



NICE

NICE ESG REPORT 2020

December, 2021
NICE Ltd.



TABLE OF CONTENTS

A Message from the CEO	4
NICE's Performance 2020	5
About NICE	6
ESG at NICE	10
NICE Governance	16
NICE Corporate Governance	16
NICE Security and Privacy	24
NICE to be Social	28
NICE Customers	28
NICE People	32
NICE Suppliers	41
NICE Local Communities	42
NICE to be Green	44
About NICE Report	49
Assurance Statement	50
GRI Content Index	52
GRI Appendix	55

A MESSAGE FROM THE CEO

Ready to Face Changes

Dear Stakeholders,

The world around us is changing at an accelerating pace, faster than anyone predicted and across multiple fronts. The year 2020 was a test in resilience and agility for enterprises world-wide, forcing them to quickly adapt to an unpredictable reality.

It is impossible to review this period without noting the huge impact the COVID-19 pandemic had on our industry. The pandemic affected the entire world, changed it permanently, and transformed the way we live, work, learn, have access to healthcare, and much more. It also completely shattered many deeply ingrained business practices, not just related to how we do things but also to how quickly they can be completed.

This transformation led us to an era of massive acceleration in the adoption of technologies that are enablers for those changes, technologies that support the evolution and improvement of personalized virtual experiences in every aspect of our lives. Specifically, we see a heightened increase in the demand for digital, cloud, and AI technologies that just keeps growing, as organizations are trying to catch up with consumer demand.

These new conditions enabled us to achieve excellent financial results. Our total revenue for 2020 increased 5% year-over-year to USD 1,657 million and our operating cash flow totaled USD 480 million, a 28% increase compared to the previous year.

Another relevant change is the rise of global Environmental, Social and Governance (ESG) principles that, years after their inception, gained more traction among investors. It is estimated that the ESG asset management community more than doubled during 2020, with assets

allocated to ESG investments increasing by 100% to approximately USD 7.2 trillion.

For years, at NICE, we have promoted positive ESG practices, but 2020 was the year the company launched a structured ESG strategy which can be carefully reviewed, analyzed and benchmarked moving forward.

We are keenly aware that this inaugural ESG report is just the beginning of an on-going effort to improve our performance in this area. Nevertheless, we are pleased with the impressive results achieved so far.

When it comes to the **environment**, we are proud of our ISO 14001 certification, which serves as the basis for managing important issues such as climate change and electronic waste management. Regarding climate change, we are delighted to report to the CDP for the third year in a row, disclosing our low-carbon footprint, around 5 tCO2e per million dollars of revenue. As for electronic waste management, in Europe, we have recycled all client equipment since 2005 through expert Waste from Electrical and Electronic Equipment (WEEE) certified companies.

On the **social** side, we engaged our employees on an on-going basis, even in a remote mode of operation, with numerous programs and activities to show that we continually value, respect, and support them and the results were reflected in the high score for employee satisfaction. In this context, for example, many employees expanded their skills via courses that we offered in the LinkedIn Learning platform, and in the Emp-HOUR Your MIND series, which included several webinars that benefited employees' ability and capacity to successfully deal with change.

While we made sure we keep

our employees engaged, we also helped our customers to keep THEIR employees engaged with our market leading gamification and collaboration capabilities that are a part of our cloud platform. Contributing to our communities is also of the utmost importance, and is reflected in our initiatives such as Code:Coda, a program which encourages young girls to aim for a career path in technology.

We make sure that our products contribute positively to the promotion of ESG. Our Actimize solutions support the financial sector's efforts to reduce financial crime, including money laundering, market abuse, and fraud prevention. Another important contribution is our Evidential marketplace, a digital transformation platform for public safety, law enforcement and criminal justice.

Finally, one of our core strengths is in our approach to **corporate governance**. We have put in place a structured ethics program that combines several policies, such as the Code of Ethics and Business Conduct along with NICE's Anti-Bribery and Corruption Policy, that are all continuously monitored. Regarding data protection and privacy, we have deployed management policies and processes that have been ISO 27001 certified. It is important to emphasize that in 2020 we had no data breaches.

I invite you to read our inaugural ESG report and get an understanding of our main related programs.

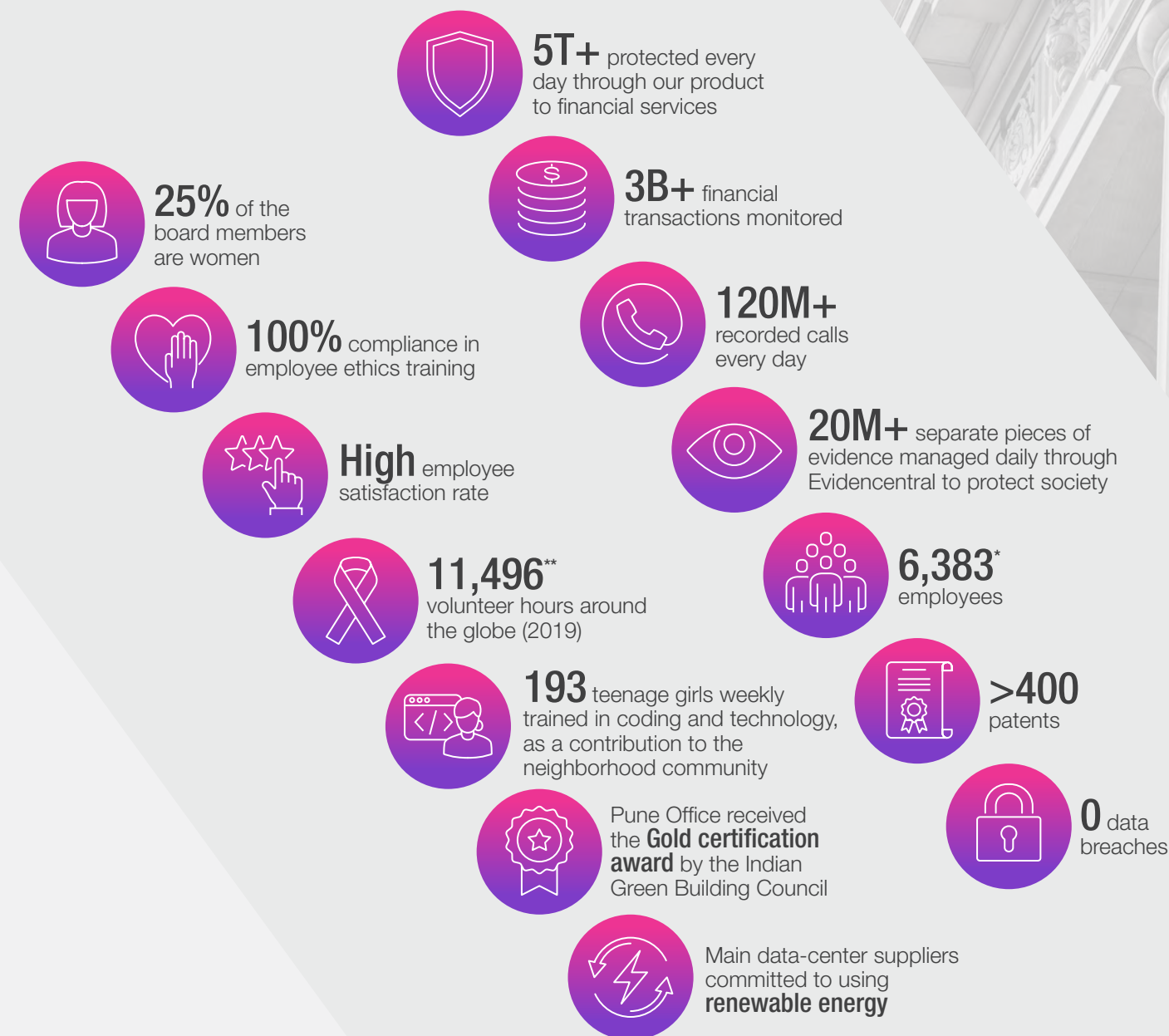
Only through combined efforts and a truly transparent relationship, will we be capable of facing any new challenge.

