

**Environmental
Social & Governance
(ESG) Report
2020**



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A MESSAGE FROM SAPIENS PRESIDENT & CEO

I am excited to share Sapiens' 2020 ESG Report, which includes our vision of Sapiens' global impact and future ESG-related goals. For almost 40 years, Sapiens empowers customers by providing innovative, sustainable solutions to address their needs in the evolving insurance and financial services industry. With more than 600 customers and approximately 4,000 employees around the globe, Sapiens serves a critical role supporting people and businesses in close to 30 countries. Sapiens considers it a privilege to live up to our values of integrity and partnership, and to ensure that our business operations are successful and sustainable.

Sapiens offers a rich product portfolio of integrated core and complementary software solutions, system integration and a full digital and analytics suite to enable customers' digital transformation. Sapiens has a proven commitment to help customers implement our systems, meet strict industry regulations and maximize efficiency, as customer expectations evolve, and competition is on the rise. We also continue to introduce new solutions and capabilities to ensure the long-term expansion and transformation of our customers' businesses.

"Think Global, Act Local" Sapiens operates globally with an organizational structure that leverages local best practices, expertise, proximity to customers and keen understanding of regional regulations and culture. Our industry experts are accessible to Sapiens' customers around the globe, to help establish and maintain strong relationships and provide faster, high-quality support.

COVID-19 Impact It is our privilege and duty to protect and safeguard our staff and their families while assuring the continuity of the company's business operations.

When the pandemic struck in early 2020, Sapiens immediately deployed a proactive approach in line with World Health Organization (WHO) recommendations and local regulations, to ensure both the physical and mental wellbeing of its employees. We tailored our operations and management to enable our team to connect, communicate and collaborate remotely, promoting employee wellbeing and business continuity. In regions most severely affected by the pandemic, particularly India, Sapiens initiated in 2021, an emergency support program that provides support to employees and the communities we operate in.

Sapiens Approach to Sustainability – Delivering Value to Our Stakeholders Sapiens' management is fully devoted to leading business responsibly and delivering value for all stakeholders, including customers, employees, investors, suppliers and the communities in which we operate. It is in Sapiens' DNA to create long-lasting, trusted relationships with our stakeholders. This principle is deeply ingrained in our day-to-day decision process and method of operation, and we always strive to operate in a manner that inspires others.

It's only natural that a company named Sapiens values its employees as the cornerstone, making us the partner of choice of our more than 600 customers globally. We take special pride in the high percentage of women in management and tech positions. Sapiens is constantly looking to add the brightest, diverse, trustworthy and collaborative people to our team. We strive to create a global employee experience that attracts top talent and supports employee development and wellbeing. Our people are our greatest asset, and we aim to provide them with the opportunities to innovate, learn and develop their career together with us through organizational development, training, and internal mobility opportunities.

Community outreach is an essential part of the Sapiens culture, with ongoing activities focusing mainly on youth and the less fortunate populations.

To support local businesses and economies and maximize our positive impact by spreading sustainability practices into our supply chain, we work mostly with vendors in the countries we are operating in.

Industry Recognition Sapiens is dedicated to maintaining its industry leadership position around the world through its leading, innovative solutions and longstanding InsurTech partnerships. Sapiens is the recipient of many prominent industry recognitions, including from leading industry analysts, which validates our strategy and reinforces our commitment to help our customers manage their business administration with leading edge technology.

Goals for the Future Sapiens is committed to helping our customers around the globe digitize and transition their operations as they move to the cloud. Among our goals for the next year, we plan to maximize our sustainable business opportunities and operate in a more environmentally friendly way, to further advance the technology of our offerings. Our solutions and services help to modernize, digitalize, move to the cloud and automate insurance carriers' processes to create greater organizational efficiency, reduce costs, manage risks and provide a better end-user experience. We also intend to continue to engage with and support the communities we operate in – through employee volunteering and other contributions. Recognizing the need for change in today's world, we also intend to practice a greener business – with a focus on office space usage and energy consumption and employee ride-shares, with an eye on further reducing our carbon footprint.

Sincerely,



Roni Al-Dor
President & CEO, Sapiens



SAPIENS AT A GLANCE

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

Summary Results for Full Years 2019 and 2020

(USD in millions, except per share data)

	GAAP		% Change	NON-GAAP ⁽¹⁾		% Change
	2019	2020		2019	2020	
Revenue	\$325.7	\$382.9	17.6%	\$325.7	\$384.5	18.1%
Gross Profit	\$129.5	\$156.0	20.4%	\$143.0	\$172.9	20.9%
Gross Margin	39.8%	40.7%	90 bps	43.9%	45.0%	110 bps
Operating Income	\$37.9	\$45.0	18.8%	\$52.2	\$67.9	30.1%
Operating Margin	11.6%	11.8%	20 bps	16.0%	17.7%	170 bps
Net Income*	\$26.2	\$33.8	28.7%	\$38.9	\$52.0	33.6%
Diluted EPS	\$0.52	\$0.65	25.0%	\$0.77	\$1.00	29.9%

* Attributable to Sapiens' shareholders

2020 Sustainability Highlights



Grew number of employees by
21%
year-over-year



35% Women employees
33% Women in Tech positions



Reduced employee turnover by
2%
Year-over-Year



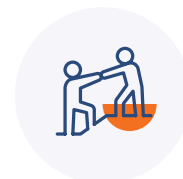
50% Women in the Company Executive Management



Helped accelerate the vaccination process
of **7,000** people daily in Hamburg, Germany



4 offices with green certification



Provided mentorship to **6** INSURTECH Startups



UK office operates fully on renewable energy

Our Impact

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

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

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

Our Global Footprint

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

Sapiens headquarters are in Israel. As of the end of 2020, more than one-third of our employees were based in India, being involved mainly in R&D and professional services. In addition to the development, delivery and support centers in India, we also have major R&D centers in Israel, Latvia, Poland, the UK and the United States (US).

Our sales team is spread across our regional offices in various countries including but not limited to Australia, Canada, France, Germany, India, Israel, the Nordics, South Africa, Spain, Poland, the UK and the US. Following the 2020 acquisitions we have also added regional offices in Denmark.





Recent Industry Analyst Awards

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

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

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

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

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

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

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

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

2019 XCelent for Advanced Life & Pension Technology, EMEA

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

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

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

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



Roni Al-Dor
President and CEO, Sapiens

"I couldn't be prouder of Sapiens and our leadership position that we maintain around the world. The success that Sapiens has experienced is the result of its leading, innovative solutions and longstanding InsurTech partnerships. We believe the industry acknowledgement validates our strategy and reinforces our commitment to help our customers manage their business administration with leading edge technology."

The Sapiens Management Approach to Sustainability

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

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

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

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

Our Sustainability Leaders



Roni Giladi
Chief Financial Officer

In 2020, the Company grew its non-GAAP revenues by 18%, we merged additional companies into Sapiens, further improved our profitability, and raised capital. Those successes were achieved despite the global pandemic. The integration of sustainability into our business strategy demonstrates Sapiens' resilience and strong presence even during challenging times.



Alex Zukerman
Chief Strategy Officer

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



Liana Gelikas
President, P&C and
Reinsurance Division

Our comprehensive insurance offering provides a policy, billing, and claims offering for multiple P&C insurance lines. This is a very meaningful mission for all of us at Sapiens. I am extremely honored to be part of a company that helps support and protect families and business owners in the event of unpredictable climate disasters and crises worldwide.



Tal Sharon
President, L&P/A and IPELS
Divisions

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

”

Noa Brummer
Chief Human Resource Officer

Our employees are our main drivers to success. Constant growth also complemented by mergers and acquisitions comes with great responsibility to uphold an inclusive, equal, and fair work environment for all. We go above and beyond to provide a workplace that acknowledges the uniqueness and value of each of our employees, giving them room for personal development in line with the company's growth.

”

Iris Cohen-Carmel
General Counsel and Corporate Development

Being involved in multiple touch points with various stakeholders, I can't emphasize enough the importance of incorporating relevant Environmental, Social and Global considerations and policies. Deploying applicable strategy and policies can help enhance long-term risk adjusted returns.

”

Ofer Barhom
Vice President, Operations at Sapiens International

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

”

Daphna Golden
Vice President, Head of Investor Relations

I am striving to communicate our ESG business practices to stakeholders, as I see it as a key factor for fostering long-term relations with them. I take pride in being part of a company that advocates sustainable business practices and integrates sustainable thinking into decision-making processes.



Our Main Topics and Impact on SDGs

In 2019 Sapiens conducted an internal ESG gap analysis to assess our sustainability practices and define focus areas.

