
Message from the CEO

Dear Employee, Director or Officer:

The Code of Ethics and Business Conduct, which is enclosed herewith, introduces you to the way that we choose to do business at Sapiens. This Code of Ethics and Business Conduct has been approved by our Board of Directors and provides the general principles of business conduct that we respect as a company and believe to be critical to our success.

The Code applies to each of us: management, employees, in-house contractors, and employees of subsidiaries or affiliates. In particular, all supervisory and management personnel, including all of our officers and directors, are expected to lead according to the standards in the Code, in both words and action.

You should familiarize yourself with the Code and ensure that you understand and comply with the guidelines and policies set forth therein. If you have any questions about its intent or applicability, please talk to your supervisor, upper management, or turn to the other resources identified in the Code.

Sapiens group thrives on success, but honesty and integrity should not be compromised. This is the way we choose to achieve it. This is the tone we want to set.

Sincerely yours,

Roni Al-Dor
Chief Executive Officer

Sapiens International Corporation N.V

Code of Ethics and Business Conduct

IMPORTANT: This Code is designed to implement the laws to which we are all subject, but it may, in some aspects, go beyond legal obligations. In addition, this Code does not, and does not purport to, contain any legal advice. To the extent the laws applicable to you are more strict than the standards that apply to you pursuant to this Code, this Code is not purported to derogate from such laws. In the event of any inconsistency between this Code and any law applicable to you, the latter will govern. Lastly, this Code is designed solely for the benefit of Sapiens and none of the provisions of this Code are intended to provide any rights or remedies to any person other than Sapiens and its successors and assigns (if any).

1. PUTTING THE CODE OF BUSINESS CONDUCT AND ETHICS TO WORK

1.1 Introduction

We at Sapiens are committed to the highest standards of business conduct in our relationships with each other and with our customers, suppliers, shareholders and others. This requires that we conduct our business in accordance with all applicable laws and regulations and in accordance with the highest standards of business ethics. Executive and financial officers have leadership responsibilities that include creating a culture of high ethical standards and commitment to compliance; maintaining a work environment that encourages employees to raise concerns; and promptly addressing employee compliance concerns. Sapiens' Code of Business Conduct and Ethics is intended to help each of us – directors, officers and employees – in this endeavor by providing a statement of the fundamental principles and key policies and procedures that govern the conduct of our business.

The use of the name “Sapiens” is meant to refer to Sapiens International Corporation N.V. and all companies of the Sapiens International group of companies.

1.2 Scope of Code

This Code is intended to deter wrongdoing and to 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 (the “SEC”) and the Israel Securities Authority (the “ISA”) and in other communications made by Sapiens.
- Compliance with applicable governmental laws, rules and regulations.
- Prompting internal reporting of violations of this Code to the appropriate person or persons identified in this Code.
- Accountability for adherence to this Code.
- Adherence to a high standard of business ethics.

2. RESPONSIBILITY TO OUR ORGANIZATION

You are expected to dedicate your best efforts to Sapiens' business in accordance with your position and to avoid any conflicts with the interests of Sapiens.

2.1 Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which a company's ethical standards are built. All directors, officers and employees should respect and obey all laws, rules and regulations applicable to Sapiens' business and operations. Although not all directors, officers and employees are expected to know all of the details of these laws, rules and regulations, it is important to know enough to determine when to seek advice from supervisors, managers, officers or other appropriate Sapiens personnel.

2.2 Conflicts of Interest

In order to maintain the highest degree of integrity in the conduct of Sapiens' business and to maintain your independent judgment, you must avoid any activity or personal interest that creates or appears to create a conflict between your interests and the interests of Sapiens. A conflict of interest occurs when your private interests interfere in any way, or even appear to interfere, with the interests of Sapiens as a whole. A conflict situation can arise when you take actions or have interests that make it difficult for you to perform your work at Sapiens objectively and effectively. You should never act in a manner that could cause you to lose your independence and objectivity or that could adversely affect the confidence of our customers, suppliers or fellow employees in the integrity of Sapiens or its procedures.

Conflicts of interest are prohibited as a matter of company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, and further review and discussions may be appropriate. Any director or officer who becomes aware of a conflict or potential conflict should bring it to the attention of the Chief Executive Officer, the Chief Financial Officer or General Counsel as appropriate in the circumstances. Any employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel.

Although we cannot list every conceivable conflict, following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided:

- **Improper Personal Benefits from Sapiens**

Conflicts of interest arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in Sapiens. You may not accept any benefits from Sapiens that have not been duly authorized and approved pursuant to company policy and procedure, including any loans or guarantees by Sapiens of your personal obligations.

