

The Sapiens logo features the word "SAPIENS" in a bold, white, sans-serif font. A small, stylized blue arc is positioned above the letter "A".

SAPIENS

Sapiens ESG Report 2023

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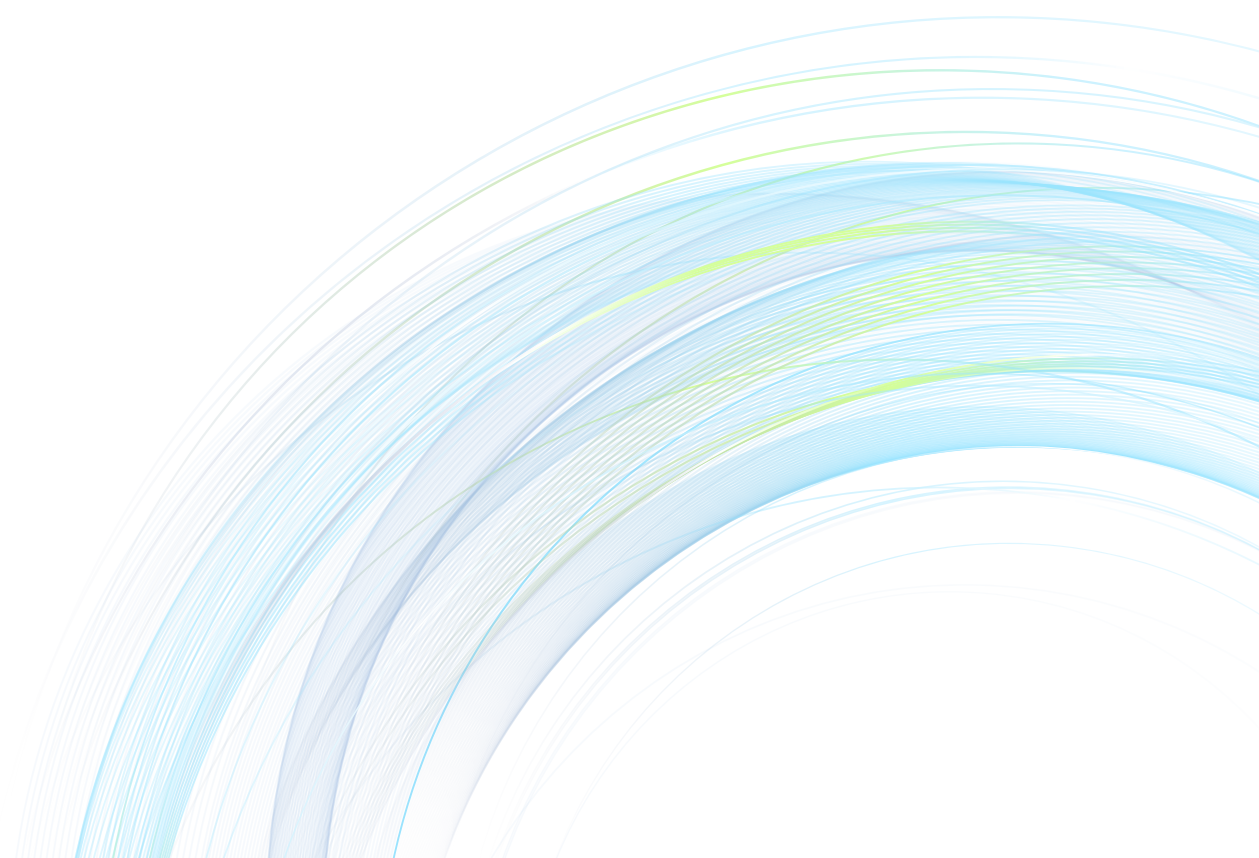
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Message from the President & CEO

At Sapiens, we are committed to powering insurance forward. We recognize that responsible and sustainable corporate practices are integral to this mission of continuous improvement. In our 2023 ESG report, you'll find highlights of our progress to empower our customers' successful digitalization, reduce our operations' environmental footprint and create a positive and ethical work culture.

Sapiens' future-ready solutions digitize and streamline our customers workflow and replace antiquated, time-intensive and paper-laden processes with agile digital solutions. Increasingly we have imbedded AI into our working process and software systems, empowering our employees and customers to increase efficiency and facilitate robust engagement with numerous end touchpoints. In the 'Impactful Products and Services' chapter of this report you can learn more about how our solutions help to modernize and accelerate our customers' businesses by responsibly using the latest technologies.

In 2023, we were honored to receive numerous awards that affirm our commitment to continuous research and development and overall product excellence. Sapiens was recognized by Celent with XCelent Awards for our Life, P&C, and Reinsurance solutions, specifically CoreSuite for Life & Annuities, CoreSuite for Life & Pensions, IllustrationPro, IDITSuite, and ReinsuranceMaster, for such distinctions as Breadth of Functionality, Customer Base and Support, and Advanced Technology. Sapiens ReinsuranceMaster was recognized as a "Luminary" solution, the top tier in the matrix, for Advanced Technology and Breadth of Functionality. In Celent's 2023 Ceded Reinsurance Solutions Global Report, Sapiens IDITSuite for Property and Casualty has won Celent's 2023 XCelent award for the Breadth of Functionality category in the EMEA region.

At the core of our great work are our employees. Our priority is to create a welcoming environment for our diverse employees around the globe. As covered in our 'Sapiens' People' chapter, we are driven to support our employees in their professional development and make them feel appreciated for their work. This year the theme of appreciation brought into the spotlight through our 'Global Appreciation Week' event, which promoted a culture of appreciation throughout our global offices. In addition to this event, we also continued our important work in supporting the local communities where we operate through various meaningful volunteering and donation initiatives.

We have also continued to implement solutions for reducing the environmental impact of our own operations, including utilizing renewable energy in some of our offices and reducing and encouraging our employees to use sustainable commuting methods to the office. In 2023, we are proud to have reduced our offices' electricity consumption by 9% and to have sourced 15% of our electricity from renewable energy sources. These initiatives require our collective efforts to make a difference and reduce our footprint.

Lastly, at the core of being a responsible corporate citizen, we understand and are committed to operating our business ethically and with integrity. Our business policies on important topics, including anti-fraud, anti-competitive behavior, and non-discrimination establish clear rules for our employees and stakeholders to understand our standard for ethical excellence. In addition, as a responsible business, we also have in-depth privacy and cybersecurity infrastructure to protect our business and our stakeholders' information.

We hope that you enjoy learning more about our ESG performance and appreciate your support and feedback as we continue to strive for excellence across our business.

Sincerely,

Roni Al-Dor
President & CEO

Sapiens

At a Glance



Sapiens International Corporation (NASDAQ and TASE: SPNS) is a global leader in intelligent insurance software solutions. With Sapiens' robust platform, customer-driven partnerships, and rich ecosystem, insurers are empowered to future-proof their organizations with operational excellence in a rapidly changing marketplace. We help insurers harness the power of AI and advanced automation to support core solutions for property and casualty, workers' compensation, and life insurance, including reinsurance, financial & compliance, data & analytics, digital, and decision management. Sapiens boasts a longtime global presence, serving over 600 customers in more than 30 countries with its innovative SaaS offerings. Recognized by industry experts and selected for the Microsoft Top 100 Partner program, Sapiens is committed to partnering with our customers for their entire transformation journey and is continuously innovating to ensure their success.

Summary of Financial Results for 2023 (USD in millions, except per share data)

	GAAP			Non-GAAP		
	2023	2022	% Change	2023	2022	% Change
Revenue	\$514.6	\$474.7	8.40%	\$514.8	\$474.8	8.40%
Gross Profit	\$219.6	\$200.2	9.70%	\$233	\$213.5	9.10%
Gross Margin	42.70%	42.20%	50 bps	45.30%	45%	30 bps
Operating Income	\$78.9	66.50%	18.60%	\$94.1	\$83.5	12.80%
Operating Margin	15.30%	14%	130 bps	18.30%	17.60%	70 bps
Net income (*)	\$62.4	\$52.6	18.70%	\$75	\$67.2	11.70%
Diluted EPS	\$1.12	\$0.95	17.90%	\$1.35	\$1.21	11.60%

(*) Attributable to Sapiens' shareholders

Highlights from 2023

Driving ongoing Business Growth and Success:

514.8+

Million USD in revenue

5000+

Employees

14.7%

Revenue CAGR ('12 – '23)

Promoting Female Leadership:

30%

30% women in
management positions

33%

33% women in
technical positions

Offering a Global Perspective:

21

Teams across 21 different countries

Powered by Renewable Electricity:

15%

renewable electricity powering our offices worldwide

Leading Innovation in the Industry:

Integrated

AI utilization

into product portfolio

Continued

mentorship

and support to insurtech
startups



Industry Awards

2024

- Celent, P&C Claims Solution, Luminary, EMEA and APAC
- Celent, P&C Tia Enterprise Solution, Functionality Stand Out, EMEA
- Celent, ClaimsPro for P&C, Luminary, North America
- Celent, ClaimsPro for WC, Functionality Sand Out, North America

2023

- Celent XCelent award, Life and Annuity Illustrations Systems, North America
- Celent Life and Annuity Illustrations Systems, Luminary, North America
- Celent Ceded Reinsurance Solutions, Luminary, Global Edition
- Celent Life, Policy Admin Report, Luminary, EMEA
- Celent Life XCelent Award, Life Policy Admin Report, EMEA
- Celent Life, Policy Admin Report, Luminary, North America
- XCelent Award, Property & Casualty PAS, EMEA
- Celent P&C, Policy Admin Report, Luminary, EMEA and APAC
- Celent P&C, Policy Admin Report, PolicyPro for P&C, Functionality Stand Out, North America
- Celent, P&C Claims Report, Functionality Stand Out, North America

2022

- Celent Life, NB & UW Report, Functionality Stand Out, North America
- Celent Award, Life PAS, Luminary, North America
- 2022 Celent Model Insurer Awards, Anadolu Sigorta, Customer Experience Transformation Winner
- Celent Model Insurer Awards, Menora Mivtachim Group, Legacy and Ecosystem Transformation Winner
- Celent Award P&C, PolicyPro, Functionality Standout, North America
- Datos Insights P&C, PolicyPro and ClaimsPro Contender, North America

2021

- Gartner® Magic Quadrant™ for Non-Life Insurance Platforms, Europe
- XCelent Award, P&C Claims Systems Vendors, Breadth of Functionality, EMEA
- XCelent, Customer Base Award for 2020 acquired company Tia Technology, EMEA
- XCelent Award, P&C Policy Administration Systems, Breadth of Functionality, EMEA

Our Management Approach and Stakeholder Engagement

delivering value for all stakeholders: customers, employees, investors, suppliers and communities in which we operate. This principle is deeply incorporated in our day-to-day decision process and method of operation. We value the interests of our stakeholders to provide a safe workplace, innovate and create solutions according to their needs, and operate in a role that inspires others.