When preparing the 2020 ESG report, the materials prepared were reviewed by senior management.

The topics below were shortlisted based on benchmark research, ESG methodologies and input from various stakeholders.



Our priorities split into the three pillars:



Environment

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



Social

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



Governance

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

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (UN SDGs), officially adopted by 193 countries, are the blueprint to achieve a better and more sustainable future for all by 2030.

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



UN SDG 4 – Quality Education

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



UN SDG 5 – Gender Equality

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



UN SDG 7 – Affordable and Clean Energy

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



UN SDG 8 – Decent Work and Economic Growth

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



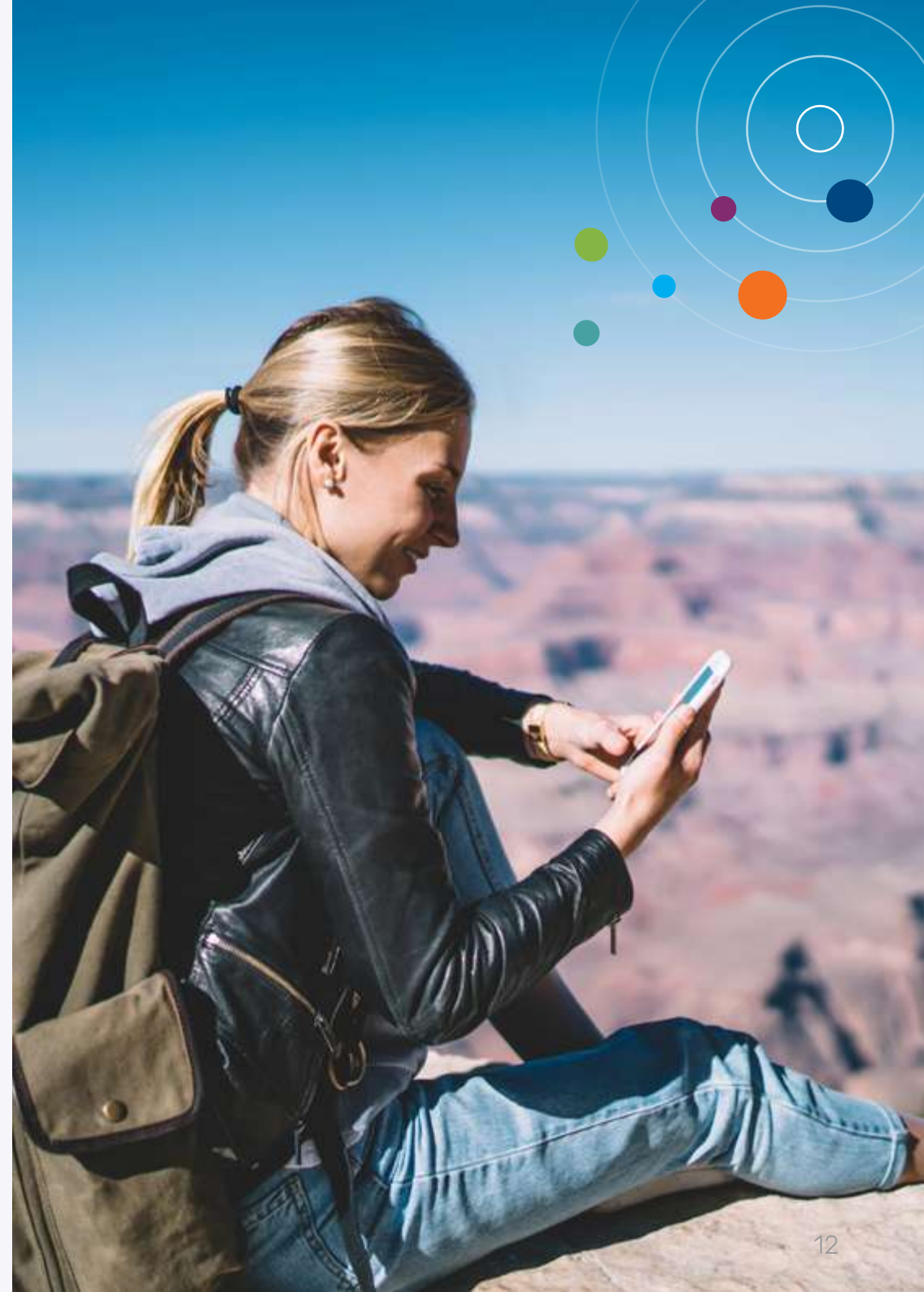
UN SDG 12 – Responsible Consumption and Production

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



UN SDG 13 – Climate Action

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



IMPACTFUL PRODUCTS AND SERVICES

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

Sapiens is committed to helping our customers transform their insurance businesses across all domains and geographies.

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

Our Solutions



Property & Casualty (P&C)

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



Life, Pension, and Annuities (L&A)

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



Digital

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



Data and Analytics

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



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.



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.

Quality of our Services and Customer Satisfaction

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

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

”

Karen Bolinder
COO, SUNZ Insurance

"The team treated us like we were their only customer. Our people say the solution is much more efficient...very easy to work through and to get their jobs accomplished."



”

Geri Powell,
CEO, FBAlliance Insurance

"We chose the Sapiens Property & Casualty CoreSuite as a major pillar of our technology roadmap, to speed up our growth strategy. We found that Sapiens CoreSuite's product configuration architecture removes the usual limitations of a policy administration system and will enable us to offer creative products, excellent time to market and an enhanced customer experience. It will provide us with the flexibility we need to support our Farm Bureau partners, agents and policyholders."

Engaging Customers in Long-Term Partnerships

Understanding and addressing our customers' needs is one of our top priorities. We value our deep and long-lasting relations with our customers and partners, and therefore invest time and effort in building and nurturing them. We take pride in the fact that our customers benefit from our vast knowledge-base, from our broad product portfolio, and from the comprehensive set of professional services provided by Sapiens, helping them with project implementation, as well as, with long term activities such as support, cloud-based managed services, transformation, change management, etc.

Sapiens provides a comprehensive digital & analytics suite, which is pre-integrated with our core solutions, across P&C; L&A, and Workers' Compensation business. Our offering is also available as stand-alone to insurers whether they utilize our core solutions or do not. Our DigitalSuite provides robust customer engagement and experience capabilities through a wide range of advanced tools such as:



**API Layer for
integration
facilitation**



**Portals (agent,
customer,
employer, etc.)**



**AI-based
chatbots**



**Omni-channel
live chats**



**Low-code/no-code
digital business processes builders,
allowing e-business users to create new
digital business processes extremely fast**



**Tim Baum,
Harford Mutual's Vice President
and CIO**

"Sapiens' innovative technology, industry expertise and deep understanding of next generation, digital insurance solutions make them a vital partner in our vision for continued growth and success."

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

Product Development with Sustainability in Mind

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

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



Impact



Reducing the usage of paper and of inefficient energy processes

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

■ Sapiens Digital Suite



Saving energy and waste of resources

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

■ Sapiens Ecosystem



Cloud transformation reduces physical IT infrastructure usage

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

■ Sapiens Managed Services



Reducing energy use and CO₂ emissions

By digitally providing contextual and intelligence engagements with consumers via a chatbot, they are less likely to take the traditional route of travelling to a local service provider to resolve issues, which drives reducing CO₂ emissions.

■ Sapiens ChatBot

■ Sapiens LiveChat

Award winning solutions

Case – Hiscox

Sapiens is proud that four of our customers have received the Model Insurer Award granted by Celent. One example is that of Hiscox, which focuses on decision-based claims modeling and execution. Hiscox is using Sapiens' award-winning full suite along with the award-winning DECISION manager. Our advanced innovation enhances the workflow by enabling analysts to deploy models in Sapiens Decision execution without IT support.

We were able to offer a solution that provides an automated and fully personalized business journey for Hiscox customers, based on their specific characteristics, enabling Hiscox to parameterize and customize questionnaires and processes to achieve such level of personalization. The prized solution increases customer satisfaction while providing a quality service that complies with the customer's expectations for risk protection.



Case Study: Menora Mivtahim

One of Israel's largest pension fund and insurance carriers, Menora Mivtachim Group required a solution to accelerate their digital transformation – a flexible, component-based platform that would provide an omnichannel, unified experience for their customers. Sapiens was able to quickly deploy an innovative digital platform that manages the pension plan platform and enables digital car insurance initiation in less than five minutes without any human involvement. The pension plan solution provided by Sapiens unifies all communications and enables flexible integration with drag & drop capabilities. The automated process provides a better customer experience, thereby eliminating long phone calls and back-and-forth communications between consumers and service agents. Post implementation, 50 percent of the consumers chose to redeem their pension plans through the digital platform rather than via the time-consuming, traditional method. The implementation of the digitized car insurance platform included in Menora Mivtachim's CRM enables the calculation of risks and customer service metrics which result in a better, more customized user experience.