Sincerely,



Barak Eilam
Chief Executive Officer

NICE'S PERFORMANCE 2020



Evaluated by ESG agencies

Bloomberg

ecovadis

ISS ESG

MSCI

V.E

**מבט
maala**

CDP
DRIVING SUSTAINABLE ECONOMIES

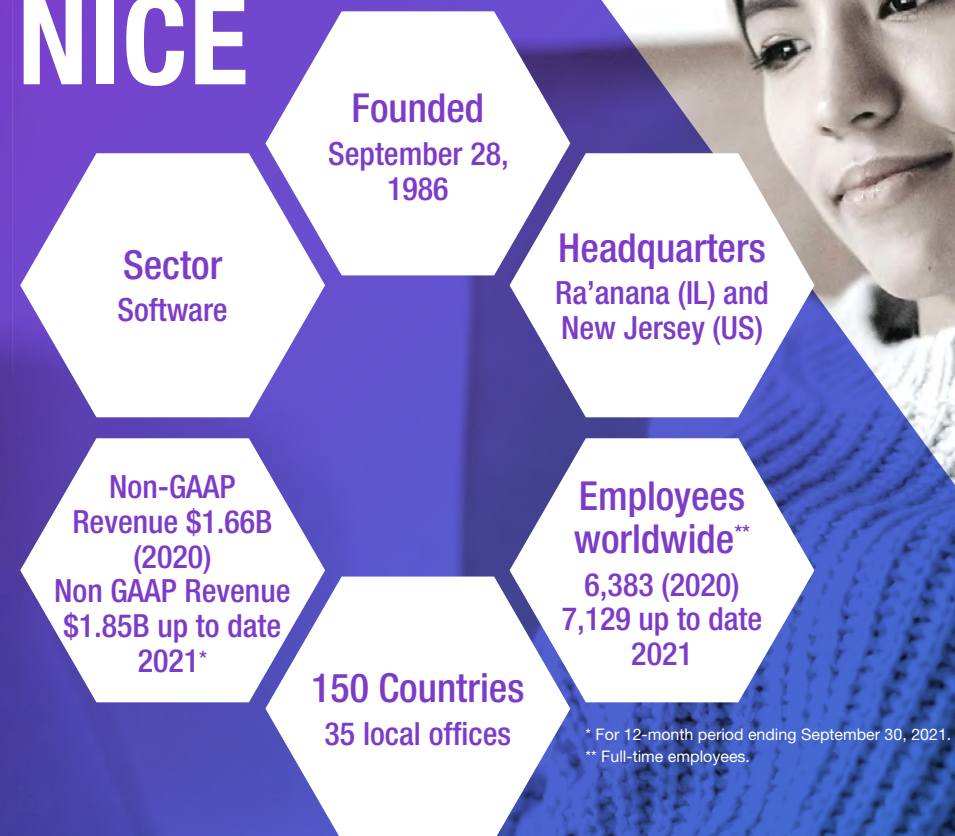
SUSTAINALYTICS

* Full-time employees.

** The volunteer hours refer to 2019 only due to the constraints associated with the COVID-19 pandemic during 2020.

ISO Three ISO Certifications: ISO 27001, ISO 9001 and ISO 14001

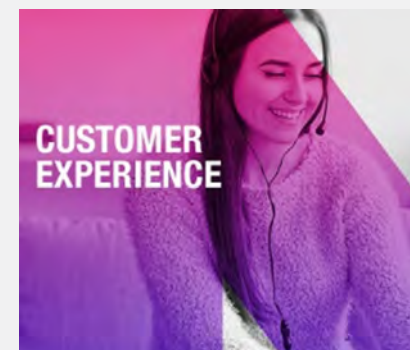
ABOUT NICE



NICE Ltd. is a public company traded on Nasdaq and the Tel Aviv Stock Exchange. NICE is a global enterprise software leader, providing cloud platforms for AI-driven business solutions that serve two main markets: Customer Engagement and Financial Crime and Compliance. Our core mission is to transform experiences to be extraordinary and trusted. Our solutions are used by customer service organizations of enterprises of all sizes and verticals, and by compliance and fraud-prevention groups in leading financial institutions, offered in multiple delivery models, including cloud and on-premises.

We help organizations transform customer experiences with solutions aimed at understanding consumer journeys, creating smarter hyper-personalized connections, managing seamless omnichannel interactions and providing digital-centric self-service capabilities. We also help organizations transform their workforce experience with solutions aimed at engaging employees, optimizing operations and automating processes. In the Financial Crime and Compliance market, we protect financial services organizations and their customers' accounts and transactions, with solutions that identify risks faster and earlier to prevent money laundering and fraud, as well as ensure compliance in real-time.

NICE is at the forefront of several industry technological disruptions that have greatly accelerated over the course of the recent pandemic: the adoption of cloud platforms by organizations of all sizes and verticals, the shift of consumer and organizational preferences towards digital-centric services and experiences, the growing acceptance of AI, and the need to manage, optimize and engage a diverse and remote workforce. Our suite of integrated portfolio of solutions, based on our unique domain expertise, provide customer experience (including public safety) and financial crime and compliance organizations with industry-leading agility and unmatched innovation that are essential for organizations' success.



CUSTOMER EXPERIENCE

Support clients to know their customers, act in real time and ensure that every employee is engaged



FINANCIAL CRIME & COMPLIANCE

Help financial services institutions to detect and prevent fraud, manage regulatory compliance, and identify money laundering threats quickly and accurately



PUBLIC SAFETY

Capture, analysis and correlation of data to anticipate and manage and mitigate safety, security and operational risks

NICE has over 6,300 employees and a presence in more than 150 countries. Our team is proud of their many achievements.

We have strong presence in the United States, the UK and Singapore, each representing the region. Moreover, our offices are dispersed around the world: Australia, Brazil, Canada, China, France, Germany, Hong Kong, Hungary, India, Ireland, Japan, Mexico, the Netherlands, Singapore, Switzerland, United Kingdom, United States, and the Philippines. That way, we are able to support customers in more than 150 countries.

Our Strategy

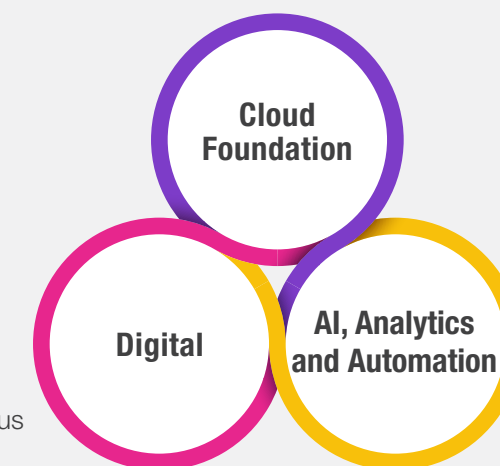
Our long-term strategy is to further strengthen our leadership position in both the Customer Engagement and Financial Crime and Compliance market segments. During 2020, we continued to execute our long-term strategy through both organic activity and acquisitions, enhancing our position as a leader in both markets.

We intend to continue leading the market by capitalizing on several major industry trends and evolving our offering to meet our customers' current and future needs while focusing on key strategic pillars:

Cloud Foundation – We provide cloud-native open platforms for our Customer Engagement and Financial Crime and Compliance offerings. This allows our customers to facilitate adoption of cloud infrastructure as a means to accelerate innovation and reduce integration, implementation and operational efforts.

Digital – We enable businesses to deliver digital-first omnichannel experiences, including the ability to serve customers across multiple channels, provide secure digital banking and help public safety organizations shift to digital interaction and digital evidence environments.

AI, Analytics and Automation – We provide market leading AI-driven smarter processes to our customers, addressing numerous business use cases across all our market segments. This is accomplished with the help of our domain expertise and advanced technology in the areas of AI, machine learning and automation, as well as our unique access to data which trains these algorithms via our cloud offerings.



IMPACT THROUGH OUR PRODUCTS

NICE promotes user-friendly products that can improve worker well-being and increase personal accessibility, allowing work for people with disabilities.

NICE's solutions also contribute and enable a better society, such as fighting financial crimes and improving public safety.

Outsmarting Financial Crime

Financial criminals are savvy, and their impact goes beyond the global financial system – we see how they influence human trafficking, the illegal drug trade, elder financial abuse, terrorist financing, and more.

For financial services organizations (FSOs), failure to innovate and comply with regulations puts firms at risk for heavy penalties, reputational damage, and dissatisfied customers. With the speed of digital transformation, firms require innovative technologies that offer a holistic view of the customer, optimize resources, and mitigate risk to stay ahead of financial crime.


NICE Actimize, a subsidiary of NICE Ltd. operating in financial crime and compliance which has been recognized with over 20 awards and leadership

rankings, handles the entire process including detection, investigation, remediation and reporting (for more information, go to www.niceactimize.com). With the assistance of Actimize, NICE brings together sophisticated AI, advanced analytics, and intelligent data, empowering FSOs to protect their customers and assets. Our portfolio of cross-channel fraud prevention, anti-money laundering and trading surveillance solutions enables fast and accurate decision making - allowing firms to quickly respond to market changes.


With the power of the industry and our global user community, we're creating a future where financial crime programs are more powerful, intelligent, and efficient than ever before.

Financial Crime Challenges





Used by the top 10 U.S. Banks



Used by the top 10 EU Banks

>\$5 trillion protected each day

>3 billion transactions monitored every day

Driving Digital Transformation of Public Safety and Justice

Data overload, budget uncertainties, increased public expectations, lack of transparency, pressure to close more cases and disclose evidence faster, and a need to do more with less are the major challenges that transcend the entire criminal justice spectrum. These problems are compounded as the amount of data increases. Data has become a productivity killer for public safety and judicial agencies.