- **Business Arrangements with Sapiens**

Without prior written approval from the Chief Executive Officer, you may not participate in a joint venture, partnership or other business arrangement with Sapiens. Executive and financial officers and members of the Board must obtain the prior written approval of the Audit Committee before participating in such an arrangement.

- **Family Members Working in the Industry**

You may find yourself in a situation where your spouse or significant other, your children, parents or in-laws, or someone else with whom you have a familial relationship is a competitor, supplier or customer of Sapiens or is employed by one. Such situations

are not prohibited, but they call for extra sensitivity to security, confidentiality and conflicts of interest.

- **Corporate Opportunities**

As employees, officers and directors of Sapiens, we owe a duty to Sapiens to advance its legitimate interests when the opportunity to do so arises. You may not take for yourself personally opportunities that are discovered through the use of corporate property, information or position or use corporate property, information or position for personal gain. Furthermore, you may not compete with Sapiens.

- **Supervisory Positions and Discretionary Authority**

Employees, officers and directors of Sapiens who occupy supervisory positions or who have discretionary authority in dealing with third parties such as customers, suppliers and competitors must avoid conflict of interest situations involving the persons who are supervised or any third parties.

2.3 Protection and Proper Use of Sapiens Assets

We each have a duty to protect Sapiens' assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on Sapiens' profitability. We should take measures to prevent damage to and theft or misuse of Sapiens property. When you leave Sapiens, all Sapiens property must be returned to the Sapiens. Incidental and occasional personal use of Sapiens' electronic mail and telephone systems is permitted. However, you should be aware that even personal messages on Sapiens' computer and telephone systems are Sapiens' property and you should therefore have no expectation of personal privacy in connection with your use of these resources.

2.4 Sapiens Books and Records

You must complete all Sapiens documents accurately, truthfully and in a timely manner, including all travel and expense reports. When applicable, documents must be properly authorized. You must record Sapiens' financial activities in compliance with all applicable laws and accounting practices. The making of false or misleading entries, records or documentation is strictly prohibited. You must never create a false or misleading report or make a payment or establish an account on behalf of Sapiens with the understanding that any part of the payment or account is to be used for a purpose other than as described by the supporting documents.

2.5 Disclosures in Periodic Reports

As a public company, Sapiens is required to file various periodic reports with the SEC and ISA. It is Sapiens' policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all required periodic reports.

2.6 Confidential Information

All employees may learn, to a greater or lesser degree, facts about Sapiens' business, plans, operations or "secrets of success" that are not known to the general public or to competitors. Confidential information includes all non-public information that might be of use to competitors, or harmful to Sapiens or its customers, if disclosed. During the course of performing your responsibilities, you may obtain information concerning possible transactions with other companies or receive confidential information concerning other companies, which Sapiens may be under an obligation to maintain as confidential.

You must maintain the confidentiality of information entrusted to you by Sapiens or its customers, except when disclosure is authorized or legally mandated. Employees who possess or have access to confidential information or trade secrets must:

- Not use the information for their own benefit or the benefit of persons inside or outside of Sapiens.
- Carefully guard against disclosure of that information to people outside Sapiens. For example, you should not discuss such matters with family members or business or social acquaintances or in places where the information may be overheard, such as taxis, public transportation, elevators or restaurants.
- Not disclose confidential information to another Sapiens employee unless the employee needs the information to carry out business responsibilities.

Your obligation to treat information as confidential does not end when you leave Sapiens. Upon the termination of your employment, you must return everything that belongs to Sapiens, including all documents and other materials containing Sapiens confidential information. You must not disclose confidential information to a new employer or to others after ceasing to be a Sapiens employee. You may not disclose your previous employer's confidential information to Sapiens. Of course, you may use general skills and knowledge acquired during your previous employment.

2.7 Insider Trading

The Board of Directors has adopted an Insider Trading Policy providing for procedures and guidelines governing insider trading and tipping (the "Policy"). The Policy will be posted on our Intranet for access by all employees. In summary, you should be aware that pursuant to the Policy:

- you may not trade in Sapiens securities (1) while in the possession of "material non-public information" concerning Sapiens; or (2) during any special blackout periods that the undersigned, the Compliance Officer administering the Policy, may designate from time to time; and
- you (and your immediate family members) may trade in Sapiens's securities only during the period beginning at the opening of trading on the second full trading day following the day on which Sapiens issues a widespread public release of quarterly or year-end earnings and ending 7 calendar days prior to the end of each fiscal quarter (provided that you are not otherwise possessing material nonpublic information at the time of trade).

A failure to comply with the Policy could result in a serious violation of the securities laws by you and/or Sapiens and may involve both civil and criminal penalties.