The solution won 'The People Professional Forums 2019 IT Awards' for the most innovative insurance platform. With the integration of our solution, Menora Mivtachim provides an enhanced, customized user experience, and was able to significantly reduce personnel costs.

Inspiring Innovation

Innovation is key to helping insurance companies go through transformations.

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

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



**CLICK-INS, Uri Keren,
Chief Revenue Officer**

"Working with Sapiens, we gained insights into what customers need. This knowledge helped us to strategically enter the global market with products that customers demand. It has been a valuable partnership, and we are glad to be a Sapiens partner."



We at Sapiens are honored to be part of the Israel InsurTech Accelerator program in which we act as mentors and sponsors.

We help select the best startups of those participating in the program, review business plans, assist startups with their go-to-market strategy and networking, while sharing our experience and knowledge. Our top priorities are forming partnerships, helping to formulate value proposition for the benefit of our customers, and integrate innovative solutions in our product proposition.



**INSURTECH, Kobi Bendelak
CEO**

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



**FRISS, Niels Zijderveld
Chief Commercial Officer**

"Our mission at FRISS is to make insurance more honest. Today's digital world is a fraudster paradise, yet an insurer nightmare. Our 2020 insurance fraud report shows that 18% of all claims are said to contain elements of fraud, which is not a victimless crime. We protect insurers by enabling a safe digital transformation straight from the Sapiens core systems to make insurance more honest, grow healthy portfolios and increase customer satisfaction. Because we believe insurance is a beautiful thing."

"The key value in partnering with a large partner like Sapiens is that they open doors for us in the wider insurance community and help explain our value proposition to their existing clients. On our own we could not have such a wide reach."



SAPIENS PEOPLE

It's only natural that a company named Sapiens values its employees as the cornerstone, making us the partner of choice for our customers, business affiliates and suppliers.

We are focused on providing our broad customer base of more than 600 insurance carriers and other financial institutions with the most comprehensive product portfolio and services. Our approximately 4,000 professionals provide innovative solutions, to our customers around the world, from multiple continents. Sapiens is constantly looking to add the brightest, dynamic, trustworthy, and collaborative people to our family.

Geographic Region	2020
Asia Pacific (of which more than 1,300 in India)	1,372
Europe and UK	733
Israel	732
North America	601
Total Employees	3,438⁽¹⁾

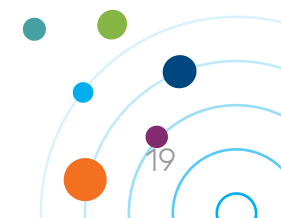
(1) Excluding Tia Technology which was acquired on December 2020. Total number including Tia Technology employees was 3,697.

We strive to create a global employee experience that attracts top talent and supports employee development and wellbeing. Our employee-centric approach allows us to create a sense of wellbeing and strong connection amongst our diverse international teams, even though they are spread across 5 continents. This approach has also proven itself with the quick adjustment prompted by COVID-19 in 2020.

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

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

	2019			2020		
	Men	Women	Total	Men	Women	Total
Total amount of employees	1,958	1,100	3,058	2,407	1,290	3,697
Total percentage of employees	64%	36%		65%	35%	
Total amount of managers	423	160	583	542	198	740
Total percentage of managers	73%	27%		73%	27%	
Employee turnover rate percentage	13%	12%	13%	11%	11%	11%
Employee turnover rate - Dismissal	2%	2%	2%	5%	5%	5%



Global Employee Experience



Think Global, Act Local

As a global company, we hold a **global vision** which unites all our locations, and we emphasize a **localized approach** to suit the various sites. We invest time and energy into cross-cultural collaboration and promoting the “**One Sapiens**” approach.



“Together, Wherever” and our 3C Approach

In the beginning of 2020, when COVID-19 struck and working from home became a routine, almost overnight, we invested a lot of effort to bring people together, using the slogan “**Together, Wherever**” and implementing our **3C approach: Connect, Collaborate, Communicate**, to create a sense of belonging, personal touch and collaboration across units, locations, geographies and cultures.

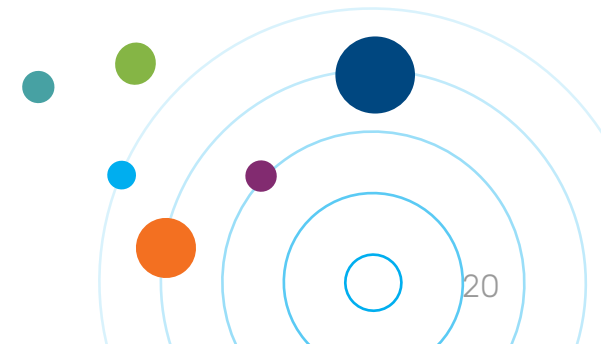


Communication and Transparency. We believe that a 2-way approach in communication and transparency are key to creating a sense of belonging, engagement and motivation amongst employees. As such, we created an internal communication strategy in order to provide our people the context, connect them to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

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

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

When new companies are acquired, we work diligently to get acquainted with their people, culture and values, and we work in collaboration to integrate them into Sapiens’ culture and workflow, with a structured Post Merger Integration (PMI) and Change Management plan. We take pride in our proven ability to bring together under “one umbrella” people from various cultures and regions.





Employee Feedback

I feel that what I need is provided. When I need more -I feel comfortable to ask, I am getting enough support personally and professionally and I am completely satisfied with my team and division.

We also offer training to keep employees informed of reporting and regulatory changes driven by the National Association of Insurance Commissioners (NAIC). Continual Professional Education (CPE) credits are provided to those completing the courses.

In 2020, a total of 31,614 hours of employee professional training has been completed.

Managerial training and development. In 2020, as part of the unique challenges stemming from working remotely due to COVID-19, which brought up to the front many new managerial challenges, **we created the 3C Leadership Program, which included:**

Leadership sessions

More than **300** managers participated in nine global virtual leadership sessions, in which they were equipped with new tools enabling them to deal with employee motivation, productivity and wellbeing, with a focus on the special challenges 2020 presented.

Peer-to-Peer sessions

We have conducted sessions for managers who brainstormed together on the impact of COVID-19 on employees and ways to better manage remotely.

Personal Touch

We have conducted numerous coaching, On the Job (OTJ) mentoring, and internal "energy boost" events across divisions, regions, for our manager forums.



Employee Feedback

I am satisfied with my work and my management, and really like that the company started to support more self-education of employees and enhancing our knowledge and expertise.

I believe that Sapiens provides us with everything that we need for self-development.

'Working Apart Together' managers manual

We put together a manual which includes tools and activities coaching and guiding on how to better manage your team, connect and motivate employees.

Leadership Portal

a Leadership portal with all recorded sessions and materials.



I honestly feel like Sapiens does an excellent job supporting me. The initial training is tough, and you can always improve on training. There's always hands-on, on-going learning.

Training and Development

We know that our people are our greatest asset. We aim to provide them with the opportunity to innovate, learn and develop their career together with us through organizational development, training and internal mobility opportunities.

Professional training and development.

Sapiens offers a range of highly advanced courses for our employees so that they can grow their knowledge base. Our global training center in India established in 2019, was formed in order to centralize the various training needs across the company.

Sapiens offers an extensive variety of options to bring both new employees up to speed and provide upskilling courses for experienced employees.

Supporting Employees' Development

We take pride in the fact that many Sapiens employees have been with the company since its inception or joined shortly after, and we acknowledge their unique position as a valuable knowledge base. We offer and promote succession plans for internal successors and clear career paths to encourage and promote talent from within.

Career Path Program

Career Path is a program we established in 2020 to give our employees the opportunity to navigate their future according to their goals and aspirations. The purpose is to better clarify role progressions at different levels, and to offer transparency and visibility into employee career progression. We aim to enable our employees with the tools to navigate their personal career path, with the company's support. To date, the program has been launched in India and is to be rolled out globally during 2021.

Being a rapidly growing company, Sapiens employees can embark on a variety of career opportunities. They can advance hierarchically to managerial positions, or vertically within their professional path to a Subject Matter Expert (SME) role. We encourage internal mobility and focus on giving our employees priority when it comes to new open positions in the Company. In 2020, **113** employees succeeded to leverage an internal mobility opportunity and change their role in Sapiens.