NICE's award-winning Evidential platform has helped hundreds of agencies around the globe to digitally transform how they manage data, to improve incident response, accelerate investigations, streamline evidence disclosure, enhance digital collaboration with justice partners, and restore transparency and public trust.

Evidential is an open, end-to-end criminal justice digital transformation platform that breaks down data silos and applies analytics and workflow automation to every stage of the criminal justice process. Evidential revolutionizes the way agencies manage their data, from the time an incident happens, until cases are successfully prosecuted and closed. In fact, Evidential has helped agencies save up to tenfold in productivity.

Public Safety Challenges



Used by
+ 3,000
agencies today

Used by
+50,000
public safety
professionals today

+20 million pieces of evidence managed to date

British Transport Police (BTP)

Since the inception of rail travel in the UK, BTP's mission has been to keep all railways safe and crime-free. CCTV (closed-circuit television) video is vital to BTP investigations, but obtaining video is a long-drawn-out process. With NICE Evidential, requesting and obtaining CCTV as well as collecting more evidence (such as 999 calls), can now all be done electronically. This has had a huge impact on BTP's and its efficiency. BTP describes Evidential as a 'big step forward' and as 'the heart' of its digital policing vision moving forward.

ESG AT NICE

In a world where you can be anything, be NICE

NICE is guided by a deep commitment to social contribution, environmental sustainability and good corporate citizenship. Our responsibility to the environment that we live in and the communities we serve is based on a clear alignment between our business and corporate responsibility strategies. Whether through delivering sustainable, cloud-based environmentally friendly products to the marketplace or our employees' amazing volunteer work with local communities, NICE is known for its responsible business conduct and corporate citizenship.

Commitment to Sustainable Development Goals (SDGs)

In 2015 the United Nations adopted its 2030 agenda for Sustainable Development. The agenda includes 17 goals and 169 targets which aim to better our planet in all mediums. Our journey towards sustainability has just begun, however we are already proud to report a few examples of how we support the SDGs.

5 GENDER EQUALITY	<p><i>“End all forms of discrimination”</i> <i>“Ensure women’s full and effective participation and equal opportunity for leadership”</i></p> <p>We believe that diversity provides valuable input for our creativity process, which helps advance better and more competitive products. In this context, we act to advance this issue internally and through our community initiatives.</p>
8 DECENT WORK AND ECONOMIC GROWTH	<p><i>“Achieve decent work for all, including persons with disabilities, and equal pay for work of equal value”</i> <i>“Improve global resource efficiency to decouple economic growth from environmental degradation”</i></p> <p>Our employees are our main assets, and we must respect, accept, and cherish their differences. Additionally, we are committed to promoting employment for persons with disabilities and groups that otherwise struggle to enter the tech-industry, throughout our products’ development. We further strive to increase our economic growth without negatively impacting our surroundings, therefore adhering to the targets of SDG 8.</p>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<p><i>“Achieve the sustainable management and efficient use of natural resources”</i> <i>“Reduce waste generation through prevention, reduction, recycling and reuse”</i></p> <p>In a world where resources are finite, we are committed to producing more with less. We contribute to SDG 12 by implementing programs on sustainable consumption and production and by mindfully managing chemicals and all waste products throughout their life cycle.</p>
13 CLIMATE ACTION	<p><i>“Integrate climate change measures into policy and planning”</i> <i>“Build knowledge and capacity to meet climate change”</i></p> <p>We recognize that climate change is one of the biggest threats to society and, in this context, we are committed to SDG 13 by improving our institutional capacity to assist with climate change mitigation.</p>
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<p><i>“Substantially reduce corruption and bribery of all forms”</i> <i>“Develop effective, accountable, and transparent institutions at all levels”</i> <i>“Ensure equal access to justice for all”</i></p> <p>As a result of our ethical code of conduct and services that promote this issue with our clients, we strongly support the targets of SDG 16. Moreover, one of our main products is designed to promote digital policing, thus directly influencing the goal.</p>



Our specific goals are listed below:

ESG	Material topic	SDG	Targets for the upcoming years
Environment (E)	Environmental management	8	<ul style="list-style-type: none"> Increase Scope 1 and Scope 3 reporting coverage Report to CDP and TCFD Expand ISO 14001 certification to UK and India offices Expand environmental training and awareness
		12	
		13	
Social (S)	Responsible Employment/ Human capital	5	<ul style="list-style-type: none"> Create informational websites addressing the issue of biases and of ethical recruitment processes Promote diversity awareness programs Expand online access to diversity awareness training sessions in upcoming years
		8	
		8	
Governance (G)	Development and caring for our employees	8	<ul style="list-style-type: none"> Make agent-facing screens in our leading CXone solution fully accessible
		8	
		12	
Governance (G)	Corporate behavior	16	<ul style="list-style-type: none"> Maintain a Board comprising of a majority of independent directors Zero corruption and bribery cases Maintain 100% of employees with ethics trainings
		16	
		16	
Governance (G)	Responsible and ethical business practices	16	<ul style="list-style-type: none"> Increase community activity
		16	
		16	
Governance (G)	Customer privacy and Cyber Security	16	<ul style="list-style-type: none"> Maintain our compliance to the following security and privacy standards – ISO, SOC2 and FedRAMP, PCI DSS, HITRUST as needed Expand and enhance NICE Employee training and awareness in information security and privacy domains
		16	
		16	

Stakeholders Engagement

We consider customers, employees, investors, suppliers, and the community at large as our main stakeholders, with whom we continuously converse. The table below shows the main engagement processes and our stakeholders' primary expectations:¹

Stakeholder	Engagement channels	Key ESG topics raised
Employees	<ul style="list-style-type: none"> Employee surveys Performance review Training Employee conferences Team meetings 	<ul style="list-style-type: none"> Employee engagement Inclusion and diversity Labor relations Learning and development Work-life balance Business ethics and anti-corruption
Customers	<ul style="list-style-type: none"> Supporting services Relationship with supporting team Annual event (Interactions) NICE USER GROUP (NUG) Customer surveys 	<ul style="list-style-type: none"> Client satisfaction Business ethics and anti-corruption Data privacy and security
Investors	<ul style="list-style-type: none"> Investor Presentations Proxy Materials and Annual Reports Financial press releases Quarterly Earnings Report to Shareholders ESG indices and ratings Regular Communication Annual General Meeting of Shareholders (AGM) Investor Conferences Investor and analyst visits/meetings 	<ul style="list-style-type: none"> Economic performance; Corporate governance; Business ethics and anti-corruption Regulation SFDR Social agenda GDPR compliance
Suppliers	<ul style="list-style-type: none"> Relationship with procurement team Surveys Audits 	<ul style="list-style-type: none"> Business ethics and anti-corruption Human rights Partnership approach Inclusion and diversity
Community	<ul style="list-style-type: none"> Meetings with community partners Collaboration in social and environmental initiatives 	<ul style="list-style-type: none"> Improve local living conditions Support in emergency situations

¹ GRI 102-40; GRI 102-42; GRI 102-43

NICE Material Topics for Reporting

At NICE, we work hard to identify governance, environmental, and social issues that are material to our business and stakeholders to improve our impact and performance in these domains.

The material topics of this report were defined with the support of ESG specialists. A materiality analysis was conducted to identify important environmental, social and governance (ESG) sectoral topics that reflect NICE's sustainability context. The analysis was based on a benchmark which included comparisons with companies who characteristically resemble NICE, in combination with an examination of various ESG ratings and global reporting standards. The initially selected topics were then discussed with executives and with the Board of Directors, where the material topics were finalized.