2.8 Anti-Fraud

The Board of Directors has adopted an Anti-Fraud Policy providing for procedures regarding management of fraud risks in order to minimize the risk of any fraud being committed against Sapiens, either by its employees or third parties. The Policy will be posted on our Intranet for access by all employees.

The Policy states, in pertinent part:

- fraud can deprive Sapiens of assets and resources, and may potentially damage Sapiens' reputation;
- you have an obligation to act honestly and with integrity, and to safeguard the Sapiens resources for which you are responsible;
- you have an obligation to report any activity that you suspect, or have reason to suspect, is fraudulent.

Your compliance with the Anti-Fraud Policy may aid Sapiens in avoiding fraud through preemptive action. Your failure to comply with such Anti-Fraud Policy could result in discipline up to and including termination of employment.

3. FAIR DEALING

Sapiens depends on its reputation for quality, service and integrity. We must never take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

4. IMPLEMENTATION OF THE CODE

4.1 Responsibilities

Each employee, officer and director of Sapiens is, and will be held, responsible for the observance of this Code. However, while each of us is individually responsible for putting the Code to work, we need not go it alone. Sapiens has a number of resources, people and processes in place to answer our questions and guide us through difficult decisions.

4.2 Publicly Available

This Code will be posted on Sapiens' website. In addition, copies of this Code are available from the General Counsel.

4.3 Seeking Guidance

This Code cannot provide definitive answers to all questions. Any director or officer who has any questions about this Code should consult with the Chief Executive Officer, the Chief Financial Officer or General Counsel, as appropriate in the circumstances. If an employee has any questions about this Code, the employee should ask his or her supervisor how to handle the situation.

4.4 Reporting by the CEO and Senior Financial Officers

It is the responsibility of the Chief Executive Officer, Chief Financial Officer and Controller promptly to bring to the attention of the Audit Committee of the Board of Directors:

- any material information of which he or she may become aware that affects the disclosures made by Sapiens in its public filings; and
- any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect Sapiens' ability to record, process, summarize, and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

4.5 Reporting Violations

You are encouraged to report violations

If you know of, or reasonably suspect, a violation of applicable laws, rules or regulations, of this Code or other policies of Sapiens, including any evidence of fraud occurring in your region, business segment or unit, and that involves any employee or agent of Sapiens, you must immediately report such information to your supervisor, senior management or the individuals or offices listed below, as you deem appropriate.

If the matter concerns accounting or auditing issues, you may report such matter directly to our Chief Financial Officer.

Whistleblowers will be protected

Employees who make reports, in good faith, of suspected violations of applicable laws, rules or regulations, of this Code or other policies of Sapiens, or regarding accounting or audit issues as described above will be protected from retaliation, such as demotion or involuntary termination of employment, as a result of their reports. A person making the report may also elect to make the report on an anonymous basis, but such reports should be very detailed or include means to contact the reporting person.

Every reported allegation of illegal or unethical behavior will be thoroughly and promptly investigated.

We will not fire, demote, threaten, harass or discriminate against any employee solely because he or she provided information, caused information to be provided or otherwise assisted in an investigation regarding any conduct by Sapiens that he or she reasonably believes to constitute a violation of securities laws and/or rules or federal law regarding fraud against the shareholders of Sapiens.

CONTACTS

Legal Department: +972-3-7902017.

Or send e-mail to the following mail box: Sapiens.improve@sapiens.com

4.6 Investigations of Suspected Violations

All reported violations will be promptly investigated and treated confidentially to the greatest extent possible. It is imperative that reporting persons not conduct their own preliminary investigations. Investigations of alleged violations may involve complex legal issues, and acting on your own may compromise the integrity of an investigation and adversely affect both you and Sapiens.

4.7 Disciplines for Violations

The Board of Directors will determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of this Code. Sapiens intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with its Code and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Sapiens personnel who violate this Code and other Sapiens policies and procedures may be subject to disciplinary actions, up to and including discharge. In addition, disciplinary measures, up to and including discharge, may be taken against anyone who directs or approves infractions or has knowledge of them and does not promptly report and correct them in accordance with company policies. In determining the appropriate action in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrence, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised before the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.

4.8 Waivers of the Code

Sapiens will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. Waivers of the Code for directors and officers may be made only by the Board of Directors as a whole or the Audit Committee and must be promptly disclosed as required by applicable laws, rules or regulations, including the rules of the SEC and NASDAQ.

4.9 No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of Sapiens' business. It is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.

-----End-----

ACKNOWLEDGEMENT

Please sign below acknowledging that you have read and agreed to abide by Sapiens' Code of Ethics.

I received, reviewed and agree to be bound by Sapiens' Code of Ethics.

Dated: _____

Signature

Name

Title

Return this Acknowledgment to human Resources.