Employee Feedback

"I entered Sapiens as a student 11 years ago – the endless growth opportunities have taken me to my current senior role"
G.M – Development Manager, Israel

"Since joining Sapiens, I have enjoyed the cross-cultural interactions with my colleagues and clients".
P.K – Associate Consultant, India



Business Continuity During the COVID-19 Pandemic

The global COVID-19 pandemic brought many challenges to many fields. As the pandemic spread globally, we realized we had to adjust to the new situation as quickly as possible. To enable business continuity, while securing our employees' health, we shifted to working from home. We quickly created and incorporated a work from home practice and our Human Resources, Operations and IT teams worked in collaboration with all employees and the managers to ensure everyone can work from home. As a result of the quick adaptation to the new situation, everyone could continue their work fully and the company was able to continue and operate its business globally in a seamless manner.

Adjusting to the New Normal

With the outbreak of COVID-19, a New Normal commenced and Sapiens responded quickly to the rapid changes that the pandemic has presented. We put special emphasis on employee engagement – we conducted a focused employee survey, adjusted the annual performance management process, deployed new wellbeing-related programs and also enhanced our engagement methods with the communities we operate in.

Employee survey

Employee engagement is important to Sapiens and the outbreak of COVID-19 has significantly heightened its importance. In 2020, we conducted an employee survey in order to obtain insights relating to our employees' perspective on work during this challenging time, to understand the needs of our people and to plan accordingly. We also wanted to increase their ability to make an impact and to create a two-way communication culture. We focused on four main areas: Engagement, Communication, Care and Connection, in particular in the context of working remotely. More than **60%** of the employees worldwide responded.

The survey's results showed:

94% of respondents are confident that Sapiens will navigate through the COVID-19 pandemic while keeping the business secure

96% felt that their manager trusts them to complete their tasks while working from home

85% felt that the company thinks about the employee's wellbeing while taking decisions related to COVID-19

87% felt that their managers are taking care for their wellbeing during the COVID 19- period

We communicated the survey results to all employees and committed to taking future steps following the survey. One of the steps was to establish a hybrid work model also post-COVID, so people could work from home twice a week.

Please read more about employee engagement in the COVID-19 Response chapter



Performance Management Process

We aim for our annual performance management process to further enhance our culture of growth and to enable development and future readiness amongst our people. We view the performance management process as an opportunity to talk with our employees, gain focus for the year to come and highlight their importance to the organization's success, while providing them development opportunities.

It's also an organizational opportunity to have a full picture of our talent pool and manage their development in a proactive manner.

Our values are reflected in the performance process as competencies we expect our people to act upon: personal integrity & commitment, expertise, result orientation, customer and business focus, planning & execution, partnership and leadership.

The process includes four main components: Evaluation of the annual objectives previously set, evaluation of competencies which are based on the company's values – how they were reflected in the past year, objective setting for the new fiscal year and future development objectives.



During 2020 with social distancing, the pandemic-accompanied stress and intense schedules, it was more important than ever to connect with our employees, communicate expectations and make sure they successfully collaborate with others, while working-from-home. The competencies and evaluations process were adjusted to the New Normal. Managers around the globe participated in designated training sessions regarding remote management and remote feedback discussions.

**In 2020,
97% of Sapiens
employees
received their
performance
reviews**



Employee Feedback

I am getting sufficient support from my manager to manage both personally and professionally these days

I am happy with the initiatives Sapiens is taking to make our work from home more productive

Wellbeing

We are always focused on taking care of our employees. During 2020, which was an especially challenging year on a global basis, due to the breakout of the pandemic, we rolled out many new activities related to our employees' wellbeing as it relates to both physical and mental health in addition to those that were already in place.

For example, an employee mental support service was initiated in several countries. A global health week, which was a vibrant celebration of health-conscious activities: online sports, family' activities, lectures and virtual workshops, and more.

During 2020 we put emphasis on investment in our wellbeing and taking good care of ourselves and our families. We intend to continue investing in the wellbeing of our employees also in the years to come.

Engaging the community contribution remotely

Community contribution is part of our wellbeing formula, which helps our employees take part in meaningful activities of supporting others. Whether face-to-face or virtually, during 2020 we continued to conduct our community activities, concentrating mainly on children and youth, healthcare and unique, less fortunate populations.

Part of the activities were dedicated to support Covid-related situations in our communities

Children and Youth

- In the UK, we provided support with **online math lessons for children.**
- In Israel, **we donated school supplies** for children removed from their homes by the welfare authorities due to parental disfunction.
- COVID-19 forced many children to study from home via Zoom, yet numerous families in Israel were not financially capable to provide every child a personal computer. **We helped by donating computers to families in need.**

Helping the less fortunate population

- In the US, in celebration of the "International Day of Charity," we organized in collaboration with Feeding America, a fundraiser to provide **meals to families in need.**
- In Israel, to put a smile on children's faces, we **contributed holiday gifts** to children with special needs.

Healthcare

- In India we cooperated with the NGO "International Association for Human Values". Sapiens leveraged the corporate social responsibility funds to donate an **ambulance, five ECG machines, a ventilator and a USG machine.**
- In India, employee contributions were used to fund more than **1,500 face-shields for three government hospitals** together with the NGO "Save your Doctors".



Diversity and Inclusion

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

Gender Diversity

Sapiens is proud of the strong female voice in the company. **The Sapiens Executive Leadership team which consisted of 50% women in 2020**, is a great example for this not only being a slogan at Sapiens.

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

Gender Diversity 2020



35%
Women employees

33% Women
in Tech positions



50% Women in
Executive Management

27% Women in
Management positions



	2019			2020		
	Men	Women	Total	Men	Women	Total
Employees in Engineering and Technical Positions	1,804	929	2,733	2,210	1,090	3,300
Employees in Supporting Functions	154	171	325	197	200	397
Top Managers	52	18	70	63	21	84
Middle and other Managers	371	142	513	479	177	656

OPERATIONAL EXCELLENCE

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

Corporate Governance

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

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



MEMBERS OF THE BOARD

	Description	Role and participation in the committees	Independent Director	Date of joining the Board
Guy Bernstein	Guy Bernstein, age 53, 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 Tel Aviv University.	Chairman of the Board of Directors		January, 2021
Roni Al-Dor	Roni Al-Dor, age 60, joined the Company as President and Chief Executive Officer in November 2005 and has served as a director of the Company since November 2005. Prior to joining the Company, Mr. Al-Dor was one of the two founders of TTI Team Telecom International Ltd., or TTI, a global supplier of operations support systems to communications service providers and from August 1996 until 2004, Mr. Al-Dor served as President of TTI. Prior to that, Mr. Al-Dor served as TTI's Co-President from November 1995 until August 1996 and its Vice President from September 1992 to November 1995. During his service in the Israeli Air Force, Mr. Al-Dor worked on projects relating to computerization in aircrafts. Mr. Al-Dor is a graduate of the military computer college of the Israeli Air Force, studied computer science and management at Bar Ilan University and attended the Israel Management Center for Business Administration.	President, Chief Executive Officer and Director		November, 2005
Yacov Elinav	Yacov Elinav, age 76, has served as a director of the Company since March 2005. For over 30 years, Mr. Elinav served in various positions at Bank Hapoalim B.M., which is listed on the London and Tel Aviv Stock Exchanges, including over 10 years as a member of the Board of Management, responsible for subsidiary and related companies. From 1992 through 2006, Mr. Elinav served as Chairman of the Board of Directors of Diur B.P. Ltd., the real estate subsidiary of Bank Hapoalim. From August 2004 until 2009, Mr. Elinav served as Chairman of the Board of Directors of DS Securities and Investments, Ltd. From August 2004 through 2008, Mr. Elinav served as Chairman of the Board of Directors of DS Provident Funds Ltd., and from 2010 until August 2015, served as Chairman of the Board of Directors of Golden Pages Ltd. Mr. Elinav also serves on the Board of Directors of several other public and private companies. Mr. Elinav is an independent director.	Director	Yes	March, 2005



MEMBERS OF THE BOARD (CONTINUED)