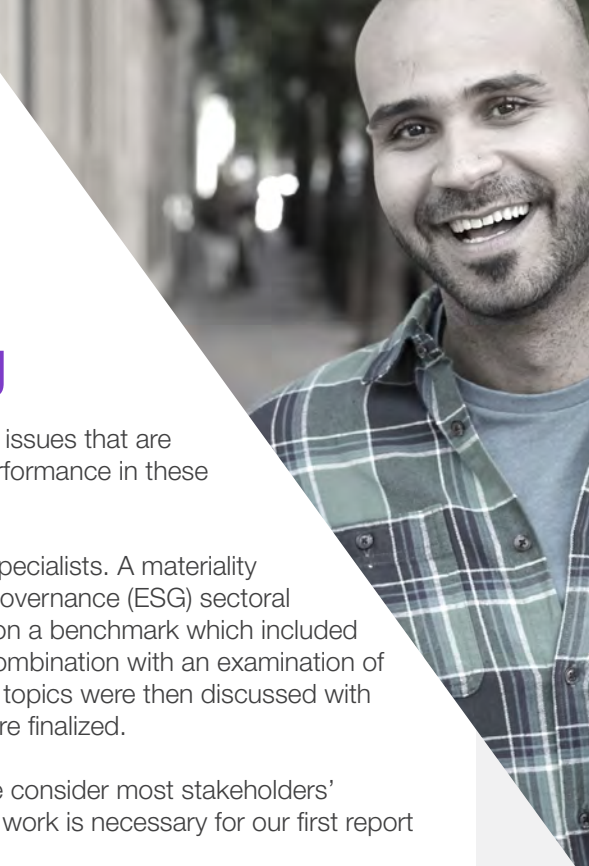
This analysis was based on the Global Reporting Initiative Standards. We consider most stakeholders' opinions to be reflected in these sources, and have decided that internal work is necessary for our first report before initiating direct stakeholder engagement.²

Finally, our material topics defined for the report and for focusing our ESG strategy are:³

	Material topic	Consists of
Environment (E)	Environmental management	Energy use and data center efficiency, GHG emissions, Electronic waste generation and treatment
Social (S)	Responsible employment / human capital	Employee attraction; diversity, equal opportunity and inclusion; health and safety; and human rights
	Developing and caring for our employees	Employees training and development, investment in human capital; labor relations and engagement
	Innovation	Innovation and intellectual property ensuring reliability and uptime of business critical applications
Governance (G)	Corporate governance	Proper corporate governance; risk and crisis management
	Responsible and ethic business	Anti-corruption (due diligence, whistleblowing); ethical behavior (Code of Ethics and Business Conduct) and anti-competitive behavior
	Privacy and cyber security	Information security management safeguarding customer data and delivering adequate protection

² GRI 102-40; GRI 102-42

³ GRI 102-46; GRI 102-47



FACING COVID-19

In early 2020, the COVID-19 pandemic broke out, leading to a worldwide crisis, both on economic and health fronts. In these uncertain times, as we all respond to the growing impact of COVID-19, NICE worked and continues to work around the clock to make sure its employees and customers are both safe and prepared.

As a technology company we were prepared to transform our own business and that of our clients by supporting remote work.

We further developed a COVID-19 business continuity plan in 2019, with board involvement. This plan includes the preparation, operationalization and monitoring of our activities during the pandemic.

Customers

As a cloud-based provider, we also made sure that all our products address the new reality:

- System adaptation supported clients to work from anywhere (WFA), and included a free trial of the work-from-home module for NICE CXone cloud platform users
- Free webinars with doctors and mental health specialists helped in facing the new reality
- Educational webinars and tools improved human resources management from afar, including recruitment and remote work
- Free voice call ports for six months to 211 and 311 organizations
- No-cost NICE Investigate Xpress Digital Evidence Management, throughout 2020



Employees

- During this period, we not only maintained most of our employees without any adjustment to their salaries, but we also hired over 1,000 new employees in 2020
- We increased flexibility of employment and most employees were able to work from home with IT and ergonomic support
- When transport to the office was needed, we supported our employees with private transportation to maintain social distancing
- Additionally, we continued our training programs from home, including professional courses and others related to health and wellbeing, and online events that fostered social interactions
- We fostered webinars regarding mindfulness for productivity, connection and balance; dynamic stretching; Pilates; yoga; and functional workouts
- We adapted our benefit package, including food and health programs. Specifically, committed to support our workers from India, through medical programs and vaccinations for them and their families

Community

We also supported the communities in which we work in coping with these times. Our employees and their families in Israel, India, Australia and Singapore received incentives to support the communities in which they live through volunteer work and donations.

Environment

During COVID-19, we increased remote meetings, which resulted in a reduction of flights, paper, waste and energy.



NICE GOVERNANCE

Our strong corporate governance structure is the foundation for managing stakeholders' (employees, customers, investors, suppliers and community) expectations. This structure is supported by our Board of Directors and Executive Management, that have the knowledge, capabilities, experience, intention and goodwill to promote a successful, durable, and meaningful business.

NICE Corporate Governance

We are proud to have a robust governance infrastructure that includes our Board of Directors and five designated Board Committees: The Audit Committee, Internal Audit Committee, Compensation Committee, Mergers and Acquisitions (M&A) Committee and Nominations Committee.

Our Board of Directors is comprised of eight members: David Kostman (Chairman), Rimon Ben-Shaul, Dan Falk, Yocheved Dvir, Yehoshua Ehrlich, Leo Apotheker, Joe Cowan and Zehava Simon.

All of them are non-executive (independent) directors and are over 50 years old, three (37.5%) are outside directors (having neither an affiliation nor relevant share participation in NICE in the past two years beyond the level of independence) and two (25%) are women.

The composition of the Board meets all requirements of Nasdaq and the Israeli Companies Law.

We communicate to investors on an ongoing basis and invite them to participate in an annual "Interactions" conference tailored for investors that includes product demos.

Board of Directors

Board Nominations and Elections

The Nominations Committee is responsible for recommending candidates for appointment to our Board of Directors, including the evaluation of their independence status. The appointment process takes into consideration the structure of the Board of Directors, including familiarity with the company and its industry, and past contribution of existing members. New candidates are identified and evaluated for election to the Board of Directors, and the Nominations Committee may, but is not required to, solicit recommendations for nominees from the Board of Directors or from a professional headhunting firm.

The evaluation process includes an assessment of candidates' qualifications, such as their integrity, absence of conflicts of interest, fair and equal shareholder representation, prior achievements, oversight, business understanding, available time, professional background, experience, expertise, perspective, and diversity (including of gender). The Nominations Committee may, at its discretion, solicit the views of the CEO, other Company senior executives, or other Board members. The evaluation process may also include interviews.

NICE directors, other than outside directors, are elected at each annual shareholders' meeting to serve until the next annual meeting or until their resignation, whichever comes first.

Outside directors are also appointed by the shareholders for a period of three years each time, with the option to extend the period by additional three-year terms, in accordance with the Israeli Companies Law.

Board Expertise and Effectiveness

Pursuant to the Israeli Companies Law, our Board of Directors has determined that at least one member of our Board of Directors must be an "accounting and financial expert." The Israeli Companies Law requires that all outside directors must be "professionally qualified." Under applicable Nasdaq rules, each member of our audit committee must be financially literate and at least one of the members must have experience or background that reflects such member's financial sophistication. Our Board of Directors has determined that two directors are "accounting and financial experts" according to the Israeli Companies Law, and are financially sophisticated, according to applicable Nasdaq rules. Also, all Audit Committee members are financially literate.

The Board of Directors meets regularly on a quarterly basis, and at other times during the year as needed

to approve strategic plans, business plans (including budget approval) and strategic transactions. Throughout 2020, all members of the Board of Directors participated in at least 94% of the Board of Directors and Board committee meetings held during the year, with an average participation rate of 98%.

The directors are evaluated according to a self-assessment conducted by the Audit Committee members, based on their attendance and their contribution to Board of Directors and Board committee meetings.

Directors' and Executive Officers' Compensation

The role of the Compensation Committee is to recommend to the Board of Directors, prior to shareholder approval by a special majority, a policy governing the compensation of office holders based on specified criteria, to review modifications to the compensation policy from time to time, to review its implementation and to approve the actual compensation terms of office holders and extend its recommendation to the Board of Directors.

The directors' remuneration consists of a fixed annual fee, in addition to a per meeting attendance fee for Board of Directors and committee meetings. In addition, the directors are entitled to an annual equity grant subject to valuation caps set in the compensation policy. The Chairman of the Board is entitled to an additional special annual fee due to his role.

Board Training and Role on ESG Topics

The members of the Board receive briefings on an as-needed basis on relevant subjects, such as new accounting standards, relevant regulatory developments, risk management and matters relating to the Company's business, strategy, products and markets.

Finally, it is important to highlight that the Audit Committee and the Board of Directors are responsible for the annual review and approval of the company's annual report and financial statements, which includes relevant ESG disclosures, such as corporate governance practices of the Board of Directors and Board committees, compensation policy and guidelines, employee-related information, environmental related regulations and policies, strategic plans, market trends and the Company's products, including some that are impact-oriented as stated in the [Impact Through Our Products section](#).

Executive Management

In 2020, the senior management was comprised of 8 executive officers including our CEO and other members of the Senior Executive Management Team.

Three senior managers (37.5%) are women.

Our General Counsel and Compliance Officer oversees corporate governance matters.

Management Compensation

Our compensation policy for executive officers requires that compensation be approved by the Compensation Committee, followed by the Board of Directors, and, in some cases, by the Company's shareholders. According to the compensation policy, remuneration can be in cash, equity, or a combination thereof, and a portion of it must be performance-based. The performance-based bonus plan for our executive management team is based on the Company's overall performance, the particular unit's performance, individual performance, and the results of the annual customer satisfaction survey.

Risk Management



Every three years, we perform a risk assessment and build an internal audit plan to monitor and manage various scenarios. Our Board of Directors and Management constantly monitor and manage our primary risks.