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

Additionally, we engage with our stakeholders in the following ways:

- To engage investors, we communicate in a timely and transparent manner about financial performance, long-term strategy, and ESG initiatives. All our SEC filings and investor information can be conveniently accessed on our website.
- Our engagement with employees involves fostering a culture of open communication, providing opportunities for professional growth, and caring for employee health and overall welfare. We host regular fun and educational events for our employees, including regional events that provide the opportunity for employees to get to know their international colleagues.
- We engage with our customers by actively seeking their feedback, understanding their needs, and delivering high-quality products and services. We also communicate with our customers through online social media channels, providing consistent online resources to keep them informed and hosting a multi-day annual Client Conference in EMEA and Customer Summit in North America.
- We build partnerships and promote innovation with our suppliers and the insurtech industry through participation in numerous and diverse industry conferences, webinars and other educational and collaborative events across the globe. We build close relationships with our suppliers based on trust and mutual values.
- Finally, our engagement with local communities involves being a responsible corporate citizen, contributing to social initiatives, respecting the environment, and actively addressing community concerns.



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

Roni Al-Dor,
President and CEO, Sapiens

Case Study: Sapiens Insurance 360 Podcast



ESG Material Issues

Sapiens has conducted an internal ESG gap analysis to assess our sustainability practices and define focus areas. The topics below were selected based on industry benchmark, ESG methodologies and input from various stakeholders, including senior management. The topics are reviewed annually to ensure they remain relevant and adjust as needed. In 2023, there were no changes made to our material ESG topics.

Our Priority Issues Are Split Into the Three Pillars:



Environment:

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



Social:

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



Governance:

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



United Nations Sustainable Development Goals

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



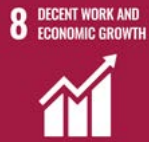
UN SDG 4 - Quality Education

Quality education enables upward socio-economic mobility and is a foundation for a better future. We strive to help youth and adults 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 students from underprivileged families.



UN SDG 5 - Gender Equality

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



UN SDG 8 - Decent Work and Economic Growth

Quality jobs that drive progress and improve living standards are critical for sustainable economic growth. SDG 8 promotes inclusive and sustainable economic growth, employment, and decent work for all. We aim to hire locally wherever we operate so that we can promote higher levels of economic activity and productivity. We offer training and employee development programs to ensure that all our employees can succeed and flourish in their career.



UN SDG 12 - Responsible Consumption and Production

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



UN SDG 13 - Climate Action

Climate change is a global challenge that requires urgent action to insure a healthy and livable planet for all. SDG 13 aims to lower greenhouse gas emissions, to prevent global warming from going above 1.5° C degrees and reduce related climate risks. Sapiens strives to reduce our carbon footprint by increasing energy efficiency both internally and for our customers and by utilizing 15% renewable energy in our offices. Additionally, our software solutions help companies reduce resource consumption through digitization.



Impactful Products and Services



At Sapiens, our platform is not just a technological upgrade, but a strategic move toward a future-ready, integrated solution. Our comprehensive range of solutions and services is designed to modernize, digitalize, and automate insurers' processes, boosting operational efficiency, reducing costs, managing risks, and enhancing end-user experience.

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

Our Solutions

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



Sapiens Data: Products & Services

Sapiens Intelligence

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

Sapiens DataOne

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



Data Services

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

Insurance DWH Framework

Insurance specific Datastore to accelerate business focused data warehouse implementations

Sapiens Advanced Analytics

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

Our Suite of Solutions Includes:



Property & Casualty (P&C)

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



Life, Pension, and Annuities (L&A)

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

In North America, in addition to our CoreSuite, our portfolio includes complimentary underwriting, application, and illustration modules.



Workers' Compensation

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



Reinsurance

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



Financial & Compliance

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



Digital

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



Data & Analytics

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



Decision Management

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



Technology-Based

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

Innovative Digital Technologies

At Sapiens, we believe that in the rapidly evolving communications landscape, organizations that invest in modern technology and streamline their processes are better equipped to maintain a competitive edge. This is why we focus on innovative digitalization processes both in-house and in our products:

- **AI Utilization** – At Sapiens, we are focused on integrating AI technology into our working processes and products, empowering both our employees and customers. Generative AI is used for various tasks, from making user-interfaces more intuitive, to co-piloting work processes to increase ease, to document analysis and creation. Additionally, machine learning provides actionable insights to agents through Sapiens' digital channels, and predictive modeling forecasts operational workload.

Generative AI's potential as a revolutionary enabler for the insurance industry is enormous, and now is the time for insurance companies to discover how it can contribute to facilitating and growing their business.” -- Alex Zukerman, Chief Strategy Officer at Sapiens

- **SaaS** – Our SaaS proposition allows us to focus on continuous improvement and provide insurers with the flexibility and scalability necessary to meet the evolving demands. SaaS ensures a cost-effective and easily upgradable technological infrastructure, empowering insurers to stay agile and responsive in the ever-changing digital landscape.
- **Digital Communication Across Channels** – Implementing digitalization allows for customer engagement to select from diverse channels of communication including email, phone or WhatsApp, based on personal preferences. At the same time, our low-code/no-code digital business process builders allow e-business users to create new digital business processes extremely fast.
- **Cloud Integration** – Over the course of the past few years we have shifted our office IT to be centralized on the cloud. This makes our workflows agile and decreases our need to invest in physical IT assets, helping to reduce our energy footprint and IT waste.

Salient Features

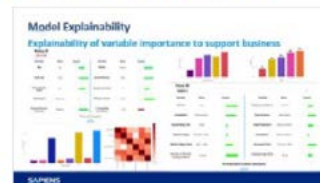
Automated Pipeline



Exploratory Data Analysis



Model Explainability



Model Monitoring



Other Capabilities



Intelligent
Data
Extractor
(from PDFs,
images, etc)

Image
Analysis
(deep-
learning
techniques)

Support
chatbot, text
analytics
using Nature
Language
Process

Support
chatbot, text
analytics
using Nature
Language
Process



Case Study: Promoting Equitable and Responsible AI Use

Artificial Intelligence (AI) is everywhere, supporting many diverse tasks in our day-to-day lives. Its applications in insurance are just as diverse, from underwriting policies and assessing risks to predicting mortality rates. It would seem like the sky's the limit for AI usage, but like most technologies, AI has its downsides, particularly in the inherent biases present in the data used to train AI models. We recognize the importance of training our AI systems on diverse models and continuously review our programs for improvement. Additionally, we have established a 'Responsible AI policy' and provided training on responsible AI use to our employees.





Case Study: Menora Mivtachim Digital Claims Transformation through Integrating Sapiens Topaz Platform

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

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

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

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



High Quality Service and Customer Satisfaction

Sapiens is committed to delivering outstanding solutions that help our customers achieve their business objectives. We collaborate closely with our customers to gather feedback and insights that we use to develop cutting-edge software that powers the core of their operations. Our outstanding integration service is based primarily on the “one-hand-to-shake” concept, with one point of contact for all product-related and delivery processes, offering accountability across all aspects of a project. At the same time, in certain territories where we find it beneficial, we work with System Integrators with whom we have strategic collaboration.

We facilitate product user groups for each of our products, through which we collect feedback and continuously learn about our customers’ evolving needs. In select areas, we also provide a digital scoring system which allows for direct customer input and even voting on features which customers would like to see.

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



Highlight

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

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

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

Functionality: excess layers and reinsurance

Technology: scalability of the solution

Integration: The solution integrated most easily with their CRM systems.

Implementation experience: responsiveness (handling of issue resolution)

Ongoing system support: responsiveness (handling and speed of issue resolution)

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

Enhancing Efficiency and Sustainability of Insurance Solutions

Sapiens' cloud-based software streamlines digital solutions, helping companies to transform labor-intensive, heavily paper-based processes to a streamlined and efficient digital format.

This transition has a variety of environmental efficiency benefits including:

- Increased accuracy resulting in reduced overall resource inputs By utilizing AI-based technologies, our products seamlessly collect, analyze and automate the insurance business processes. We recognize that employee time also translates to energy inputs and are always looking for ways to increase efficiency and save our clients' resources
- Reduction of paper use and related natural resource impacts
- Lower reliance on physical real estate and related electricity, energy and water consumption, as well as reduced operational costs
- Decreased demand for physical IT infrastructure By providing a comprehensive software-as-a-service product, Sapiens drives strong cloud transformation, optimizing the usage of physical IT infrastructure
- Reduction in emissions By digitally providing contextual and accurate engagements with consumers via a chatbot, they are less likely to take the traditional route of travelling to a local service provider to resolve issues, which can reduce drive time and related CO2 emissions.