Description	Role and participation in the committees	Independent Director	Date of joining the Board
Eyal Ben-Chlouche	Director	Yes	August, 2008
<p>Eyal Ben-Chlouche, age 59, has served as a director of the Company since August 15, 2008. Mr. Ben-Chlouche served as the Commissioner of Capital Market Insurance and Savings at the Israeli Ministry of Finance from 2002 through 2005, where he was responsible for implementation of fundamental reforms in pension savings. Prior to that, he served as a Deputy Commissioner of Capital Market Insurance and Savings and as a Senior Foreign Exchange and Investment Manager in the Foreign Exchange Department of the Bank of Israel. He also served as an Investment Officer in the Foreign Exchange Department of the Bank of England, in London. Mr. Ben-Chlouche served as Chairman of the Board of Directors of the Shahar Group, Chairman of the Advisory Board of Directors of the Shekel Group until the end of 2007 and serves as a director of Matrix IT Ltd. and Migdal Holding Ltd. Mr. Ben-Chlouche also serves on the Board of Directors of several other private companies. Mr. Ben-Chlouche also serves as Chairman of the Advisory Board of the Caesarea Center for Capital Markets and Risk Management. In 2005, Mr. Ben-Chlouche served as a member of the Bachar Committee on Capital Market Reform in Israel. Mr. Ben-Chlouche is an independent director.</p>			
Naamit Salomon	Director	Yes	September, 2003
<p>Naamit Salomon, age 57, 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.</p>			
Uzi Netanel	Director	Yes	March, 2005
<p>Uzi Netanel, age 85, has served as a director of the Company since March 2005. He has served as chairman of the Board of Directors of Maccabi Enterprise Development & Management Ltd. since 2005, and as a director of Maccabi Health Services since 2005. He previously served as Chairman of Maccabi Group Holdings Ltd., from 2005 through 2011. From 2004 through 2007, Mr. Netanel served as Chairman of Board of Directors of M.L.L Software & Computers, and from 2000 through 2011 served as a director of Bazan and Carmel Olephine. From 2001 through 2003, Mr. Netanel served as partner in the FIMI Opportunity Fund. From 1993 through 2001, he served as Active Chairman of Israel Discount Capital Markets and Investments Ltd. From 1997 to 1999, Mr. Netanel served as Chairman of Poliziv Plastics Company (1998) Ltd. From 2005 through 2014, he served as director of Maman Group and from 2012 through 2014, he served as director of Gadot Biochemicals. Mr. Netanel also serves on the Board of Directors of Acme Trading, Assuta Health Centers and Dorcel (B.A.Z.) Ltd. Mr. Netanel is an independent director.</p>			

As per the 2020 20F annual report filed by the company on March 25, 2021.



Our Board of Directors consists of six (6) members, of whom four (4) are independent and one (1) is a woman. In 2019 and 2020, nine (9) and sixteen (16) meetings of Sapiens Board of Directors were held respectively, with the directors' attendance rate being 96% and 98%, and the independent directors' attendance rate being 94% and 97%.

Board of Directors Committees

Audit Committee

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

In 2020, the Committee held seven (7) meetings with a 96% attendance rate.

Compensation Committee

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

In 2020, 4 meetings of the Committee were held with a 100% attendance of the entire Board of Directors.

Nomination Committee

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

Ethical Business Conduct

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

This requires that we conduct our business in accordance with all applicable laws and regulations, and to adhere to outstanding ethical business practices. We have thousands of employees working worldwide, and each facility upholds its individual organizational culture while committed to the global Sapiens Code of Business Conduct and Ethics.

Our Executive and Financial Officers have leadership responsibilities that include nurturing this culture of commitment to ensure standards and compliance; include nurturing this culture of commitment to ensure standards and compliance; maintaining a work environment that encourages employees to raise concerns; and promptly addressing employee compliance concerns.



**Noa Brummer, Chief
Human Resources Officer**

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



The Code of Ethics and Business Conduct

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

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely and understandable disclosure in reports and documents Sapiens files with, or submits to, the Securities and Exchange Commission and the Israel Securities Authority and in other communications made by Sapiens
- Compliance with applicable governmental laws, rules and regulations
- Prompting internal reporting of violations of the Code to the appropriate person or persons identified.
- Accountability for adherence to the Code
- Adherence to a high standard of business ethics

The Code sets principals and standards for: Insider trading policies, Anti-fraud, Anti-corruption policies, Whistleblower Policy. The Code is available to anyone as a navigable E-document that each employee must familiarize with upon joining the company. The code is posted on Sapiens' website and is published once

a year by the Chief Human Resources Officer to all employees (100%). In addition, copies of this Code are available upon request to the General Counsel.

Employees are clearly encouraged to report violations to supervisor, senior management, or other offices as deemed appropriate. If matters concern accounting or auditing issues, employees can directly report to the Chief Financial Officer. Whistleblowers who make reports in good faith of suspected violations are protected from retaliation such as demotion or termination of employment because of reporting. Any staff member who wants to bring an ethical issue to light, can also write an anonymous email to the Corporate Secretary in the legal department, as well as to a Human Resources officer.

In 2021 our Code of Ethics is going through revision and updates.

Insider Trading Policy

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

Employees may not trade in Sapiens securities while in the possession of "material non-public information" concerning Sapiens, or during any special blackout periods.

Employees and their immediate family members may trade in Sapiens' securities only during the clearly defined periods. A failure to comply with the Policy could result

in a serious violation of the securities laws and may involve both civil and criminal penalties.

Anti-fraud Policy

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

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



Corruption and Bribery

Sapiens has zero tolerance for corruption and bribery, and we are devoted to working honestly and ethically to ensure a truthful business and partnership. We believe that transparency plays an important role in preventing corruption, thus we consistently communicate our progress to our stakeholders. In 2020, as in previous years, no cases of corruption were reported.

Human Rights

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

Anti-competitive Behavior

We believe that a competitive market is vital for our society, economy, and business. It helps to keep prices low, ensures a high quality of goods and services, offers a range of choices, and encourages companies to innovate. For that reason, we are against any anti-competitive behavior as it interferes to build a well-functioning market. In 2020, no anti-competitive behavior was reported.

Compliance with Laws, Rules and Regulations

We hold the view that obeying the law, both in letter and in spirit, is the foundation on which a company's ethical standards are built. At Sapiens all Directors, Officers, and employees should respect and obey all laws, rules, and regulations applicable to our business and operations. We are aware that not all Directors, Officers, and employees know all details of these laws, rules, and regulations. Yet, it is important to us that they know enough to determine when to seek advice from supervisors, managers, officers, or other appropriate Sapiens personnel. No report of non-compliance in the year 2020 was reported.

Non-discrimination and Anti-harassment Policy

We have zero tolerance for any kind of harassment, which involves discrimination, sexual harassment, humiliation, and abuse of authority. Any wrongful doing that comes to light will have legal consequences. This matter is treated with seriousness, and any complaints are handled immediately with full attention. In 2020, we received one discrimination complaint. Sapiens General Counsel reviewed the complaint and investigated the case with the relevant individuals. Following such investigation, the General Counsel reported to the Company's CEO. The former employee filed a complaint

with the Equal Employment Opportunity Commission. The Equal Employment Opportunity Commission decided not to proceed further with its investigation and dismissed the claim. In May 2021, the former employee decided to file a claim against the Company, which is in a very early stage.

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 among all. All contracts comply with laws and regulations by the country operating and, in some cases, we have established employment procedures that are beyond the standards required.

Cyber Security and Data Protection

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

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

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

Information Security Policy

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

- Information will be protected against unauthorized access
- Confidentiality of information will always be assured
- Integrity and security of information will always be maintained
- Regulatory and legislative requirements will be met
- Compliance with regulatory and legislative requirements is demonstrated
- All breaches of Information Security, actual or suspected, will be reported and investigated in accordance with the appropriate procedures, policies, and agencies

Engaging Managers and Employees in Cyber Security

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

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



Managing our Cyber Security Risk

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

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

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



We have introduced and implemented advanced technologies for data protection and cyber security. We constantly evaluate, analyze and respond to potential threats, we run regular audits, various vulnerability assessments and hold specialized trainings and ongoing communication between Sapiens and its customers. In 2020, we focused on executing the risk management annual program.

Software and Information Protection

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

International Standards

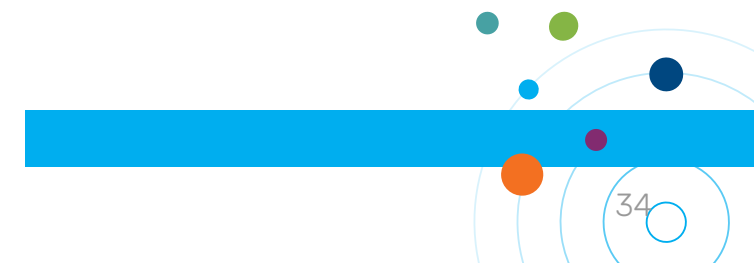
Sapiens invests the utmost efforts to improve internal practices and to support our customers to be compliant with regulatory requirements such as GDPR, among others.

Starting Q2 2021 Sapiens is ISO 27001 certified and accredited for Corporate, Development and Managed Services divisions.