Our main risks, as detailed in the Company's [annual report](#) (page 2-22), are related to, amongst others: market competitiveness and technological changes; dependence on network connectivity lines, internet, network service and software suppliers; uncorrected use and undetected error of our technology; loss or unauthorized use of customers information; inadequate intellectual property protection; events outside of our control, such as natural disasters or health epidemics; and recruit and retain qualified personnel. In the appendix, you can find a summary regarding the way that we managed these risks, and a complete explanation is in our annual report.

It is important to note that regarding regulatory risks we are committed, under all circumstances, to comply with applicable laws within each jurisdiction in which we do business.

Audit Process



NICE has an internal audit plan and process in place, which is carried by our internal auditor in accordance with NICE's risk survey, overseen by the Company's Internal Audit Committee.

The main topics covered by the internal audit plan are financial issues, operational issues, ethics and norms compliance, data security and privacy.

For all topics, the Internal Auditor reviews aspects of adherence to regulatory requirements, internal codes, policies and procedures, fraud prevention, KPI setting and measurement, human resources and training.

The auditing plan and process and the performance of the internal audits are assessed by our Internal Audit Committee (IAC), which also functions as the "Compliance Committee". Pursuant to the Israeli Companies Law, the IAC is responsible for risk management in accordance with the implementation of an Internal Audit Plan, and the review of internal audit reports, as well as proposing remedial measures to the Board of Directors. In this context, the Internal Audit Committee is also responsible for quarterly review of complaints relating to the Company's compliance program, including the Code of Ethics and Business Conduct.

Additionally, the IAC reviews interested party transactions for approval as required by the Israeli Companies Law, including approval of remuneration of directors and executive officers, which also requires the approval of the Compensation Committee, Board of Directors and the Company's shareholders.



NICE Ethics

Ethical behavior is a core value for NICE. The success of our business and good client relationships depends on integrity and transparency in all our company dealings. We have zero tolerance for bribery and corruption, fraud, and all other illegal acts.

To safeguard this value, we depend on every employee and partner to promote ethical behavior every day.

For this purpose, we are committed to high ethical standards and applicable laws that guide everything we do as a company and define the way we conduct our business. Our [Code of Ethics and Business Conduct](#), [Supplier Code of Conduct](#) and the [NICE Anti-Bribery and Corruption Policy](#), reviewed and approved by our Board of Directors and Management, and amended from time to time, formalize and clearly communicate this commitment.

These policies are aligned with international laws, including anti-corruption laws and regulations, the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

We are committed to implementing and enforcing our company policies and providing annual compliance and ethics trainings to our employees globally.

The main parties responsible for protecting and ensuring the application of our ethical commitments are the company's General Counsel and Compliance Officer and the Executive VP of Human Resources. The Internal Audit Committee of the Board of Directors has a key responsibility to oversee the implementation and enforcement of the company's Compliance Program.

Commitment and Training Regarding Ethics



We are committed to conducting business ethically and transparently through education that promotes the honest conduct of our employees, consultants, and contractors representing the Company.

Our ethical commitment includes, but is not limited to, the following: prevention of bribery and corruption, including restrictions on gifts, conflicts of interest, human dignity (including diversity and non-discrimination, sexual harassment, child and forced labor, health and safety), anti-competitive behavior, breach of confidentiality obligations, intellectual asset protection, prevention of fraud, and other illegal acts.

These commitments apply not only to employees (including in all our subsidiaries and affiliates) and the Board of Directors, but also to all independent contractors and service providers.

As part of our hiring process for new employees and on an annual basis, we require that our employees undergo comprehensive online compliance training with respect to our policies. **In 2020, 100% of our employees participated in such an ethics training.** All employees also provide an annual formal signature indicating their understanding and commitment to the Company's Code of Ethics and Business Conduct.

The Board of Directors periodically reviews the Code of Ethics and Business Conduct and approves amendments, as necessary. They also receive an annual overview of the Company's Compliance Program and any regulatory or other changes impacting the program.

Claims and Legal Proceedings



Although we are involved in various claims and legal proceedings, mainly regarding labor related and commercial disputes, we do not believe they, individually or as an aggregate, will have a material effect on our business. It is important to acknowledge that, in 2020, we neither confirmed any corruption or anti-competitive incidents, nor were we involved in any public cases regarding these matters.

It is important to state that we are not involved in lobbying and political activities, including political sponsorships.

Whistleblower Procedures



Our ethics policies are supported by our whistleblower procedures, which ensure anonymous reporting and protection for employees. The summary relating to these procedures can be found in the Appendix.

Bribery and Corruption



The NICE Anti-Bribery and Corruption Policy (“ABAC Policy”) explains NICE’s clear standards on prevention of bribery and corruption by employees and other parties representing it, and how they should promote these practices in their course of conduct. The ABAC Policy also sets standards pertaining to giving or receiving of gifts.

Additionally, we have a process in place for conducting anti-bribery and corruption due diligence and risk assessment in the sales and acquisition processes. Through this process, we track evaluation tasks, issue alerts and formalize decisions regarding the continuation of engagements. This evaluation includes, among other aspects, screening of partners against global sanction and compliance lists using a third-party service.

Following this procedure, our contracts with partners and other third parties include anti-bribery and corruption clauses.

In addition to the Due Diligence process, all employees undergo annual training, including all new employees as part of their onboarding process. In addition, relevant employees in the sales, finance, management, and marketing departments are required to undergo specific anti-corruption training that relates to their roles.

Conflicts of Interest



The Company’s Code of Ethics and Business Conduct prohibits all employees, directors and certain subcontractors from performing any activities that involve conflicts of interest. The Code establishes guidelines and procedures regarding timely and proper disclosure of possible conflicts of interests (the “Conflicts of Interest Policy”) that an employee, director and certain subcontractors may have in connection with their duties and responsibilities. The Company will review and decide on each such disclosure as necessary to protect the best interests of the Company.

All actual and apparent conflicts must be evaluated and approved in accordance with the provisions of the Code, including, in certain cases, by NICE’S Board of Directors and/or Internal Audit Committee.

Members of the Board complete an annual questionnaire, that addresses potential conflicts of interests to prevent or properly approve related party transactions (suppliers, auditors and subsidiaries).

Anti-Competitive Behavior



NICE promotes fair competition by its employees and representatives. So, beyond the prohibition of conflict of interest, we pay close attention to our relationship with competitors to avoid any anti-trust and monopoly practices. **This is specifically evaluated in the merger and acquisition process**, and, when applicable, regulatory approvals are obtained from antitrust authorities.

We are not facing any legal actions regarding anti-competitive behavior at this time.

Harassment and Discrimination



We do not accept any type of discrimination, harassment, and violence in relation to employees, clients, suppliers, and visitors. Any employee, including managers, involved in such practices may be subject to disciplinary action, including termination. Additionally, any retaliation relating to the filing of complaints on such conduct or for cooperating with any investigation will not be tolerated. Our actions could include notifying the police or other law enforcement agencies and the prosecuting of violators of this policy to the maximum extent permitted by law. For 2020, no material cases have been reported. Cases brought to our attention are handled in accordance with company policies and procedures. All employees receive annual training on this topic, including managers who oversee the prevention of discrimination, harassment, and violence in our activities.

2021 Targets:



We are committed to maintaining a Board comprising of at least a majority of independent directors



Our target always will be to have zero corruption and bribery cases



Maintain 100% of employees with ethics trainings

NICE SECURITY AND PRIVACY

The interconnection of the business world has led to the creation and consumption of a huge quantity of information: customer records and financial information, employee data, partner details, and our own corporate information.

At NICE, we consider information one of our most precious assets and take great care to protect it. Thus, we are committed to adhering to the International Organization for Standardization's standard for initiating, implementing, maintaining, and improving our information security and privacy management framework.



Information Security Management

NICE has established Information Security Management policies and procedures to protect the confidentiality, integrity, and availability of our data while providing value to the way NICE conducts business. These policies and procedures include the following components:

- NICE management is committed to maintaining a robust security program which includes supplying the necessary resources to sustain the program including people, tools, processes, procedures, and education;
- NICE maintains an inventory of all information assets, regardless of physical and geographical location;
- NICE's Information Security plan is driven by an on-going risk assessment of all information assets;
- NICE ensures that employees, contractors, partners, and vendors understand their security responsibilities;
- NICE ensures that only authorized users have access to information assets and services;

- NICE ensures that information security controls are designed and implemented throughout the product's development lifecycle;
- NICE ensures that its partners, suppliers, and contractors maintain adequate security controls to ensure the security of its own information as well as its customers' information;
- NICE operates a Security Operations Center (SOC) on a 24/7/365 basis to monitor and detect any abnormal situations and react accordingly;
- We have verified our information security management policies and procedures in accordance with the ISO 27001:2013 information security management certification, as well as other certifications such as FedRAMP, PCI DSS, HITRUST, and SOC2 for specific business lines.

No data breaches were disclosed in 2020. For more information, please visit our [website](#).