Highlight

Sapiens Life Product Client Community

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

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

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



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

– Angela Abbott, InvoiceCloud



Case Study:

Transforming Decision-Based Claims Modeling and Execution with Hiscox

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

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

Sapiens Decision now helps automate standard decisions and intelligently route online claims. The Decision solution helps guide the policyholder when submitting a new claim via the Hiscox online portal, making their journey straightforward and efficient. As the solutions were implemented, Hiscox managed to generate substantial benefits in many domains:

- Increase of customer satisfaction scores from 83% (October 2019) to 93% (September 2020)
- Increase of Net Promotor Score (NPS) from 68.3 (October 2019) to 82.0 (September 2020)
- 10% reduction in claim reallocations
- Annual 6% headcount cost savings through increased claims staff efficiencies
- 15% increase in Day 1 (fast track) settlements
- 90% of changes can be developed and deployed with zero IT involvement
- Reusability of business logic across multiple integrations. Developed and rigorously tested once for a range of use cases
- Where a risk is identified, consistent additional investigative questions are asked to support the claims handler with sensitive conversations





Case Study: Centralizing Reinsurance Programs with Greater Efficiency, Simplicity & Ownership

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

The insurer chose Sapiens ReinsurancePro, an efficient reinsurance administration tool that supports all types of reinsurance processing in a single, powerful solution. Our solution automates the underwriting and administration of reinsurance by working directly with primary policy and claims processing systems. It also supports interfacing with a general ledger, annual statement and other systems, reducing manual work, operator error and duplicate entries.

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

The Benefits:

- Automated Reinsurance provides calculations at granular precision while eliminating human error generating team dedication and ownership
- Consistency across all reporting and data providing a greater understanding and utilization of the generated data and information
- Internal Control Mechanism and process were put in place, including a preset approval process
- Proactive Data Analysis is conducted internally based on granular data versus a general summary provided by the IT department. This shift delivers a greater hands-on approach and control over all aspects of reinsurance
- Multi-Dimensional Claims Calculations are produced across multiple segments and inter-company treaties
- Augmented Reporting is available at multiple levels with detailed data and insights
- A Repository System where all direct and ceded data is centralized allows the whole organization to work effectively in a uniform manner

Inspiring Disruptive Ideas with Insurtech

Sapiens values innovation as key to helping insurance companies undergo transformation.

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

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

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



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

– David Kuklielka, ODG by MCG



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

– Dino Carbone, SmartPay



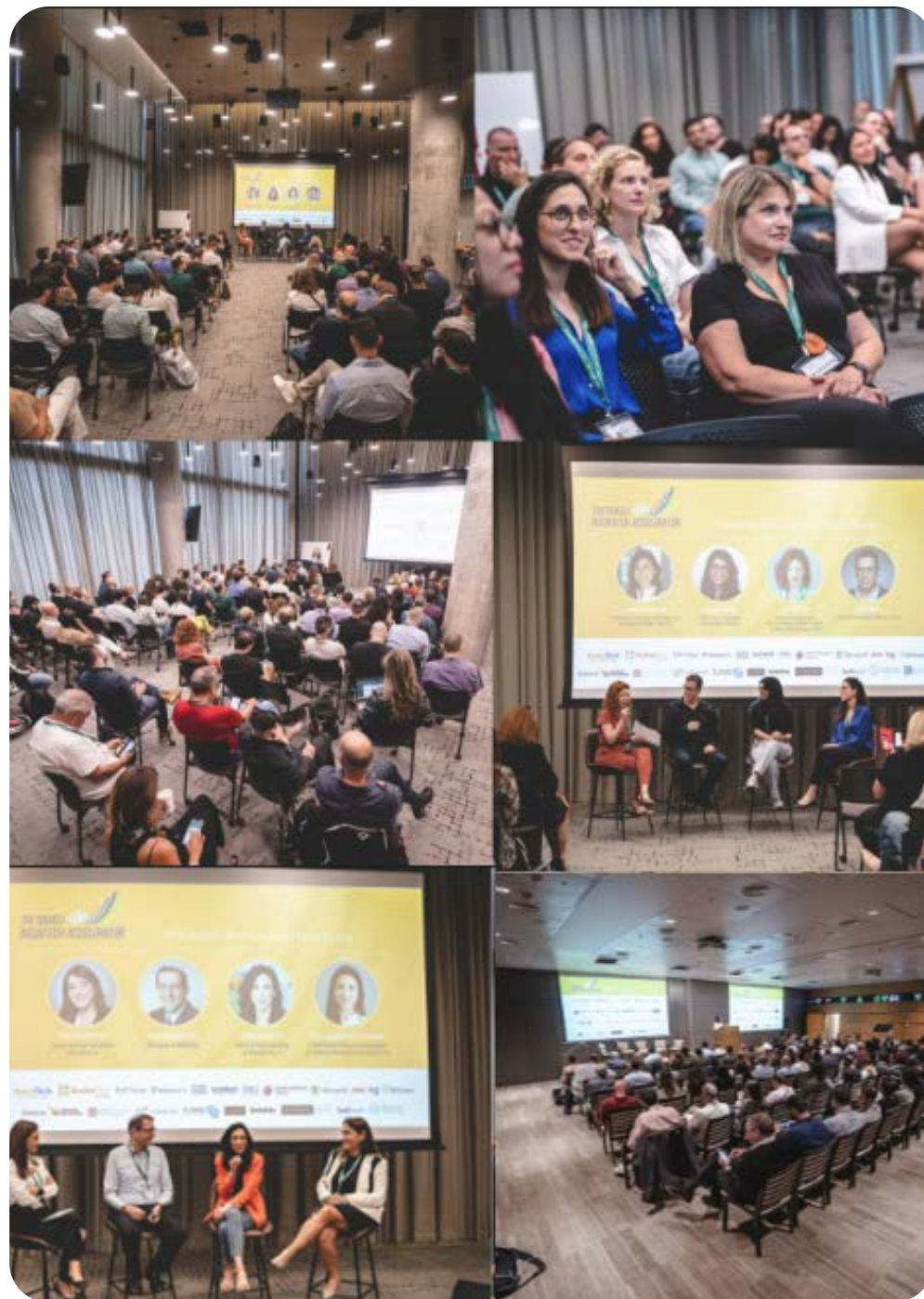
INSURTECH ISRAEL2023 Global Summit

Supporting Israeli InsurTech Innovation

Sapiens is proud to be closely collaborating with Israeli insurtech since its inception as program mentors and sponsors. Insurtech is an ecosystem for innovative start-ups in the field. In 2023 they hosted numerous events throughout the year, bringing together investors, innovators, and insurance agencies. Events included the Insurtech Israel Global Summit, Women in Insurtech and much more. Additionally, they operate an insurtech accelerator program in which Sapiens is proud to be a mentor. Insurtech supports participating start-ups in developing their go-to-market strategy, networking, and sector knowledge. Our partnership gives us a close relationship with original ideas and the market and helps create value for our customers by integrating innovative solutions into our product propositions. In 2023, Sapiens continued to mentor, support and provide educational opportunities to multiple cohorts of InsurTech IL startups.

Our insurtech mentoring program is an ongoing process, demonstrating our deep commitment to work with a few dozen mentees. The program includes:

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



Sapiens People



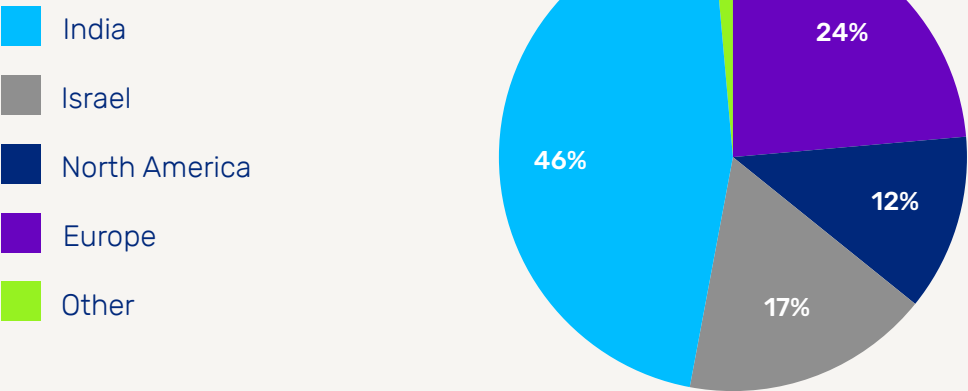
At Sapiens, we are true to our name, and people are at the heart of everything we do. We recognize that our approximately 5,000 employees are our greatest asset and we prioritize their wellbeing.

It is through a philosophy of putting people first that has made us a trusted partner for our customers, business affiliates, and suppliers.

With employees in 23 countries, we strive to Think Global, Act Local. We believe in fostering a positive global employee experience to attract top talent and encourage growth and development and are proud to have received many employer awards over the years and around the world. For example, in 2023 we were listed in the “Top 20 Most Desirable Employers” in Lithuania.