Sapiens is ISO 27017 certified and accredited for its Managed Services division. The Managed Services division has certified all of its cloud environments and Customer Services.

Performance in Data Security and Privacy

In 2020, Sapiens was not aware of any data security breaches, leaks, thefts, or losses involving customers' personally identifiable information. In addition no fines or penalties were paid in relation to information security breaches, customer privacy or other cybersecurity incidents. In or about April 2020, we experienced cyber events, which resulted in a brief interruption of service availability to customers, prior to restoration of secure computing operations. We implemented further controls and planned for other preventative actions to further strengthen our systems against future cyber security events.

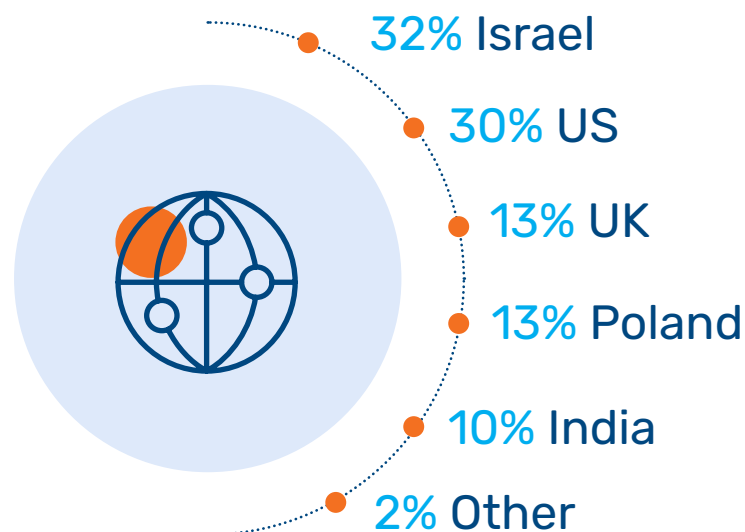


Sustainable Supply Chain

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

To support local businesses and economies, as well as to reduce negative environmental impacts, we attempt to work mostly with vendors that are from the countries we are operating in.

2020 Sapiens Vendors by site



Of the respondents who submitted the answers

In order to achieve a greener Sapiens business cycle and improve risk management along the supply chain, we launched a survey of our biggest suppliers to get a better understanding of their environmental policies and practices.

57% of our biggest suppliers incorporated an environment policy and, in addition 28.5% are in the process of formulating one

29% of suppliers are compliant with the ISO 140001

14% of the suppliers are in the process of receiving the certificate



Case Study:

An Israeli supplier, has received the Tel Aviv city council "Tav Yarok", a green urban badge for businesses as a sign of environmentally friendly business conduct.

The green label is given to companies that act to reduce energy and water costs, streamline procurement processes and inventory management, and reduce the amount of waste.

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

ENVIRONMENT, HEALTH AND SAFETY AT SAPIENS

Sapiens recognizes the need for change in today's world and is aiming to contribute to protecting the environment and practice a green business. This includes the application of green office practices and buildings, developing and implementing advanced sustainable innovations, and efficient commuting. We constantly monitor our activities such as energy and water consumption. In 2020, we saw a decrease in energy, water, and fuel consumption, which is explained primarily by the COVID-19 pandemic. We are doing our best to keep the indicators low by introducing additional company practices including moving to the cloud and virtual communication. There is a slight increase in our energy usage of our data center as we are changing our IT operations to a cloud system.



Electricity consumption²



FY2019

3,104,614 kWh

FY2020

2,445,360 kWh

Data center energy usage³



FY2019

235,171 MWh

FY2020

343,385 MWh

Renewable energy consumed & generated³



FY2019

0 kWh

FY2020

103,553 kWh

Heating gas consumption³



FY2019

49,949 kWh

FY2020

0 kWh

Water consumption³



FY2019

721,413 Liter

FY2020

542,352 Liter

²Calculation of the total electricity consumption of 70 percent of our office space. Includes offices in Israel, UK, India, the US, and Poland.

³Calculation of 64 percent of our office space. Includes offices in Israel, UK, India, and Poland.

Green Office Practices

As of the end of 2020, the majority of Sapiens sites were rented; therefore, our energy, water and waste are in part managed by facility owners. All newly leased buildings have large windows with lots of natural light to reduce lighting electricity needs and improve employee wellbeing. We also work with property owners to utilize innovations such as recycling wastewater from air conditioning to water plants and energy-saving schemes such as LED lighting.

Green Buildings

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

Recycling

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

Paperless Office

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

Energy-efficient Lighting

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



Reducing Consumption of Air-conditioning

Effective ventilation systems are installed in almost all our offices which are supported by cool air from outside.

Reducing GHG

Our office in the UK is entirely run by green energy.

Sustainable Canteen

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

Rising Awareness

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

We hope to expand these activities to our sites worldwide.

Moving to the Cloud

Our biggest project for the coming years is moving all IT operations to the cloud. This will have major environmental benefits: first, it reduces energy usage needed to operate an on-site data center, and the machinery needed to keep a constant power supply for servers and cooling systems to avoid overheating – all of which must be disposed at the end of its lifetime, causing significant e-waste. This dematerialization (reduction in the use of the equipment and in turn materials, transport, etc.) will also mean a decrease in greenhouse gas emissions and reduction of waste. Data centers that will be utilized are much more efficient because they can also use sharing services and advanced technologies to reduce the need for lighting, cooling, and power conditioning. All of this results in energy savings, e-waste reduction, and GHG emissions decreased.

Virtual Conferencing

Sapiens is a thought leader in the software industry in which we operate. We share our knowledge through regular events for our customers, held throughout the year. Our current policies are to reduce the physical presence of these events while ensuring continuous communication. Good video conferencing is becoming key to excellent operations. Sapiens is also currently working on launching a unified company travel system that will integrate innovative conferencing tools. If our employees and customers can see and hear each other smoothly and clearly, we can significantly reduce the need for in-person meetings and conferences and in turn travel. Pre COVID-19 employee travel was one of the biggest contributors to our GHG emissions. Ongoing travel reduction will lead to significant and continuous mitigation of our carbon footprint.

In 2020 the COVID-19 pandemic led to worldwide lockdowns that prevented international travel and even commuting to and from

work. Thanks to our virtual conferencing project that began in 2019, Sapiens was ready to support our employees and keep them connected from their homes around the world while still providing our customers with the best-in-class service that they expect from us. In 2020 we also initiated virtual customer events, hosting hundreds of customers.

Efficient Commuting

Another project to reduce our carbon footprint is that of reducing emissions caused by employee commutes to work. In 2020, in Israel, Sapiens was leasing 110 private cars to employees (down from 120 in 2019 and 135 cars in 2018). This number is continuously coming down as better commuting options become available. Currently, employees travel an average of 25Km per year to arrive at the office and we can make this distance more efficient with ride-sharing schemes. We are planning to map all employees and launch communication groups so that people can travel to work more easily with coworkers that live nearby.

In our Poland office, we encourage commuting by offering a parking spot for those who shared their ride while in India we provide transportation for employees. All cars leased in Poland by Sapiens in Q3 2021 will be hybrid.

Fuel consumption (cars)



Gasoline

FY2019

498,940 Liter

FY2020

344,695 Liter

Diesel

20,166 Liter

16,851 Liter

Cars

140

129

(owned or leased)

Cars are only leased to employees in Israel, Belgium, Latvia, Poland and Turkey.

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.