Product Security

To ensure that our applications and systems are developed securely and meet predefined security requirements prior to implementation, we developed a strict product development lifecycle with well-defined milestones at each development stage.

We consider security in the development lifecycle of all products, as viewed in the following actions:

- NICE protects all forms of code and the development artifacts from unauthorized access and tampering by safeguarding the development, build, distribution, and update environments and following the least privilege principle;
- NICE's employees and contractors go through security training;
- NICE reviews security aspects during the product requirements analysis;
- NICE designs software to meet security requirements and mitigate security risks;
- NICE verifies third-party software complies with security requirements;
- NICE tests its code and systems to identify vulnerabilities and verify compliance with security requirements;
- NICE identifies, analyzes, and remediates vulnerabilities on a continuous basis.

Cloud Security

Our cloud-based solutions are highly secured.

- Various security controls are strictly enforced on our cloud environment;
- The cloud-based services and infrastructure are always maintained on a private network with data segregation dedicated solely to the customer's organization;

- NICE only uses the services of proven secure cloud providers;
- The cloud environment is managed by the cloud service provider, including a dedicated application operations teams to ensure that all security requirements are fulfilled.

Privacy & Data Protection Management

NICE is constantly pursuing and taking steps to enhance privacy and compliance. We value our customers, partners and employees, and we take measures to protect their (and others) personal data. As part of these efforts:

- Organizational measures were implemented to support our privacy compliance efforts. For instance, we:
 - Established various privacy policies and procedures (e.g., with regards to handling data breaches, data subjects access requests, etc.);
 - Appointed staff to support our privacy compliance efforts (such as a data protection officer, a privacy compliance director, a privacy committee), which is composed of legal experts who are familiar with the privacy field and an organizational privacy champion;
 - Constantly monitor privacy regulation changes across the globe (such as GDPR, CCPA, Israeli Privacy Law, etc.);
 - Consult with tier 1 international privacy law firms with regard to our daily business and operations;
 - Conduct risk assessments on our vendors, while taking global privacy regulations into consideration, as part of our vendors management due diligence process;
 - Are constantly monitored by the audit committee of our board of directors with regard to our privacy-related practices;
 - Conduct privacy trainings for new hires, as well as to our staff on an annual basis. In addition, we conduct tailored privacy trainings to stakeholders who make crucial decisions with regard to, or handle, personal data in a way that might have a great impact.

- Technological measures were implemented to support our privacy compliance efforts, such as:
 - Implementation of appropriate physical, technological and administrative measures, for the purpose of preventing unauthorized processing of personal data, and preventing unintended loss, damage or destruction of personal data processed by NICE or on NICE's behalf;
 - Working with software that helps us keep pace with the global privacy regulations and enhance our privacy compliance efforts;
 - Involving privacy-by-design and privacy-by-default paradigms in the development lifecycle of our solutions.

Our Privacy Information Management policies and procedures comply with worldwide accepted standards, such as ISO 27701. We are proud of our commitment to privacy and the strong processes we have put in place.

2021 Targets:



Maintain our compliance to the following security and privacy standards – ISO, SOC2, FedRAMP, PCI DSS, and HITRUST as needed



Expand and enhance NICE Employee training and awareness in information security and privacy domains

Protecting Intellectual Assets

We rely on a combination of patents, trade secrets, copyrights, and trademark law, together with non-disclosure and non-compete agreements, as well as third-party licenses to establish and protect the technology that is used in our systems.

To advance this topic, we have a structured Intellectual Property (IP) program that includes the following subjects:



1. Guaranteeing adequate policies and human resource agreements regarding IP



2. Training and advice to employees and management on what intellectual property is and the process involved in developing and creating patents



3. Supporting the process of examining ideas, evaluating priorities and patent applications



4. Managing the patent application processes



5. Managing the budget from and for the patent program

We currently hold 388 U.S. patents and 62 patents issued in additional countries covering essentially the same technology as the U.S. patents. We have 146 patent applications pending in the United States and other countries.

2021 Targets:



Increase the number of patents



NICE TO BE SOCIAL

As a people-centric company, we aim to build good relations with all stakeholders, including customers, employees, suppliers, investors, neighborhood communities, and others. We are committed to respecting, supporting, and taking care of them and, in this way, build a positive NICE world.

NICE CUSTOMERS

25,000 customers globally/150 countries

Customer Engagement

We recognize that our customers are the key driver for our success and our mission is directed at improving their work and well-being by helping them provide extraordinary and trusted experiences.

Our core mission is to transform experiences to be extraordinary and trusted

On this basis, we are committed to supporting our clients at anytime, anywhere, and ensuring that our solutions are adapted to their unique environment, processes, and business and operational goals. For this reason, we establish continuous and transparent communications to understand our customers and continually inform them about the progress of their projects, in accordance with their needs.

Our skilled experts and advanced tools and methodologies, combined with our portfolio of end-to-end services, address all stages of our technologies' life cycle offerings. From project planning and design through implementation, optimization, proactive maintenance, and product support, we are there for our clients each step of the way.

NICE's Quality Management policies and procedures are certified by ISO 9001 certification. Through these procedures, we monitor, evaluate, and manage law and regulation, risks and opportunities.

NICE User Group

NICE offers its customers a unique community, called the NICE User Group (NUG). The group includes over 10,000 members from over 1,000 companies, representing every region of the world. NUG helps members optimize the value of their NICE solutions through the sharing of what are considered best practices. The group partners with NICE to deliver an annual user conference, educational calls, and webinars, and to offer an online environment in which members can interact and share experiences. NUG also works closely with NICE leadership to influence product, service, and policy decisions.

The NUG Board of Directors, comprised of NICE customers, provides structure and direction for the NUG organization, and ensures that all NUG activities support the organization's mission and objectives while upholding the interests of the group's members.

This platform serves as a venue for raising and voting on new ideas for our products and/or for developing new products that are reviewed by our product managers.

NUG is a gamified platform and the most active members earn a variety of benefits such as profile badges, training, conference passes, and more.

Interactions

During our annual customer conference event, "Interactions", we showcase product innovation and industry trends, share best practices and provide guidance that can be adopted while using our products. Due to the COVID pandemic, the Interactions Conference was conducted over a virtual platform during 2020.

Interactions has gained increasing popularity, as over 20,000 attendees were able to access:

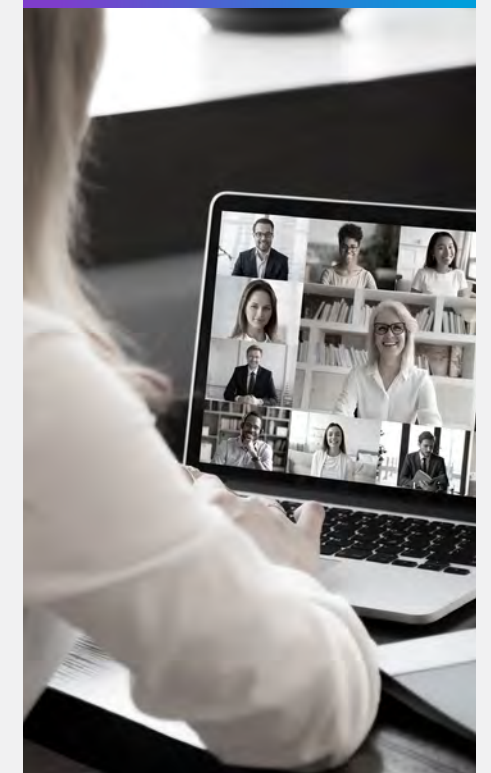
- +50 "best practices" sessions with stories and tips
- Solution showcases involving demos and chatting with experts
- Networking opportunities through the lounge chat
- Games

The speakers included industry analysts, NICE executives, and solution experts. The main covered topics were: digital transformation, cloud foundation, advanced analytics, automation, artificial intelligence, security and compliance, and management of an "anywhere" workforce. This event also annually recognizes and gives prizes for best performance, for example, the winners of the CX Idol award.

CX Idol Award Program

NICE offers a CX Idol award program to help our customers in the contact center industry provide recognition for their customer service agents. This award program honors top-performing contact center agents and highlights the invaluable role of front-line customer service professionals in terms of improving customer satisfaction, the customer experience journey and solving complex customer challenges.

All winning nominees receive a personal tech gadget gift and are featured on NICE.com.



NICE User Satisfaction

NICE has always been a company that is focused on improving the experiences of its customers and delivering real, long term value.

Standardized on the Net Promoter System (NPS) methodology and best practices, NICE conducts surveys along the full customer journey to monitor customer satisfaction. Here is a sampling of surveys we conduct:


- **The Customer Support Survey** helps us understand customer satisfaction with our solution and how highly they rate NICE team members who provide service in the customer support organization
- **The Professional Services Survey** assesses customer satisfaction during the implementation phase, which includes NICE business consulting
- **Training Surveys** assess customers' level of satisfaction with NICE's training courses
- **Relationship Surveys** assess brand loyalty and customer satisfaction for decision makers and influencers as well as satisfaction with NICE's products and other services (sales, professional services, support and training)

In light of COVID-19, an additional question has been included in the Relationship Surveys to understand if the adaptation made on our products during the pandemic met the client's needs.