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

Number of Employees by Region, 2023



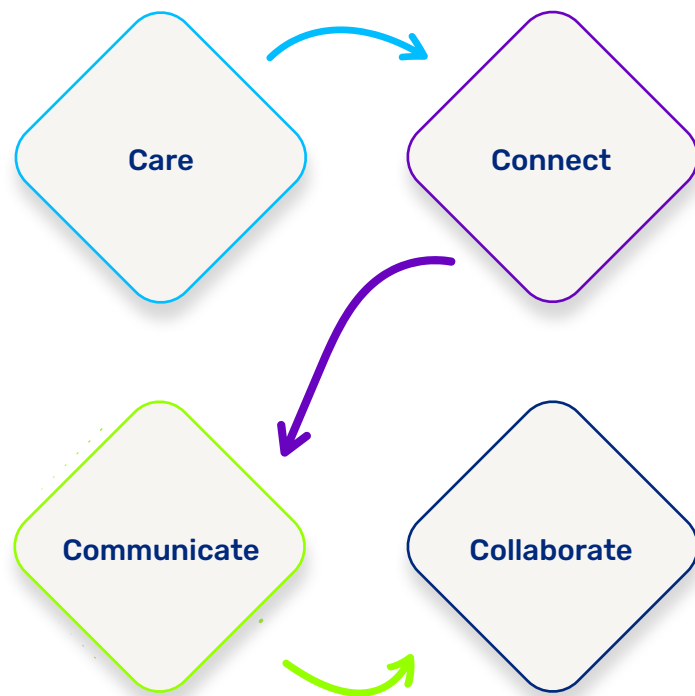
2023 Employees	Indicators	Men	Women
Senior Management	Under 30 years old	0	1
	30-50 years old	97	33
	Over 50 years old	138	51
	Total	235	85
Managers	Under 30 years old	15	11
	30-50 years old	490	177
	Over 50 years old	100	67
	Total	605	255
General Employees	Under 30 years old	914	488
	30-50 years old	1203	667
	Over 50 years old	302	234
	Total	2419	1389

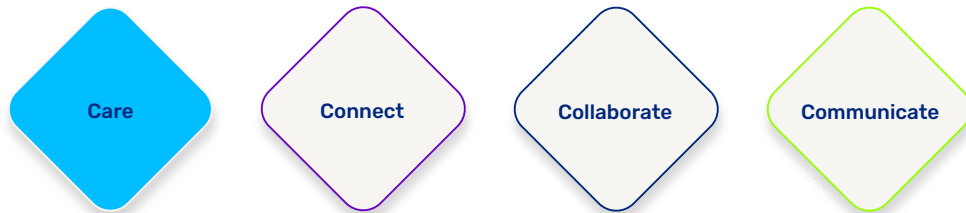
Our 4C's Approach to the Sapiens Community



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

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





Caring for Employee Health and Wellness

At Sapiens, we recognize the importance of caring for our employees holistically including their physical and mental wellbeing. We have implemented a number of health and wellness services for our employees across many of our offices. An example of our health and wellbeing initiatives from select offices around the world include periodical medical checks and flu vaccines, psychological counseling, 24/7 mental health hotline, mindfulness and meditation sessions and wellbeing webinars.

To make sure we are best serving our employees, we regularly review our offerings and make updates to our programs where needed.

Some exciting updates in 2023 included:

- Assisting employees and their families- Introducing new assistance platform for employees and their families in Spain
- Latvia extended their mental health support services
- Not only homo-Sapiens! – Lithuania introduces office pet policy
- Friday stretch – UK promotes physical wellbeing through exercise as joint sessions



Highlights

Health Activities in North America

Sapiens in North America is taking steps to promote employee health and wellbeing. Employees can obtain free or discounted services for mental health and family care solutions. Additionally, we offer twice monthly meditation sessions, quarterly healthy cooking classes, monthly wellness and self-care webinars, and monthly wellness newsletters. These activities aim to promote physical and mental wellness and provide employees with the tools and resources to take care of their health. The focus is on creating a positive work environment that prioritizes employee wellbeing.

Caring Initiatives in India

In India, employee health and wellness programs are conducted regularly to promote a healthy work environment. Employee medical benefits cover GP consultation and specialist consultation needs, basic-dental and psychological counseling. Additionally, we offer employee assistance programs for themselves and their families covering aspects such as career counseling, grief counseling and financial counseling. To increase access and flexibility, we also offer employees online wellness sessions via the Connect and Heal app.



Care

Connect

Collaborate

Communicate

Connecting our Employees Across the Globe

With employees spread across the globe, our “One Sapiens” approach is integral to creating a connected and collaborative spirit within the company. In 2023, we continued promoting our flagship “Across the Universe” program, which focuses on creating cross-cultural education and unity. In the program portal, employees can find a series of practical videos aimed at enhancing effective collaboration with global colleagues and achieving success within a multicultural environment. It also provides country-specific lectures for India, Israel, Latvia, US, Turkey and Denmark, which offer valuable insight into the unique cultural, historical and business context of the region, along with tips on effectively engaging with employees from these countries.

Highlights

Fostering Community through Sports and Culture Clubs

Sports and the arts can be a great way for employees to connect with their colleagues. Across some of our global offices we have established clubs to help promote employee engagement. For example, in Lithuania our ‘Engagement, Sports and CSR committee’ is responsible for helping bring employees together through sports and other activities. Meanwhile, in India, our employees can participate in a variety of clubs catering to different interests including ‘Shelf-Indulgence book club’, ‘Supersonic sports club’ and the ‘Cinematic club’.



Celebrating together at Sapiens Fiesta

Sapiens Fiesta brings together employees and families for a cultural extravaganza to indulge in a culinary journey featuring diverse flavors of India and exciting activities and games designed to bring out the competitive spirit and laughter. Celebrating together gives employees the opportunity to connect and create camaraderie.



Bringing Remote Employees Together

In countries where employees work remotely, we host events to help them connect, build meaningful professional relationships and encourage a positive working environment. In the US, Canada and UK, we held in-person gatherings for people who live close to each other to meet and enjoy a meal together. By emphasizing connection and socialization, these programs help to create a more cohesive and connected team.



Collaborating with Colleagues

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

Communicating Effectively Among Colleagues

At Sapiens, we employ several strategies to promote communication and encourage open dialogue among employees and management. Beyond utilizing traditional methods such as newsletters, we focus on creating engaging communication through activities such as round tables, town halls, and face-to-face meetings with executives across all global regions. These events provide opportunities for employees to share their thoughts and ideas, ask questions, and get to know their colleagues and managers on a more personal level. To keep employees informed, our different regional departments also organize localized newsletters that update employees about important events and engagement opportunities in their region.

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

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

Highlights

Poland Leadership Club Promotes Management Collaboration

In Poland, we host a leadership club to help promote knowledge sharing and collaboration within management. The peer-to-peer context gives managers the opportunity to discuss challenges and opportunities with their fellow managers. The meetings focus on both global initiatives, as well as personal and professional development.

Onboarding Breakfasts in Spain

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

Encouraging Collaboration Across India through Spectrum Newsletter

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

Promoting Employee Engagement

At Sapiens, we understand that the unique value of each individual contributes to the success of our community. We prioritize employee engagement and create a culture of listening where every employee is encouraged to speak up and make an impact. To foster employee engagement, we have developed various initiatives that promote inclusiveness, belonging, and team building across our global workforce.

New employee engagement:

We know that onboarding is a critical first impression, and we work hard to make our employees feel welcome from the get-go. Across our offices we provide new employee gifts and orientation information. Additionally, our offices in India, North America, Germany and the UK have a buddy system whereby new hires are assigned a buddy to help them navigate their first months at Sapiens.

In 2023, we launched a new AI supported digital onboarding platform called 'Sapie' for our employees in India. The platform enables a smooth and engaging experience through interactive communication and real-time updates. It connects future employees from the day of signing and throughout their onboarding period. The platform also helps to create digital visibility and track the progress of new hires helping to support our HR team and give them an accurate understanding of employee needs.

Employee Recognition & Appreciation:

We commend our employees hard work and show recognition to our outstanding employees in a variety of ways, including outstanding employee awards, celebrating veteran employees from 5 to 30 plus years, peer nominated awards and our Global Appreciation week. During 2023, we introduced an internal appreciation system called Bravo. Our Bravo platform allows employees to send appreciation cards. The platform aims to recognize and appreciate the hard work and contributions of employees through peer-to-peer and management-to-employee feedback channels.

Team-Building Exercise:

We also encourage our employees to work together outside the office. One example is from our Poland team which hosted a variety of exciting team building exercises including kayaking, golf, bowling, and a mountain trip.

Fun Clans activities in India:

We have established "Fun Clans," employee engagement clubs that promote inclusiveness and belonging among employees. The clubs are "for the people and by the people," with four active clubs on the topics of cultural events, books, sports, and movies.

Feedback Working Group in North America:

Our employees participate in an Organizational Culture Committee (OCC), a team of employees who work together to discuss, propose and promote topics related to the organizational culture and community to senior management.

Highlight

Global Appreciation week

Our 'Global Appreciation Week' is aimed at promoting a culture of appreciation across the company. During the week there were dozens of appreciation related activities, among them: Launching a new appreciation application called 'BRAVO' which allow employees to send appreciation notes to each other. Some appreciation highlights from the week were:

- 7,000+ Bravo cards sent globally
- Appreciation as a habit webinar attended by employees around the globe
- Numerous local activities like coffee with managers, photo booths and more
- 100+ ideas on how to accelerate appreciation in your team

Training and Developing Experts

Continuous Learning Opportunities

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

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

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

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

In 2023, our employees participated in more than 143,886 hours of learning, with more than 99% employees participating in at least one learning activity.

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

English Classes: Recognizing the importance of strong communication and English language skills, we offer English classes in Spain and Germany. This helps empower our employees to better communicate with their colleagues around the world.