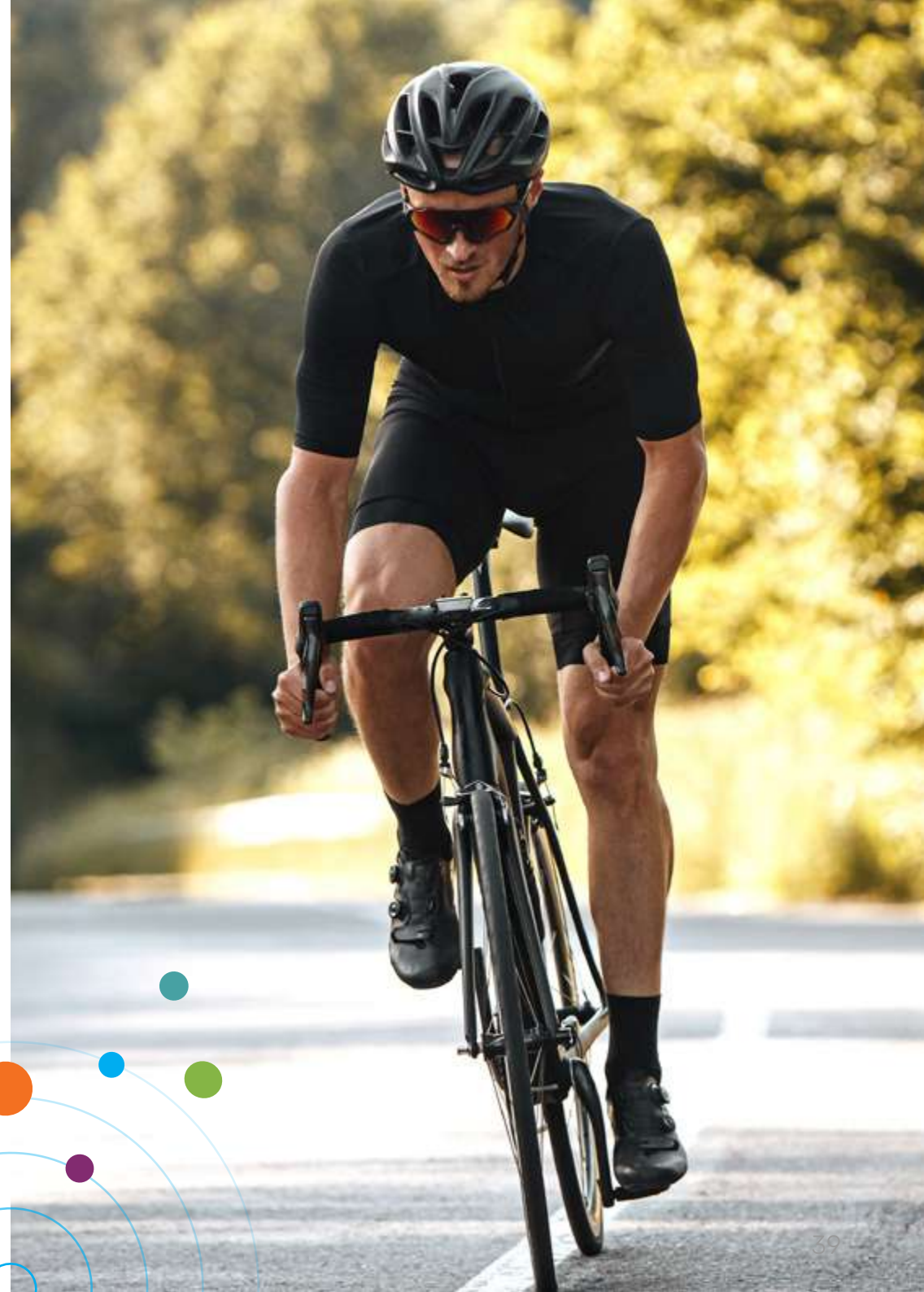
In 2020, there were no accidents reported, involving our employees, in our offices.

Road Safety

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

Preventing Accidents

Sapiens has leased 110 cars in Israel in 2020 and to ensure safe driving practices we take part in the Or Yarok Association for Safer Driving in Israel. The nonprofit organization is dedicated to reducing road accidents through education, enforcement, and improvement of infrastructure. In 2020, 121 Sapiens employees participated in Or Yarok's program to learn about safe driving practices.



COVID-19 RESPONSE

COVID-19 had a significant impact on global economic activities, with governments around the world intermittently closing or restricting office spaces, public transportation, schools, and travel. As a company with approximately 4,000 employees and serving more than 600 customers globally, it is our duty to protect and safeguard our staff and their families while assuring the continuity of the Company's business operations.



New Normal Strategic Process

With the outbreak of COVID-19, a New Normal began. Sapiens responded quickly to the sudden changes and geared up to accommodate. We defined main focuses, related to the company's building blocks (Business, Delivery, People, Operation & Systems), and decided to analyze them in a holistic view, considering diverse opinions and perspectives. 13 teams with 150 employees from across the company embraced the challenge and assembled a group looking to provide new solutions and ideas to help adjust to the New Normal. Sapiens has successfully implemented the initiatives and solutions of the strategic teams. The process was an important factor in setting the foundations for Sapiens in continuing the path for growth and success also in this unique situation.

We adapted our business and have introduced new policies and procedures, enabling us to work remotely across all locations, to serve our customers and address the evolving needs they have faced such as the changing demand from their customers, the need to be more agile, perform digital transformation more quickly, while adhering to regulations.

Sapiens deployed a proactive approach, to ensure both physical and mental wellbeing of its employees. The Company also provided support to communities in which it operates. We followed the recommendations provided by the WHO and the local regulations of the countries we are operating in. Sapiens employees were provided the means to work from home and practice social distancing.



Our business continuity was substantially dependent on our ability to stay in touch with our employees and keep everyone engaged. We have performed a specifically tailored employee survey and implemented changes to the performance management process, so our team could connect, communicate and collaborate, while working from home. We also made sure that our employees were able to continue and support our communities remotely.

In 2021 Sapiens has provided special support to its India-based employees, following the spike of COVID-19 in the country.

We have also endorsed the following principles:

Commitment to our customers' core business

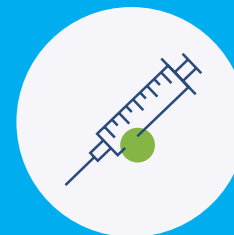
Sapiens' commitment to support our customers' core operations with our systems and services remains intact. Over the past year, we have been working diligently to help our customers deal with the unanticipated and constantly evolving new reality.

Business Continuity

As a highly flexible, 24/7 high-tech company that supports customers worldwide, Sapiens possesses the required full-scale, virtual capabilities to maintain the continuity of our operations and customers. We rapidly transitioned the entire company to work from home and implemented our business continuity procedures and best practices. Sapiens' global presence and multi-location spread mitigates risk and offers back-up support.

Partnering for Success

Sapiens has proudly served customers globally for close to four decades and together we have overcome a multitude of global challenges. We have a history of partnering with our customers during tough times to overcome technical and business challenges together, and we will continue to be a partner for success.



Helping fight the COVID-19 pandemic

To help in the fight against the COVID-19 pandemic, sum.cumo, a Sapiens company acquired in 2020, supported the Hamburg Vaccination Center with its own software that accelerated the vaccination process to approximately 7,000 people daily. In only one month we automated the process of the individual stations, while strictly adhering to the standards for patient data protection by implementing our software Panex. The software also allowed data validation and quicker data exchange with the authorities.



Björn (Freter)
CEO and founder sum.cumo GmbH,
a Sapiens Company

"Through Panex, the processes in the vaccination center can be significantly optimized, because compared to conventional paper documentation, the transfer of data to the Robert Koch Institute [German federal government agency and research institute] is significantly accelerated through digitization."

We are proud to have helped insurance providers cope with this past year that was full of risks and opportunities.

Sapiens is sure that our resilience and commitment to our stakeholders will help us to continue to grow sustainably in 2021.

ABOUT THE REPORT

We are happy to present the Sapiens 2020 ESG report, the first of our global periodical ESG reporting cycle. This report contains an overview of Sapiens corporate responsibility (CR) projects and activities, globally, unless stated otherwise and aims to provide in-depth information to the various stakeholders. It was prepared in compliance with the Global Reporting Initiative Sustainability Reporting Standards (GRI SRS) core level and is also based on Sustainability Accounting Standards Board (SASB) standards.

To determine report contents, we considered:

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

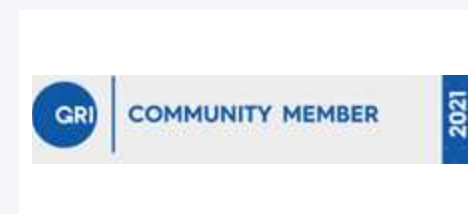
Reporting Scope and Measures

This report describes Sapiens ESG policies and programs globally, unless stated otherwise. It includes performance data for the years 2019-2020, unless stated otherwise.