NICE is open to customer feedback and takes direct action to minimize concerns expressed in surveys and in other forms of feedback.

By implementing an on-going closed loop program, NICE further utilizes a feedback management system, to raise real-time alerts to business unit leaders and customer-facing staff regarding issues raised on surveys. The resolution of each alert is centrally tracked and managed. Action plans are developed for each business unit that regularly reports on KPI measured improvements for each driver of loyalty.

The survey results are continually monitored and analyzed. The business units review the results quarterly in business review meetings and share them with the NICE Executive Leadership Team, headed by the CEO.

 **20** points
As result of our continuous focus on customer experience over the last 2 years, the NPS score improved by over 20-points

Understanding Customer's Needs for Innovation

At NICE, our vision and business strategy are directed towards growth, profitability, innovation, and customer focus, all with a long-term perspective.

NICE sees the power of innovation as a way to help address some of our customers' most urgent needs. NICE intends to continue investing in innovation, both through organic growth and through acquisitions, to broaden our product and technology portfolio, expand our customer base, increase our distribution channels, and grow our presence in key verticals, adjacent markets and geographic areas. In 2020, we reinvested 15% of our non-GAAP revenue into research and development.

Our Products' Accessibility

More accessible products are an important aspect for reaching new customers and increasing customer satisfaction of our current clients. Moreover, we understand that the regulatory environment is evolving in order to make work accessible to people with disabilities.

With the support of two specialist consultancies, we are adapting all relevant products in our pipeline to the visually impaired. All new deployed products include features such as font size, color interpretation support and audio readout of screen contents.

We created a comprehensive accessibility guide and a UI/UX infrastructure team dedicated to ensuring that all new features will be developed according to the latest accessibility guidelines.

We conduct a monthly UI/UX forum across our entire portfolio to share best practices, customer feedback and any valuable information that will improve accessibility in our products.

We are also going back and fixing our existing applications and setting a target that by the end of 2021 all our agent-facing screens in our leading CXone solution will be fully accessible.

NICE Awards

NICE is recognized with more than 40 awards and leadership rankings by market leading industry analysts:

FORRESTER[®]

DMG
CONSULTING LLC

VALUE INDEX LEADER
RELIABILITY CATEGORY
SALES PERFORMANCE MANAGEMENT
VENTANA RESEARCH



NICE is **the only vendor named a Leader by Gartner** for both Workforce Engagement Management (WEM) and Contact Center as a Service (CCaaS).

Gartner

NICE PEOPLE

19 Countries



6,383 Full-time employees

High employee satisfaction rate



Winning@NICE Competencies

- ✓ Execute with excellence
- ✓ Always aim higher
- ✓ Adapt rapidly with resilience
- ✓ Partner for success
- ✓ Earn our customers' admiration

At NICE, our employees, called NICErs, are the key to our success. They are our greatest asset, driving the innovation that is the hallmark of NICE's solutions. As a result, we place great importance on the development and growth of our employees and empower employee engagement.

NICE aims to create an open, fair, equal opportunity and honest work environment where all employees are treated with respect and courtesy in an inclusive, productive, and safe work environment.

At NICE, ethics, honesty, and respect are an integral part of the NICE Code of Ethics and Business Conduct.

We are dedicated to respecting human rights, including the fight against child and forced labor, ensuring equality, and preventing workplace discrimination. We devote our time to creating a rich and innovative work environment that encourages diverse perspectives and healthy dialogue about what makes each of our employees unique.

We are committed to a safe and healthy work environment for our employees, while equipping them with resources that enable professional and personal growth.

All benefits, commitments, and practices regarding the aspects of human resources are detailed in our Employee Handbook and the specific version of it for each operation is available on our intranet.

We have an Executive Vice President of Human Resources, who reports directly to the CEO, and is responsible for managing all aspects of employment. Additionally, topics such as development, employment conditions, engagement and others have a dedicated senior manager.

At the end of 2020, NICE employed 6,383 persons worldwide, full-time (98% of all employees). All employee benefits are provided to full-time as well as temporary or part-time employees based on the requirements mandated by the laws in the countries where we operate and the locations where we recruit.



We are not a party to any collective bargaining agreement with our employees or with any labor organization in all jurisdictions where we operate. However, we are subject to certain labor related statutes and certain provisions of collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordinating Bureau of Economic Organizations (including the Industrialists' Association of Israel) that apply to our Israeli employees under the regulations of the Israeli Ministry of Labor and Welfare.⁴

Human Rights

At NICE we are dedicated to respecting human rights in accordance with accepted international conventions and practices, such as those of the United Nations' Universal Declaration of Human Rights, ILO Core Conventions on Labor Standards, UN Global Compact, and OECD Guidelines for Multinational Enterprises. Our activity concerning human rights involves all relevant stakeholders and we intend to continue our work on this issue.

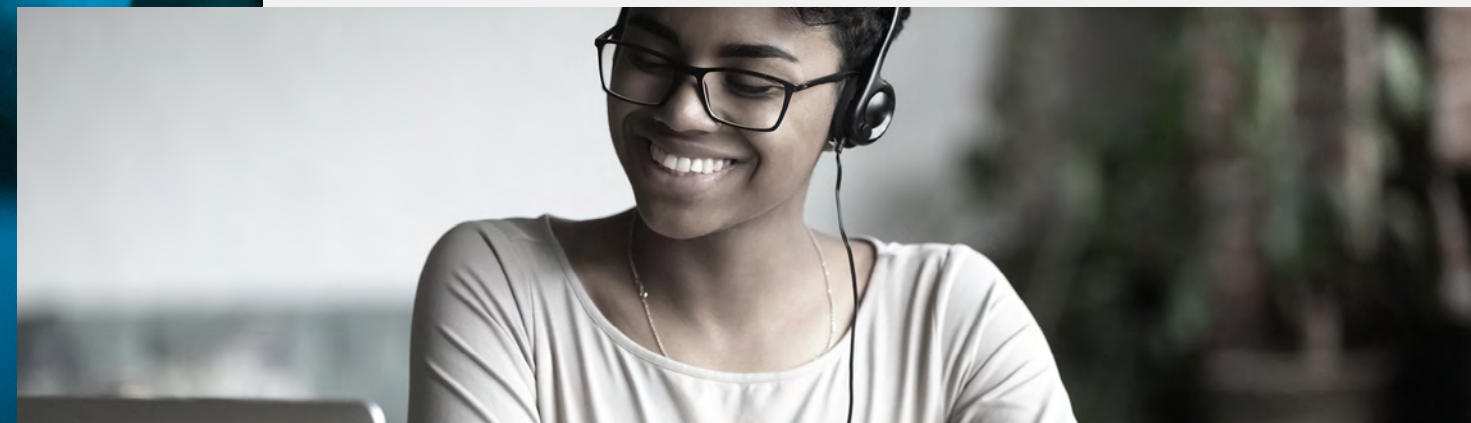
Slavery and Human Trafficking

Modern slavery is a crime and a violation of fundamental human rights that remains a hidden blight on our global society. It takes various forms, such as slavery, servitude, forced and compulsory labor and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. NICE is committed to ensuring that our business practices combat slavery and human trafficking in any form.

We are dedicated to improving our practices to combat slavery and human trafficking and ensuring those practices are not taking place at our business or in our supply chains. As part of that effort, we publish an annual statement on modern slavery in accordance with section 54(1) of the Modern Slavery Act 2015.

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we intend to provide training to our staff to identify signs and risks of slavery and human trafficking. We require our suppliers and business partners to provide training to their staff, suppliers, and providers.

For more information, please see NICE's "[Slavery and Human Trafficking](#)" Statement.



⁴ GRI 102-41

Diversity and Equal Opportunity

NICE boasts a diversified work force and substantial representation of many different population sectors and groups, with all stakeholders and throughout our offices across the world. We encourage our employees to bring their individual identities to the table and to work in teams that foster inter-cultural communication and ultimately, innovation.

We provide an inclusive workplace, a safe environment for all people of different religions, nationalities, and gender orientations.

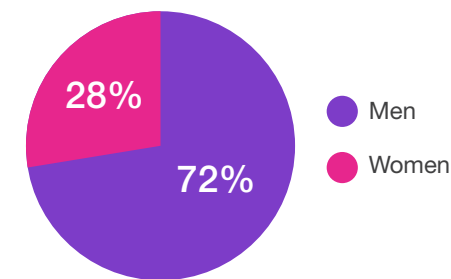
NICE is committed towards its stakeholders, with an emphasis on its employees, to provide an environment based on equal opportunity for all qualified applicants and employees. It is the policy of NICE to afford equal employment opportunities to qualified individuals, regardless of their age, race, color, religion, ancestry, national origin, gender, pregnancy, mental or physical disability, marital status, citizenship, veteran status, service in the Armed Forces, sexual or affectional orientation, atypical hereditary cellular or blood traits, or genetic information, and/or any other status protected by any applicable federal, state and/or local statute or regulation.