Promoting Professional and Personal Growth

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

Sapiens has in place many mechanisms to support and encourage employees' professional journey at the company. In 2023, we have updated some of our procedures to simplify the internal mobility process and insure clarity for all employees regarding the process. Additionally, we have in place an online 'Growth Hub' which centralizes knowledge for employees on different roles, opportunity and career paths.

These resources continue to build on our ongoing commitment to long-term employee success. By allowing employees to more smoothly transition to different roles and units across the company we can empower our employees and help to retain our talent.

Manager Development

To equip managers with consistent and repeatable frameworks we have a "Targeted Development Program (TDP)" where managers can create individual development plans for high potential employees. In addition, we have a global program called "CoachIN", in which senior managers (VP & Directors) are trained to become internal coaches and coach mid-level managers within the organization. In 2023, the "CoachIN" program was also launched in North America for the first time.

Across our offices we also have specialized training programs and workshops focused on supporting our managers in enhancing their leadership and management skills.

Highlights

Global Career Week

This year we launched our first ever 'Career Week' a 10-day program full of global and local events focused on promoting a culture of continuous learning and growth.

Thousands of employees participated in the event, which included global activities such as external and internal lectures, transparent conversations with senior managers, career portal, launching new learning portal on Udemy, new internal mobility policy and introducing new career paths for key roles.



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

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

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

Diversity and Inclusion

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

To ensure fairness in our hiring, compensation, and benefits practices, we utilize advanced human resource approaches that include data analytics. We have a zero-tolerance policy for any harassment to ensure a safe and respectful workplace for everyone. Additionally, we also work to celebrate and highlight diverse holidays and local and global days highlighting different identities based on the region.

Gender Diversity

Sapiens is proud of the strong female voice in the company. Sapiens' executive leadership team includes five women, and we strive to constantly increase women's representation within our operation. We celebrate the success of women at Sapiens, recognize the integral value they bring to the company and promote an empowering work culture.

30 % women in management positions

33 % women in technical positions

35 % total women employees

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

women of their integral value they bring to the company and promote an empowering work culture.

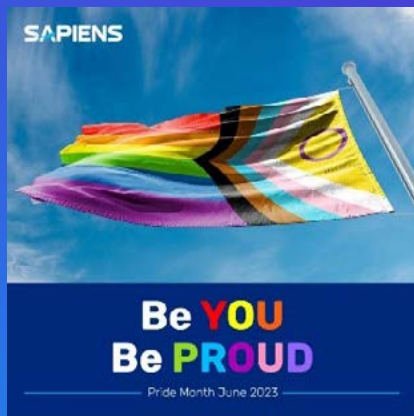


Highlights

Celebrating Pride

Sapiens strives to foster an environment of belonging for all our employees. By celebrating Pride Month, we honor the challenges and achievements of the LGBTQ+ community, including the LGBTQ+ members of our workforce.

In Israel, employees and their partners had the opportunity to go on a guided tour of Tel Aviv to learn about the history of the gay community in Israel.



Diversity, Equity, Inclusion, and Belonging Training Series

This year we launched our first global DEI&B Training Series, where employees learned how to foster a workplace culture that embraces differences, values inclusion, and celebrates diversity. The series was broken down into three sections focusing on different areas of creating an inclusive workspace:

- Diversity, Equity, Inclusion, and Belonging
- Gender Communication
- Unconscious Bias Training

Recruiting Female Talent in India

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



Acting as Global Citizens

At Sapiens we are committed to being good corporate citizens and making a meaningful difference in the communities in which we operate. We strive to make a positive impact on all our stakeholders including our customers, employees and the communities where we live and work. Our community contributions in 2023 spanned multiple regions and included a diverse range of initiatives aimed at supporting those in need.

Supporting Disaster Relief Efforts in Turkey

The earthquake that took place in Turkey in early 2023 brought with it a huge wave of empathy, concern, and desire to help from the wider Sapiens team. We implemented various initiatives to support our affected employees, their families and community. These included conducting an online session for employees about strategies for resiliency in uncertain times and healthy coping techniques and providing financial support for the most affected employees and help with immediate temporary solutions. Additionally, we collaborated with NGOs providing aid to those

affected and collected goods in other regional offices for donation. Lastly, we also gave time-off to our Turkish employees volunteering in rescue operations.

Initiatives in India

In 2023, Sapiens India sponsored the revamp of a children's play area and installed open gym equipment for adults at Seegehalli and Devasandra Lake. This initiative provides local citizens access to better outdoor spaces which can help improve mental and physical health. Around 40 different types of equipment were installed across these two lake parks. In addition, 50 saplings were also planted in and around the lakes to make it biodiversity rich.

Our employees in the India office also visited an orphanage and donated supplies to underprivileged girls to engage with the children and support them in their growth and development.

Lastly, a donation was also made for the installment of three smart bus-stops in prominent locations in Bangalore.



Helping Shelter Animals

Across our offices in Poland, we focused our donations in 2023 on supporting animals in shelters. We delivered essential supplies such as good quality food, immune supplements, tick treatments and blankets to five shelters across the country. The donations help our furry friends stay warm and healthy.

Supporting and Encouraging Youth

Across our global offices our employees have taken an active step in supporting youth within their communities and the local region.

- In the UK, we donated warm coats for children living in disadvantaged circumstances and bought and wrapped presents for a Christmas party being hosted for patients of a local children's hospital
- In Germany and Israel, we participated in a youth STEM development program where we met with teenagers to encourage them and teach them about opportunities in the technology industry

Empowering Disabled People in Our Communities

In Spain, we launched an employee volunteer program with A LA PAR Foundation which works to provide job training and education for people with intellectual disabilities. Starting in 2024, six Sapiens employees will begin a mentorship program focused on helping disabled individuals in finding a job. Additionally, forty employees in our Poland office participated in a nationwide charity run, 'Poland Business Run', which focuses on supporting people with mobility issues.

Putting the Fun in Fundraising

Our employees in Latvia took part and donated funds in "Dod piecil!" which is a nationwide charity campaign and a part of an international project called "Serious Request". During the campaign people can sponsor a song on the radio, played by DJs from different European countries, to support special CSR causes.

Helping Food Security

Our team in Israel worked with various organizations to support the community. Our employees volunteered with the "Leket Israel" association supporting farmers with picking and packing fruits and vegetables which would otherwise go to waste. In the U.S., we brought together remote employees for the opportunity to volunteer at a local food bank and help support food security.



Operational Excellence



Corporate Governance

Sapiens is committed to responsible corporate governance practices. Through our consistent implementation of corporate governance and ethical standards, we ensure that all our stakeholders are carefully considered in our management decisions. We have established a strong management system that inspires ethical behavior and information security.

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

Members of the Board



Guy Bernstein

Chairman of the Board
of Directors

Joined: January 2007

Guy Bernstein has served as a director of the company since January 1, 2007, and was appointed Chairman of the Board of Directors on November 12, 2009. Mr. Bernstein has served as the chief executive officer of Formula, our parent company, since January 2008. From December 2006 to November 2010, Mr. Bernstein served as a director and the chief executive officer of Emblaze Ltd. or Emblaze, our former controlling shareholder. From April 2004 to December 2006, Mr. Bernstein served as the chief financial officer of Emblaze. He also served as a director of Emblaze from April 2004 until November 2010. Prior to joining Emblaze, Mr. Bernstein served as Chief Financial and Operations Officer of Magic Software, a position he held since 1999. Mr. Bernstein joined Magic Software from Kost Forer Gabbay & Kasierer, a member of EY Global, where he acted as senior manager from 1994 to 1997. Mr. Bernstein also serves as Chief Executive Officer of Magic Software, as Chairman of the Board of Matrix IT Ltd, Zap Group Ltd, and Michpal Group, and as a director of TSG IT Advanced Systems Ltd. Mr. Bernstein is a Certified Licensed Public Accountant and holds a BA in Accounting and Economics from the College of Management Academic Studies.



Roni Al-Dor

President, CEO
and Director

Joined: November 2005

Roni Al-Dor joined the company as President and Chief Executive Officer in November 2005 and has served as a director of the Company since November 2005. Prior to joining the Company, Mr. Al-Dor was one of the two founders of Team Telecom International Ltd., (TTI), a global supplier of operation 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 aircraft. Mr. Al-Dor is a graduate of the military computer college of the Israeli Air Force, studied computer science and management at Bar Ilan University, and attended the Israel Management Center for Business Administration.

**Yacov Elinav**

Director (Independent)

Joined: March 2005

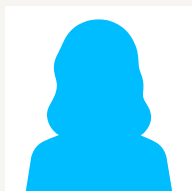
Yacov Elinav has served as a director of the company since March 2005. For over 30 years, Mr. Elinav served in various positions at Bank Hapoalim B.M., which is listed on the London and Tel Aviv Stock Exchanges, including over 10 years as a member of the Board of Management, responsible for subsidiary and related companies. From 1992 through 2006, Mr. Elinav served as Chairman of the Board of Directors of Diur B.P. Ltd., the real estate subsidiary of Bank Hapoalim. From August 2004 until 2009, Mr. Elinav served as Chairman of the Board of Directors of DS Securities and Investments, Ltd. From August 2004 through 2008, Mr. Elinav served as Chairman of the Board of Directors of DS Provident Funds Ltd., and from 2010 until August 2015, served as Chairman of the Board of Directors of Golden Pages Ltd. Mr. Elinav also serves on the Board of Directors of several other public and private companies.

