we also integrate commuting considerations into our new office's location strategy and decision making. In 2022 these considerations factored into the relocation of our Copenhagen office which moved from a suburban location to the center of the city, greatly increasing access to public and alternative transportation options, as well as additional services in the area. The downsized Copenhagen office space was also laid-out to optimize and encourage employee collaboration and socializing.

Recognizing the importance of reliable and sustainable transportation, we also prioritize providing transportation options for employees in our India office. This ensures that our employees have access to efficient and eco-friendly commuting methods, promoting both their well-being and environmental sustainability.

Through these collective efforts, we aim to create a more sustainable commuting culture within our company. By prioritizing shared rides, embracing electric and hybrid vehicles, and promoting biking, we actively contribute to minimizing our environmental impact associated with employee transportation.

	Unit of Measure ³	2021	2022
Fuel Consumption (Gasoline for Cars)	Liter	179,325	168,452
Fuel Consumption (Diesel for Cars)	Liter	15,710	21,247
Number of Cars (Owned or Leased)	Number	133	127

³ Covers cars leased to employees in Israel, Belgium, Turkey, Poland, Latvia, Germany & Spain for 2021 and 2022.

Sustainable Commuting Highlights

- **20 electric vehicles** introduce to our company fleet
- **Promoting carpooling** in Poland through dedicated parking spots
- **Bicycle leasing** option for employees in Germany
- **6% reduction in fuel** used by the company vehicle fleet
- All cars leased are **hybrids** in Poland and Belgium

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 2022, there were no accidents reported in our offices.

About this Report



About this Report

We are happy to present the Sapiens 2022 ESG report, the third of our global periodical ESG reporting cycle. This report provides a global overview of Sapiens corporate responsibility projects and activities. We aim to provide in-depth information to the various stakeholders. It was prepared in compliance with the Global Reporting Initiative (GRI) 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 2022, unless stated otherwise.

The information in this report is current as of the date of its publication. All references to years are to the calendar year.



Statement from Good Vision, Sustainability Advisors, Fahn Kanne & Grant Thornton Group

Good Vision supported Sapiens in the writing of this report. Good Vision is a member organization of the GRI Gold Community working to empower businesses, corporations, and decision makers everywhere to act towards a more sustainable economy and future through ESG initiatives and stewardship.



Consultant
Content
Programme



COMMUNITY MEMBER

2023

Feedback

If you have any questions or comments about this report, please contact:

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We wish to thank all the people involved in the concept development, data collection, writing and production of this report, which couldn't have happened without dedicated effort across the company.

GRI Content Index

GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure
The Organization and its Reporting Practices	2-1	Organizational details	Sapiens at a Glance
	2-2	Entities included in the organization's sustainability reporting	Sapiens at a Glance
	2-3	Reporting period, frequency and contact point	About this Report
	2-4	Restatements of information	NA
	2-5	External assurance	NA
Activities and Workers	2-6	Activities, value chain and other business relationships	Sapiens at a Glance
	2-7	Employees	Sapiens People
	2-8	Workers who are not employees	NA
Governance	2-9	Governance structure and composition	Operational Excellence; Corporate Governance
	2-10	Nomination and selection of the highest governance body	Operational Excellence; Corporate Governance
	2-11	Chair of the highest governance body	Operational Excellence; Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Operational Excellence; Corporate Governance
	2-13	Delegation of responsibility for managing impacts	Operational Excellence; Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	Operational Excellence; Corporate Governance

Governance	2-15	Conflicts of interest	Operational Excellence; Ethical Business Conduct
	2-16	Communication of critical concerns	Operational Excellence; Corporate Governance
	2-17	Collective knowledge of the highest governance body	Operational Excellence; Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	Operational Excellence; Corporate Governance
	2-19	Remuneration policies	Please refer to our 2022 20-F
	2-20	Process to determine remuneration	Please refer to our 2022 20-F
	2-21	Annual total compensation ratio	NA
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	Sapiens at a Glance; Impactful Products and Services
	2-23	Policy commitments	Operational Excellence; Ethical Business Conduct
	2-24	Embedding policy commitments	Operational Excellence; Ethical Business Conduct
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	2-26	Mechanisms for seeking advice and raising concerns	Operational Excellence; Ethical Business Conduct
	2-27	Compliance with laws and regulations	Ethical Business Conduct
	2-28	Membership associations	Sapiens at a Glance; Our Management Approach and Stakeholder Engagement
Stakeholder Engagement	2-29	Approach to stakeholder engagement	Sapiens at a Glance; Our Management Approach and Stakeholder Engagement
	2-30	Collective bargaining agreements	NA

Disclosures on Material Topics	3-1	Explanation of the material topic and its boundary	Sapiens at a Glance; ESG Material Issues
	3-2	List of material topics	Sapiens at a Glance; ESG Material Issues
	3-3	Management of material topics	Sapiens at a Glance; Our Management Approach and Stakeholder Engagement
Indirect Economic Impacts	203-2	Significant indirect economic impacts	Impactful Products and Services; Inspiring Innovation within InsurTech
Procurement Practices	204-1	Proportion of spending on local suppliers	Operational Excellence; Sustainable Supply Chain
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Operational Excellence; Ethical Business Conduct
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Operational Excellence; Ethical Business Conduct
Energy	302-1	Energy consumption within the organization	Cultivating a Responsible Environment
	302-5	Reductions in energy requirements of products and services	Impactful Products and Services; Digitizing Insurance for Efficient Sustainable Solutions
Water	303-1	Water withdrawal by source	Environment, Health and Safety at Sapiens
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Operational Excellence; Sustainable Supply Chain
Employment	401-1	New employee hires and employee turnover	Sapiens People
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Cultivating a Responsible Environment; Health and Safety
Training and Education	404-1	Average hours of training per year per employee	NA
	404-2	Programs for upgrading employee skills and transition assistance programs	Sapiens People; Training and Developing Experts
	404-3	Percentage of employees receiving regular performance and career development reviews	Sapiens People; Training and Developing Experts

Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Sapiens People; Diversity and Inclusion
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Operational Excellence; Ethical Business Conduct
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Sapiens People; Acting as a Global Citizen
Public Policy	415-1	Political contributions	The company does not support any political party and makes no political contributions
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Operational Excellence; Performance in Data Security and Privacy
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Operational Excellence; Ethical Business Conduct

SASB Content Index

SASB Topic	Accounting Metric	Code	Page
Environmental Footprint of Hardware Infrastructure	Total energy consumed, percentage grid electricity, percentage renewable energy	SASB TC0102-01	Cultivating a Responsible Environment
	Total water withdrawn, percentage recycled, percentage in regions with High or Extremely High Baseline Water Stress	SASB TC0102-02	Cultivating a Responsible Environment
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	Operational Excellence; Cyber Security and Data Protection
	Amount of legal and regulatory fines and settlements associated with customer privacy	SASB TC0102-06	Operational Excellence; Cyber Security and Data Protection
Data Security	Number of data security breaches and percentage involving customers' personally identifiable information	SASB TC0102-09	Operational Excellence; Cyber Security and Data Protection
	Discussion of management approach to identifying and addressing data security risks	SASB TC0102-10	Operational Excellence; 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	Sapiens People; Diversity and Inclusion

SASB indicators TC0102-05, TC0102-03, 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.

SAPIENS