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

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

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



GRI CONTENT INDEX TABLE



GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure	Page
Organization profile	GRI SRS 102-1	Name of the organization	Sapiens at a Glance	5
	GRI SRS 102-2	Activities, brands, products, and services	Sapiens at a Glance, Our Solutions	5, 13
	GRI SRS 102-3	Location of headquarters	Sapiens at a Glance	5
	GRI SRS 102-4	Location of operations	Sapiens at a Glance	5
	GRI SRS 102-5	Ownership and legal form	Sapiens at a Glance	5
	GRI SRS 102-6	Markets served	Sapiens at a Glance	5
	GRI SRS 102-7	Scale of the organization	Sapiens at a Glance	5
	GRI SRS 102-8	Information on employees and other workers	Sapiens People	19
	GRI SRS 102-9	Supply chain	Sustainable Supply Chain	35
	GRI SRS 102-10	Significant changes to the organization and its supply chain	About the Report	44
	GRI SRS 102-11	Precautionary Principle or approach	The Sapiens Management Approach to Sustainability	8
	GRI SRS 102-12	External initiatives	Inspiring Innovation, Engaging the community contribution remotely	18, 25
	GRI SRS 102-13	Membership of associations	Inspiring Innovation	18
Strategy	GRI SRS 102-14	Statement from senior decision-maker	A Message from Sapiens President & CEO	3
Ethics and integrity	GRI SRS 102-16	Values, principles, standards, and norms of behavior	A Message from Sapiens President & CEO, The Sapiens Management Approach to Sustainability, Operational Excellence, Global Employee Experience	3, 8, 20, 27

GRI CONTENT INDEX TABLE (CONTINUED)



GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure	Page
Governance	GRI SRS 102-18	Governance structure	See the 2020 20F annual report filed by the company March 25, 2021	
Stakeholder engagement	GRI SRS 102-40	List of stakeholder groups	The Sapiens Management Approach to Sustainability	8
	GRI SRS 102-41	Collective bargaining agreements	No collective agreements	
	GRI SRS 102-42	Identifying and selecting stakeholders	A Message from Sapiens President & CEO, The Sapiens Management Approach to Sustainability, Operational Excellence,	3, 8, 27
	GRI SRS 102-43	Approach to stakeholder engagement		
	GRI SRS 102-44	Key topics and concerns raised	Our Main Topics and Impact on SDGs	10
Reporting practice	GRI SRS 102-45	Entities included in the consolidated financial statements	See the 2020 20F annual report filed by the company March 25, 2021	
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	GRI SRS 102-47	List of material topics	Our Main Topics and Impact on SDGs	10
	GRI SRS 102-48	Restatements of information	About the Report	42
	GRI SRS 102-49	Changes in reporting	About the Report	42
	GRI SRS 102-50	Reporting period	About the Report	42
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GRI CONTENT INDEX TABLE (CONTINUED)



GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure	Page
Management Approach	GRI SRS 103-1	Explanation of the material topic and its Boundary	Our Impact, The Sapiens Management Approach to Sustainability, Our Main Topics and Impact on SDGs, Impactful Products and Services, Sapiens People, Operational Excellence, Environment, Health and Safety at Sapiens	6, 8, 10, 13, 19, 27, 36
	GRI SRS 103-2	The management approach and its components		
	GRI SRS 103-3	Evaluation of the management approach		
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Anti-competitive Behavior	GRI SRS 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-competitive Behavior	32
Energy	GRI SRS 302-1	Energy consumption within the organization	Environment, Health and Safety at Sapiens	36
	GRI SRS 302-5	Reductions in energy requirements of products and services	Product Development with Sustainability in Mind	16
Water	GRI SRS 303-1	Water withdrawal by source	Environment, Health and Safety at Sapiens	36
Supplier Environmental Assessment	GRI SRS 308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain	35
Employment	GRI SRS 401-1	New employee hires and employee turnover	Sapiens People	19
Occupational Health and Safety	GRI SRS 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety	39

GRI CONTENT INDEX TABLE (CONTINUED)



GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure	Page
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	GRI SRS 404-3	Percentage of employees receiving regular performance and career development reviews	Performance Management Process	24
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Non-discrimination	GRI SRS 406-1	Incidents of discrimination and corrective actions taken	Non-Discrimination and Anti-Harassment Policy	32
Local Communities	GRI SRS 413-1	Operations with local community engagement, impact assessments, and development programs	Engaging the community contribution remotely, Gender Diversity	25, 26
Public Policy	GRI SRS 415-1	Political contributions	The company does not support any political party and makes no political contributions	
Customer Privacy	GRI SRS 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Performance in Data Security and Privacy	34
Socioeconomic Compliance	GRI SRS 419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws, Rules and Regulations	32

SASB DISCLOSURE TABLE



SASB Topic	Accounting Metric	Code	Reference/Disclosure	Page
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	Total water withdrawn, percentage recycled, percentage in regions with High or Extremely High Baseline Water Stress	SASB TC0102-02	Environment, Health and Safety at Sapiens	36
	Description of the integration of environmental considerations to strategic planning for data center needs	SASB TC0102-03	Environment, Health and Safety at Sapiens	36
Data Privacy & Freedom of Expression	Discussion of policies and practices relating to collection, usage, and retention of customers' information and personally identifiable information	SASB TC0102-04	Cyber Security and Data Protection	33
	Amount of legal and regulatory fines and settlements associated with customer privacy	SASB TC0102-06	Cyber Security and Data Protection	33
Data Security	Number of data security breaches and percentage involving customers' personally identifiable information	SASB TC0102-09	Cyber Security and Data Protection	33
	Discussion of management approach to identifying and addressing data security risks	SASB TC0102-10	Cyber Security and Data Protection	33
Recruiting & Managing a Global, Diverse Skilled Workforce	Employee engagement as a percentage	SASB TC0102-12	Employee survey	35
	Percentage of gender and racial/ethnic group representation for: (1) executives and (2) all others	SASB TC0102-13	Gender Diversity	26

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

Disclaimer

The Company has made efforts to ensure that this document will be correct and accurate, and to the best of the Company's knowledge, it is indeed correct and accurate as of its date of publication. Having said that, this document, like any document, is likely to include generalizations, inaccuracies, errors and omissions, and accordingly the Company does not accept any responsibility for its accuracy or completeness, nor does the Company permit reliance on or use of the information therein by any party. In the event of any contradiction between the information in this document and information in the Company's public reports published on the distribution websites of the U.S. Securities and Exchange Commission, the Israel Securities Authority and the Tel Aviv Stock Exchange, the information on the distribution websites will take precedence.

Forward Looking Statements

Certain matters discussed in this document that are incorporated herein by reference are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our beliefs, assumptions and expectations, as well as information currently available to us. Such forward-looking statements may be identified by the use of the words "anticipate," "believe," "estimate," "expect," "may," "will," "plan" and similar expressions. Such statements reflect our current views with respect to future events and are subject to certain risks and uncertainties. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: the degree of our success in our plans to leverage our global footprint to grow our sales the degree of our success in integrating the companies that we have acquired through the implementation of our M&A growth strategy the lengthy development cycles for our solutions, which may frustrate our ability to realize revenues and/or profits from our potential new solutions our lengthy and complex sales cycles, which do not always result in the realization of revenues the degree of our success in retaining our existing customers or competing effectively for greater market share difficulties in successfully planning and managing changes in the size of our operations the frequency of the long-term, large, complex projects that we perform that involve complex estimates of project costs and profit margins, which sometimes change mid-stream the challenges and potential liability that heightened privacy laws and regulations pose to our business occasional disputes with clients, which may adversely impact our results of operations and our reputation various intellectual property issues related to our business potential unanticipated product vulnerabilities or cybersecurity breaches of our or our customers' systems risks related to the insurance industry in which our clients operate risks associated with our global sales and operations, such as changes in regulatory requirements, wide-spread viruses and epidemics like the recent novel coronavirus pandemic, which adversely affected our results of operations, or fluctuations in currency

exchange rates and risks related to our principal location in Israel and our status as a Cayman Islands company.

While we believe such forward-looking statements are based on reasonable assumptions, should one or more of the underlying assumptions prove incorrect, or these risks or uncertainties materialize, our actual results may differ materially from those expressed or implied by the forward-looking statements. Please read the risks discussed under the heading "Risk Factors" in our most recent Annual Report on Form 20-F, in order to review conditions that we believe could cause actual results to differ materially from those contemplated by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, to conform these statements to actual results or to changes in our expectations.

⁽¹⁾ Non-GAAP Financial Measures

This report contains the following non-GAAP financial measures: non-GAAP revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP net income attributed to Sapiens shareholders, non-GAAP basic and diluted earnings per share.

Sapiens believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Sapiens' financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods for trend analyses, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. These measures are used in financial reports prepared for management and in quarterly financial reports presented to the Company's board of directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends, and in comparing the Company's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude: valuation adjustment on acquired deferred revenue; amortization of capitalized software development and other intangible assets; capitalization of software development; stock-based compensation; compensation related to acquisition and acquisition-related costs; restructuring and cost reduction costs; and tax adjustments related to non-GAAP adjustments.

Management of the Company does not consider these non-GAAP measures in isolation, or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be

recorded in the Company's financial statements. In addition, they are subject to inherent limitations, as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures.

To compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. Sapiens urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this report are included with the financial tables of the Q4 and full year 2020 financial results press release published on February 25, 2021.