**Eyal Ben-Chelouche**

Director (Independent)

Joined: August 2008

Eyal Ben-Chelouche, a highly accomplished professional with more than two decades of experience in finance and capital markets, has held significant leadership positions throughout his career. He began his tenure as a director at the company in August 2008. Notably, he served as the commissioner of Capital Market Insurance and Savings at the Israeli Ministry of Finance from 2002 to 2005, where he spearheaded critical reforms. His roles also included Deputy Commissioner and Senior Foreign Exchange and Investment Manager at the Bank of Israel, as well as an Investment Officer at the Bank of England in London. Mr. Ben-Chelouche played a pivotal role in the Bachar Committee on Capital Market Reform, which shaped the financial landscape in Israel. Presently, he serves as the Chairman of the Board of Directors for the David Shield Passport Card Group since 2018 and David Shield Insurance since 2020. As an independent director, he brings extensive financial expertise to organizations such as Matrix IT Ltd., Migdal Holding Ltd., and several other private companies.

**Naamit Salomon**

Director (Independent)

Joined: September 2003

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

**Uzi Netanel**

Director (Independent)

Joined: March 2005

Uzi Netanel has served as a director of the company since March 2005. He served as chairman of the Board of Directors of Maccabi Enterprise Development & Management Ltd. from 2012 through 2022 and has served as a director of Maccabi Health Services since 2005. He previously served as chairman of Maccabi Group Holdings Ltd., from 2000 through 2017. From 2004 through 2007, Mr. Netanel served as Chairman of Board of Directors of M.L.L. Software & Computers, and from 2000 through 2011 served as a director of Bazan and Carmel Olephine. From 2001 through 2003, Mr. Netanel served as partner in the FIMI Opportunity Fund. From 1993 through 2001, he served as Active Chairman of Israel Discount Capital Markets and Investments Ltd. From 1997 to 1999, Mr. Netanel served as Chairman of Poliziv Plastics Company (1998) Ltd. From 2005 through 2014, he served as director of Maman Group, and from 2012 through 2014, he served as director of Gadot Biochemicals. Mr. Netanel also serves at present on the Board of Directors of Acme Trading and Dorcel (B.A.Z.) Ltd.

Our Board of Directors

Sapiens six-member Board of Directors is composed of industry leading experts with diverse backgrounds in the financial, insurance and computer science sectors. Our board is composed of a majority of independent members with four independent directors sitting on the board. The board is composed of five men and one woman.

In 2023, our board’s unwavering commitment is reflected in our 100% attendance rate across all board and committee meetings.

For more information on our Board of Directors and governance procedures please refer to our 2023 20F.

2023 Board and Committee Meetings	Board of Directors	Audit Committee	Compensation Committee
Number of Members	6	3	3
Percentage Independent Directors	67%	100%	67%
Number of Meetings	6	8	4
Board Meeting Attendance Rate	100%	100%	100%

Board of Directors Committees

Audit Committee

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

In 2023, the committee held eight meetings, with a 100% attendance rate.

Compensation Committee

The Compensation Committee is responsible for the review and approval of grants of options to our employees and other compensation matters as requested by our Board of Directors from time to time.

In 2023, the committee held four meetings, with a 100% attendance rate.



“Our core values—integrity, accountability, and respect—guide our ethical practices and influence our interactions with employees, customers, and the community. Upholding these principles strengthens trust and relationships, which drives long-term business success. Our commitment to environmental sustainability and social responsibility not only reflects our values but also supports our growth and resilience”

– Alon Rapaport, General Counsel, Sapiens

Ethical Business Conduct

At Sapiens, we uphold the highest professional standards in our business conduct and pride ourselves on our reputation for quality, service, and integrity. We recognize that maintaining the confidence and trust of our stakeholders including customers, employees, investors, suppliers and regulators is foundational for our success.

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

Our Executive and Financial Officers promote a culture of ethical responsibility and compliance and help to maintain a work environment that encourages employees to raise concerns. It is imperative that our employees feel comfortable bringing any compliance concerns to our attention. As such, our officers are dedicated to promptly addressing these concerns to ensure that any issues are resolved quickly and effectively. By fostering an environment of transparency and accountability, we can uphold our commitment to outstanding ethical business practices.

The role of the internal auditor is to provide assurance that the company’s risk management, governance and internal control processes are operating effectively. This includes examining, among other things, our compliance with applicable law and orderly business procedures, including the implementation of proper internal controls in compliance with SOX requirements and our Related Party Transactions Policy.



The Code of Ethics and Business Conduct

In 2023, we continued implementing our Code of Ethics and Business Conduct, which is intended to deter misconduct and promote the following:

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

Our Board of Directors has adopted various policies and procedures that are meant to implement risk management on a company-wide level, including:

Code of Ethics
and Business
Conduct

Insider Trading
Policies

Anti-Fraud
Policy

Anti-Corruption
Policies

Whistleblower
Policy

Anti-Slavery
Policy

The Code is available [online](#) as a searchable PDF that each employee must become familiar upon joining the company. It is also shared with and signed by our suppliers as part of their service contract. The Code is circulated annually to all employees and requires a signed employee acknowledgment from employees biennially. The Code was sent to all employees for acknowledgement in January 2024.

We review our Code of Ethics and Business Conduct and company policies every few years or on a needs-basis to make sure that they remain up-to-date and as per company expectations.



Whistleblower Policy

Sapiens employees, suppliers and contractors are encouraged to report violations regarding accounting, auditing, internal accounting controls, fraud or other violations of regulation. Whistleblowers who make reports in good faith of suspected violations are protected from retaliation due to reporting. In 2023, we streamlined our whistleblowing reporting process increasing accessibility by implementing an online submission which can be filled directly on our website. Alternatively, an anonymous email can be sent to our Compliance Officer. All submitted cases undergo a formal investigation process, including the prompt notification of the audit committee. If the investigation confirms that a violation has occurred, the company will promptly take appropriate corrective action.

In 2023, there were zero whistleblower complaints made.



Insider Trading Policy

Sapiens has a strict Insider Trading Policy that all employees must be familiar with and adhere to. Employees can report any failures to the Internal Auditor. Employees may not trade in Sapiens securities while in the possession of “material non-public information” concerning Sapiens, or during any blackout periods. Employees and their immediate family members may trade 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

Sapiens Anti-Fraud Policy aims to aid employees and the company in avoiding fraud through preemptive action. Once every three to five years or, more frequently if deemed necessary, the company will perform a fraud risk assessment. Additionally, 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. Our employees are expected to comply with the applicable laws in all countries to which they travel and where we otherwise do business, including laws prohibiting bribery. Our Code establishes clear guidance on gifts and entertainment which employees are required to follow. Employees should consult with their supervisor or Compliance Officer if they are unsure about the appropriateness of any proposed entertainment or gifts.

In 2023, as in previous years, there were no legal cases relating to corruption and bribery.

Code of Business Ethics continued

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 Ethics and Business Conduct. We are dedicated to ensuring that our supply chains do not rely on or benefit from slavery or human trafficking. To this end, we have formulated, and seek to enforce, Sapiens Code of Ethics and Business Conduct on our suppliers, which requires our suppliers, among other things, to adhere to the following:

- not make use of forced labor/child labor
- recognize employee rights (including freedom of association)
- not permit harassment or abuse
- treat migrant employees equally to local workers

The company carries out risk assessments in relation to its suppliers and monitors its suppliers' compliance with Sapiens' Code of Ethics and Business Conduct as well as any other applicable national or local regulation. To date, we have received no reports of any incidents relating to modern slavery or human trafficking in our supply chains.

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 2023, no anti-competitive behavior was reported.

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

Compliance with Laws, Rules and Regulations – We hold the view that obeying the law, both in letter and in spirit, is the foundation on which a company's ethical standards are built. At Sapiens, all Directors, Officers, and employees should respect and obey all laws, rules, and regulations applicable to our business and operations. We are aware that not all Directors, Officers, and employees know all details of these laws, rules, and regulations. Yet, it is important to us that they know enough to determine when to seek advice from supervisors, managers, officers, or other appropriate Sapiens personnel. In 2023, there were no legal cases related to material non-compliance issues.

Non-Discrimination and Anti-Harassment Policy – We have zero tolerance for any kind of harassment, which involves discrimination, sexual harassment, humiliation, and abuse of authority. Any wrongful doing that comes to light will have legal consequences. This matter is treated with seriousness, and any complaints are handled immediately with full attention. There were no cases of harassment or discrimination in 2023.

Freedom of Association – Stakeholders at Sapiens have the right to join or establish a group of their choice. We do not restrict the freedom of association and support our workers in freely discussing issues, including working conditions at Sapiens. Sapiens addresses any concerns and requests to optimize the terms and conditions of our employees.

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

Compliance with Laws, Rules and Regulations – In addition to the specific aforementioned topics, at Sapiens we expect all directors, officers, and employees to respect and obey all laws, rules, and regulations applicable to our business and operations. While directors, officers, and employees may not know all details of these laws, rules, and regulations, it is important to us that they know enough to determine when to seek advice from supervisors or other appropriate Sapiens personnel. In 2023, there were no legal cases related to material non-compliance issues.

Our Approach to Risk Management

At Sapiens, our management team is responsible for identifying and managing risks. Each department leader is responsible for risk management in their department. According to our policy, risk assessments are performed every three years, and we perform a fraud risk assessment every three to five years.

Additionally, we employ an internal control team who performs multiple audits per year and a formal and independent internal auditor who performs audits four to five times per year.

Cyber Security and Data Protection

At Sapiens maintaining our cybersecurity and information protection is a critical priority.

Our goal is to maintain the utmost confidentiality, integrity, and availability across our computer networks and information assets, be it digital or paper-based. To address rapidly evolving threats, we consistently invest in advanced detection, prevention and proactive systems to reduce cybersecurity related risks.

Additionally, we have implemented an enhanced strategy that incorporates advanced technologies, robust security measures, and proactive monitoring. In 2023, we adapted to the new opportunities and threats posed by AI technology, taking various steps to integrate relevant considerations into our overarching strategy.

Recognizing the importance of data privacy and security in today's digital transformation era, Sapiens supports our customers in their transition to digital processes.

We ensure their data is treated with the highest standards by developing internal and external data security and risk management processes aligned with industry standards. Through our ongoing investment in cyber security, expansion of our Information Security team, and steadfast commitment to stringent data protection standards, we protect our internal and customer data and protect our stakeholders' trust.

Information Security Policy

The purpose of Sapiens Information Security Policy is to protect Sapiens' information assets from possible information threats. In 2023, we continued implementing new controls to our information security systems and policy, resulting in enhanced tools to better protect Sapiens and our customers.

We adopt a best-practice approach to information security in accordance with the guidelines laid out by regulatory requirements, business needs, and binding contracts. Our policy includes key points such as:

- Information will be protected against unauthorized access confidentiality and integrity and security of information will always be maintained.
- Compliance with regulatory and legislative requirements is upheld and demonstrated.
- All breaches of information security, actual or suspected, will be reported and investigated in accordance with the appropriate procedures, policies, and agencies.

Cybersecurity Governance and Employee Engagement

At Sapiens, we take proactive steps to engage all levels of management and staff in our cyber security program. Our board of directors is responsible for overseeing risks from cybersecurity threats and to that end has established a cybersecurity steering committee composed of the CEO, CFO, and the directors. The committee meets annually with our company's Global Chief Information Security Officer (CISO) as well as periodically meeting with our Chief Technology and Information Officer (CTIO) and other executive management members.

Our managers and employees play a critical role in maintaining a secure digital environment. Each of our business units has a designated senior staff member as the Key Data Owner. These individuals work closely with the Sapiens Information and Cyber Security Team to ensure compliance with our security protocols. The CISO collaborates with the Global Head of IT to communicate process changes and ensure adherence to performance requirements. Additionally, the CISO conducts an annual review process involving the executive board to keep our policy appropriate and up to date.

As part of our onboarding process, new employees undergo information security and privacy training to familiarize themselves with our policies and best practices. To promote ongoing awareness, all employees, including part-time employees and contract workers who are issued IT devices, undergo annual mandatory cybersecurity training. We also provide relevant security and privacy awareness newsletters and updates to enhance employee knowledge. In line with our commitment to continuous improvement, in 2023 we focused on initiatives relating to secure software development and implementing NISTs Secure Software Development Framework (SSDF). This included conducting secure development (SDLC) training for all our developers.

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

Sapiens Cybersecurity Certifications Suite

We are proud to have our practices certified to the following ISO standards:

- ISO 27001 Information Security
- ISO 27017 Information Technology- Security Techniques
- ISO 27701 Privacy Information Management
- ISO 22301 Business Continuity Management systems

Managing Cybersecurity Risk Alongside Our Customers

Information security needs to be treated with a lot of attention in taking care of customer privacy. We have taken significant steps to optimize our organizational methods for the benefit of our customers and continue to increase our security budget and team capacities to develop and implement ongoing technological solutions. In 2022, we established a security business partner team to support our internal and external clients through ongoing communication specialized trainings and between Sapiens and its customers. In 2023, we opened an online 'Trust Center' for our existing and potential customers. The platform which operates on a login basis provides clear information on how clients data is managed, increasing accessibility to the information.

We are constantly upgrading our technologies and work to maintain the highest standards in privacy and data protection. As part of the risk management program, Sapiens focuses on protecting against the risk of computer-related crimes and viruses. The program intends to provide customers with clarity and transparency, to reduce and minimize information security risks.

Responsible AI and Information Security

The rise of AI offers endless potential for increasing working ease and efficiency and improving the customer experience. However, to continue to protect company data it requires responsible utilization of our available tools. Additionally, we recognize that AI models have a potential for biases and expect our employees to take corrective action to promote equitability in our AI applications.

To provide our employees a clear framework for responsible use of AI tools, we established an AI-Security Taskforce and released an AI information security policy in 2023. This policy was shared with our employees and covers topics including 'Safe Usage Fundamentals' and 'Secure AI Model Training'. Alongside the release of the policy, our information security team hosted a webinar training for employees on secure AI use.

Sapiens is planning to comply with the new ISO 42001:2023 international standard of AI in the coming year.

Collectively, these measures will help our employees be at the forefront of innovation while also protecting the security and privacy of our company and stakeholders. You can also learn more about how we are using AI to innovate our product and process in our 'Product and Services' Chapter.

Software and Information Protection

Sapiens complies with the applicable regulations, while using licenses produced to minimize the risk of computer viruses and breaches. We only permit authorized software and licensed copies of commercial software to be installed on our computer systems to reduce the risk of computer viruses. Additionally, we deploy advanced Endpoint Detection and Response (EDR) software across all information assets.

Upholding International Standards

Sapiens invests significant efforts to maintain high privacy standards and ensure international compliance with privacy laws requirements including the General Data Protection Regulation (GDPR) and other relevant mandates. We process personal data only on documented instructions from our customers, and only to the extent necessary for providing our services and in accordance with our customers' instructions, in alignment with the GDPR standard. As part of our comprehensive training initiatives, we also conduct mandatory annual privacy and awareness training alongside our cybersecurity training, ensuring that our employees remain well-informed about privacy and security best practices. To ensure consistent security performance during unexpected events, we have a Business Continuity Management plan for all sites worldwide.

We proudly hold ISO 27001, ISO 27701, ISO 27017, and ISO 22301 certifications.

Performance in Data Security and Privacy

We continue to significantly improve the data leakage prevention system within Sapiens. In addition, no fines or penalties were paid in relation to information security breaches, customer privacy or other cybersecurity incidents.

Our privacy policy is available on our [website](#) and clearly outlines how we use and protect user data from our website.

Sustainable Supply Chain

Our vendors play a vital role in our business, and Sapiens seeks to amplify our positive impact by integrating sustainability practices throughout our supply chain and engaging our suppliers in this process. We engage our employees in the importance of promoting sustainability through training. In 2023, employees within our procurement department underwent around five hours of ESG/sustainability training.

We evaluate our suppliers closely during the selection process to ensure we work with responsible business partners. To further promote responsible business practices within our supply chain and improve risk management, we also seek to enforce our Code of Ethics and Business Conduct on all our suppliers and business partners. In 2022, 50% of our suppliers signed a supplier code of ethics.

We prioritize suppliers who share our values and aim to work with and prioritize vendors who are local, employ people from underrepresented populations or have other sustainable business practices. Where possible we try and work with certified green businesses. To monitor our progress, we track our supply chain performance across various KPI's including as percentage local suppliers, and the percent of suppliers with environmental policies or certifications.

- **70% of our suppliers are local businesses**
- **70% of our suppliers have an environmental policy**
- **Around 40% are ISO 140001 certified**

**~70% of our suppliers are
local businesses**



Cultivating a Responsible Environment at Sapiens



Sapiens recognizes the numerous environmental challenges affecting people and economies today and is committed to positively contributing to the protection of our planet through environmentally responsible business practices.

Across our global operations, we have ongoing efforts to implement green office practices, adopt sustainable innovations, and encourage efficient commuting among our employees. Additionally, we track our resource consumption to make informed decisions and ensure continuous improvement.

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

We are committed to enhancing our monitoring systems for energy and water consumption. Our GHG calculation represents the vast majority of the main sites of the company with approximately 97.5% of the company's employees covered in calculation for 2023. Currently, our monitoring encompasses almost all our leased offices and with the exception of our U.S. Rolling Meadows office. Additionally, the GHG calculation does not cover employees working out of co-working spaces globally. Our extended monitoring capability also covers electricity used for heat consumption.

In 2023, our cumulative electricity consumption throughout our global office sites was 3.6 million kWh a 9% reduction from 2022. This year we were proud to have 15% of our electricity procured through renewable energy generation.

9% reduction in office electricity consumption between 2022 and 2023

	Unit of Measure	2022	2023
Total Electricity Consumption	kWh	3,973,000	3,616,150
Total Renewable Energy consumption	kWh	799,000	544,000
Total Water Consumption	Liter	5, 801,400	5,755,000

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

Emissions	2022 (tCO ₂ e)	2023 (tCO ₂ e)
Scope 1	442	375
Scope 2 (Location-based)	2,167	2,704
Scope 2 (Market-based)	1,799	2,316

Changes to the office properties in 2023 were as follows:

Office Closure Mid-year: Denver US; Lodz PL

Downsize: Duesseldorf, GER; Katowice, Gdynia, Warsaw PL

Acquisition (Dec. 23): Szczecin, PL

Since the publication of the 2022 ESG report an update to the methodology and information available has led to changes in the tCO₂e and water consumed for reported for 2022.

Renewable energy declined between 2022 and 2023, due to operational changes and overall reduced consumption in select offices in which renewable energy was used.

Our GHG footprint calculation calculates of 90% of our leased office space

Green Office Practices

Despite leasing our company offices, we are deeply committed to fostering meaningful partnerships with property owners to uphold sustainable practices in energy, water, and waste management. Our priority is to select office locations that have ample natural light, spacious windows, and cutting-edge design elements that minimize reliance on artificial lighting while fostering employee wellness. Moreover, we work hand in hand with property owners to explore eco-friendly solutions. Additionally, we actively advocate for further actions to reduce waste and promote reuse initiatives, as outlined below.

Prioritizing Green Buildings

Our commitment to green building standards is exemplified by our office locations worldwide. Our building in Bangalore, India holds a LEED Platinum certification and our buildings in Katowice, Poland and Holon, Israel hold LEED Gold certifications.

Furthermore, our offices in Orlando, FL, and Raleigh, NC (both U.S.) have received the Energy Star certificate and our Cardiff, UK and Riga, Latvia offices are located in a building recognized with the BREEAM Excellent certificate and BREEAM in-use certificate respectively.

In addition, our building in Katowice has been certified under the WELL Health and Safety standard. Seven of our office buildings across the globe proudly hold renowned sustainable building certifications:



Promoting Responsible Waste Management

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

In our office we prioritize sustainability where possible by promoting reuse and minimizing waste. We reuse decorations instead of buying new ones annually and donate old items to those in need. We opt for eco-friendly alternatives like paper gift bags and emphasize practicality in gift-giving.

In Germany, Poland and Denmark, we ensure responsible practices in laptop replacement. We prioritize data security and offer employees the option to repurchase their old equipment. Additionally, we sell old laptops to colleges and make charitable donations for outdated office equipment.

Highlight

Refreshing Offices and Promoting Circularity

When our offices undergo renovations, relocation or downsizing, we prioritize reuse of our furniture to reduce waste and keep it in circulation. Where possible we donate or resell office equipment insuring it gets a second life. In 2023, these practices were used in our Dusseldorf, Katowice, Gdynia and Warsaw offices.



Initiating Green Practices in Our Offices

In our offices, we prioritize energy efficiency through the implementation of smart controls, such as sensor-based LED lighting that automatically activates and shuts off, limiting manual adjustments to temperature settings and HVAC restrictions after hours and on weekends. Moreover, we prioritize effective ventilation systems in our offices, supplemented by cool air intake from the outside, to reduce reliance on air-conditioning and lower energy consumption.



Encouraging Climate-Friendly Canteens

We also strive to promote sustainable practices within our canteen facilities. Whenever feasible, we minimize single-use plastic and paper items, opting for reusable cups, glasses, and utensils. In fact, we are proud to have four of our sites using exclusively reusable items, a significant step to cutting back our food related waste. To further cut single-use plastic, some of our offices have installed water filtering dispensers at select locations to reduce single-use water bottle consumption. Additionally, throughout most of our offices, we prioritize inclusivity by providing vegetarian and vegan menu options for company events and in our canteens.



Raising Environmental Awareness

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

Highlight

Reducing Food Waste Feeding our Employees Not the Trash

Reducing food waste not only conserves valuable resources but also addresses global hunger and contributes significantly to mitigating climate change by reducing emissions from organic waste. In our offices in Szczecin, Poland, leftover lunch food from the canteen is thoughtfully offered to employees for takeaway in multi-use containers, ensuring no food goes to waste.



Efficient Commuting

Sapiens is deeply committed to reducing our carbon footprint from employees' commuting. We have implemented various initiatives to promote sustainable transportation options and minimize the environmental impact associated with commuting.

Reducing Vehicle Fleet and Embracing Electric Cars

To actively reduce our carbon emissions, we have decreased the number of cars owned and leased by our company compared to the previous years. This ongoing trend reflects our commitment to adopting improved commuting alternatives. Furthermore, our fleet is 50% hybrid or electric to embrace cleaner modes of transportation.

In our US branches in Orlando and Raleigh, we are proud to offer EV charging stations, supporting the adoption of electric vehicles. By providing this infrastructure, we not only accommodate the needs of electric vehicle owners, but also actively encourage the transition to eco-friendly transportation options.

Promoting Carpooling and Shared Rides

In our Poland office, we actively encourage and support carpooling as an eco-friendly commuting option. Carpooling not only contributes to fewer emissions but also fosters a sense of community among our employees.

Promoting Alternative Transportation:

Encouraging eco-friendly transportation options like cycling not only reduces carbon emissions but also promotes healthier lifestyles and contributes to mitigating traffic congestion. The majority of our sites actively promote cycling through a range of initiatives, including designated bike parking with shower facilities and towels, a bike-to-work scheme, and bike leasing options.

To further reduce our employees' commuting emissions in Copenhagen, we also integrate commuting considerations into our new offices location strategy and decision making.



In 2022, these considerations factored into the relocation of our Copenhagen office which moved from a suburban location to the center of the city, greatly increasing access to public and alternative transportation options, as well as additional services in the area. The downsized Copenhagen office space was also laid-out to optimize and encourage employee collaboration and socializing. Additionally, we provide our employees with a monthly gross salary that includes a train/bus card to encourage the use of public transportation.

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

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

	Unit of Measure ³	2022	2023
Fuel Consumption (Gasoline for Cars)	Liter	168,452	141,613
Fuel Consumption (Diesel for Cars)	Liter	21,247	19,060
Number of Cars (Owned or Leased)	Number	127	121

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

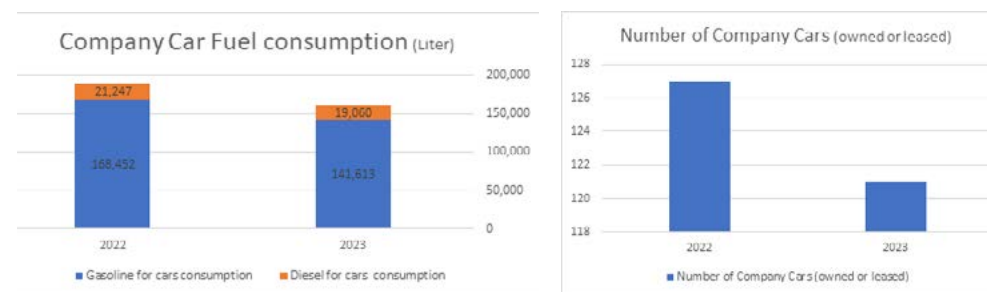
Sustainable Commuting Highlights

Promoting carpooling in Poland through dedicated parking spots

Providing bicycle infrastructure at most offices

15% reduction in fuel used by the company vehicle fleet (diesel and gasoline combined) between 2022 and 2023

50 % hybrid or electric company vehicles



15% reduction in company owned vehicles between 2019 and 2023

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 2023, there were two minor safety incidents that took place and no significant work-related accidents reported in our offices. We take our office safety with the utmost sincerity and all incidents reported are investigated to assure root cause assessment and make improvements where necessary.

About this Report



About this Report

We are happy to present the Sapiens 2023 ESG report, the third of our global periodical ESG reporting cycle. This report provides a global overview of Sapiens corporate responsibility projects, and activities. We aim to provide in-depth information to the various stakeholders. It was prepared in compliance with the Global Reporting Initiative (GRI) and is also based on Sustainability Accounting Standards Board (SASB) standards. To determine report contents, we considered:

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

Reporting Scope and Measures

This report describes Sapiens ESG policies and programs globally, unless stated otherwise. It includes performance data for the year 2023, unless stated otherwise.

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

All references to years are to the calendar year.

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

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



Feedback

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

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Acknowledgements

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

GRI Content Index

GRI Standard Title/Topic	Disclosure Number	Disclosure Title	Reference/Disclosure
The Organization and its Reporting Practices	2-1	Organizational details	Sapiens at a Glance Sapiens operates globally in North America, EMEA, UK, Nordics & DACH and Asia Pacific. Sapiens HQ is in Israel
	2-2	Entities included in the organization's sustainability reporting	Sapiens at a Glance
	2-3	Reporting period, frequency and contact point	About this Report
	2-4	Restatements of information	NA
	2-5	External assurance	NA
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	2-7	Employees	Sapiens People
	2-8	Workers who are not employees	NA

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	2-10	Nomination and selection of the highest governance body	Operational Excellence; Corporate Governance
	2-11	Chair of the highest governance body	Operational Excellence; Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Operational Excellence; Corporate Governance
	2-13	Delegation of responsibility for managing impacts	Operational Excellence; Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	Operational Excellence; Corporate Governance
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	2-16	Communication of critical concerns	Operational Excellence; Corporate Governance
	2-17	Collective knowledge of the highest governance body	Operational Excellence; Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	Operational Excellence; Corporate Governance
	2-19	Remuneration policies	Please refer to our 2023 20-F
	2-20	Process to determine remuneration	Please refer to our 2023 20-F
	2-21	Annual total compensation ratio	NA

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	2-23	Policy commitments	Operational Excellence; Ethical Business Conduct
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	2-26	Mechanisms for seeking advice and raising concerns	Operational Excellence; Ethical Business Conduct
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Stakeholder Engagement	2-29	Approach to stakeholder engagement	Sapiens at a Glance; Our Management Approach and Stakeholder Engagement
	2-30	Collective bargaining agreements	NA
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	3-2	List of material topics	Sapiens at a Glance; ESG Material Issues
	3-3	Management of material topics	Sapiens at a Glance; Our Management Approach and Stakeholder Engagement
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Energy	302-1	Energy consumption within the organization	Cultivating a Responsible Environment
	302-5	Reductions in energy requirements of products and services	Impactful Products and Services; Digitizing Insurance for Efficient Sustainable Solutions
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	404-2	Programs for upgrading employee skills and transition assistance programs	Sapiens People; Training and Developing Experts
	404-3	Percentage of employees receiving regular performance and career development reviews	Sapiens People; Training and Developing Experts
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Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Operational Excellence; Ethical Business Conduct

SASB Content Index

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

SASB indicators TC0102-05, TC0102-03, TC0102-07, TC0102-08, TC0102-11, TC0102-14, TC0102-15, TC0102-16, TC0102-17 were not presented due to confidentiality and/or due to not being tracked for the reported period.



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