The company makes reasonable efforts to ensure that all applicants and employees receive equal opportunity in personnel matters, including recruiting, selection, training, placement, promotion, wages and benefits, transfers, terminations, and working conditions.

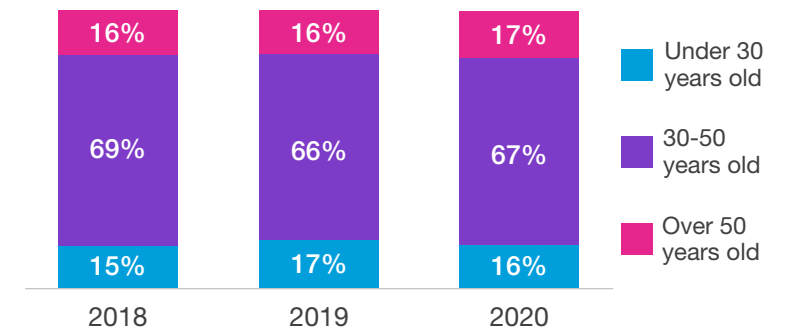
Diversity and inclusion principles are embedded into our culture and business practices, from our hiring processes to the development of our employees:

- All our managers are trained to ensure that recruitment evaluation is based on professional skills and to avoid unconscious biases. In addition, this training supports them in promoting a multicultural work environment on a day-to-day basis.
- We partner with several non-governmental organizations which supply tools and frameworks that break unemployment barriers for women, immigrants, Haredim and other minorities, in addition to the older generation. We are proud to take part in paving the way into high-tech careers, by supporting organizations in the recruitment and placement of those in need of a chance.
- Action plans have been put in place, helping us assess our facilities and vehicle purchases in addition to insuring their accessibility.

Employees by gender



Employees by age



June is internationally recognized as Pride Month, during which we annually promote lectures with diversity specialists. In 2020, the main topics were:

- The value of diversity, inclusion, and its economic impact
- Inherent and acquired diversity, cognitive diversity, culture of inclusion, unconscious bias, and its impact on the LGBTIQ+ (lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual) space
- The gay revolution and its success
- Building a safe space for the LGBTIQ+ community

30% new hires in 2020 are female

Prohibited Discrimination and Harassment

NICE strives to maintain a discrimination and harassment-free environment, where all employees and other stakeholders treat each other with respect, dignity, and courtesy. NICE policy emphatically and unequivocally prohibits discrimination and harassment of any kind, and is intolerant towards any retaliation against filed complaints. This policy applies to all phases of employment, including hiring, training, promoting, transferring, terminating, and granting benefits.

At the beginning of the hiring process, each manager receives a “dos and don’ts” presentation. Part of the presentation addresses the issue of biases, questions that should not be asked in an interview and the different ways in which new hires should be evaluated.

Breaking New Ground, Women NICErs Trailblazing in their Domains

As market leader, NICE strives to shape the future of technology by closing the gender gap and encouraging talented women to forge ahead and make an impact. That’s why on International Women’s Day 2020, NICE chose to recognize trailblazing women that have broken new ground. As part of this effort, NICE introduced a dozen of its own women employees who have made a significant professional impact to share their personal success stories with their coworkers.

2021 Targets:



By the end of 2021, an informational website will be built, accessible by recruiting managers. A portion of the information will address the issue of biases and what an ethical and correct recruitment process looks like.

Employment Conditions

We care about our employees' wellbeing and therefore accordingly, we offer fair employment conditions as will be described in this section, for example: performance-based payments, internal mobility, a health and safety structure, and a wide range of benefits, including comprehensive pension schemes and pension consultations, flexible working hours for our employees around the world and recognition of our employees' diverse situations and needs.

We celebrate global and local holidays, and within this framework, employees enjoy various non-salary benefits. NICE places great importance on family life and employees' hobbies, and several annual events are dedicated to NICE's employees and their families.

We follow local labor laws that generally address the length of the workday and the workweek, minimum wages, insurance coverage of work-related accidents, severance pay, and other employment provisions.⁵

Compensation

Every year we conduct a market survey to understand what our competitors are offering, so that we can adapt our own benefits. Our formal salary table considers job functions per region and thus accurately calculates proper wages.

Moreover, our cash incentive plans include variable compensation based on business results and achieved specific goals, as well as our Equity programs, that guarantees that the company pays based on performance evaluation.

Internal Mobility

NICE strongly encourages both lateral and vertical mobility, and the options are endless: role transfers, promotions, relocations, even transitioning to a new discipline. In 2020, 50% of all senior positions were filled by the internal mobility program. We consider this to be a healthy level and plan to continue advancing the program.

Employees' Change Management

NICE is committed to communicating any significant operational changes (e.g., moving or downsizing offices, leadership or wage policy changes, etc.) to employees at least two weeks in advance, and

supports employees with job placement services when necessary. In case of employee termination, workers are fully compensated, and provided with financial advice for their period of unemployment.

Health and Safety

We are committed to providing a safe and healthy work environment for our employees.

We have adopted and implemented high standards, policies, and procedures for protecting our employees' well-being and safety at work. In 2020, we reviewed our health & safety policy and procedures, according to which, the senior person responsible for this topic is the VP of Global Operations, who answers directly to the CFO.

In order to minimize safety risks, we require our employees, as well as contractors providing services on NICE premises, to familiarize themselves with these policies and procedures by completing a periodical online training.

Additionally, at all the company's sites, the work safety conditions are examined, and any hazards are corrected immediately. When it is necessary, NICE provides personal protective equipment to any employee in order to fulfill his or her duties.

Broadly speaking, the main rules that have been established are:

- Employees should perform only operations for which they are trained and qualified
- When entering the offices, employees must learn emergency procedures
- Cleanliness and tidiness should be maintained at all times
- Smoking indoors is prohibited
- Worksite improvisations are not permitted
- Extension cables and adapters are to be avoided
- Electrical appliances from home are prohibited
- Electrical work will be performed by a qualified electrician only
- All accidents, regardless of severity, will be reported immediately to the supervisor/manager

Non-compliance with these procedures may result in serious disciplinary action.

Regarding driver safety, we map the main risks, provide theoretical and or practical training and provide benefits to employees with a good safety record.

Additionally, we offer insurance plans and free private health insurance for employees as well as discounted insurance for employees' family members. NICE also provides additional annual benefits related to medical issues at our main sites (e.g., breast cancer screenings).

Employee Development

We place great importance on the development and growth of our employees, with comprehensive programs that nurture the employee's learning, education, and career path at NICE. In this context, we have a shared responsibility approach to learning and career development:

1. Our employees are proactive, building on their strengths and skills, and following through on internal opportunities to develop themselves.
2. Our managers raise the bar, enabling employees to aim higher while aligning their development with the team goals and providing coaching and a supportive environment.
3. Our organization drives the culture that encourages employee development and provides the right environment for it to thrive.

NICE offers a comprehensive range of learning opportunities to all employees worldwide. Online learning platforms coupled with prestigious external certifications enable the employee to advance their professional development, from any place, and at any time. Moreover, employees participate regularly in conferences, extension courses, webinars, practical technical training, leadership workshops and more. These company-wide efforts are complemented by a diverse range of specialized learning programs and advanced technology platforms, coordinated by our business units.

Onboarding Process

We have a formal onboarding process for all new employees. Through this process, we invite them to register themselves and enter the onboarding hub to access information related to NICE, its products, learning opportunities, and other internal relevant topics. Additionally, once a quarter we initiate the Global New Employees Orientation (NEO), a mandatory webinar for all new employees regarding NICE culture and strategy.

Professional Training

NICE strives to provide in-house training and development to help employees reach their full potential. The company commits to the training and development of all professional categories, all levels of responsibility, regardless of gender.

NICE uses the LinkedIn Learning platform, which provides an extensive catalogue of online video lessons.

Each year NICE holds a career development event, hosted by a different site. This event is a central point of the NICE learning strategy. All employees are invited to participate in dozens of sessions delivered by prominent speakers, NICE business leaders and tech gurus. During this week-long event, they upskill their technical proficiencies, learn new business skills and the best practices, and explore broader career opportunities.

On average, 80% of our employees have participated in development training and 90% participated in re-skilling training, allowing them to perform new roles.



Non-Professional Training

We offer several training programs that are not directly correlated to professional skills, but to life skills.

In addition, we initiated “Emp-HOUR Your MIND”, where employees participated in various webinars to increase their ability and capacity to deal with change and succeed.

Leadership Development

We see our managers as the engine that propels our organization forward. They are critical to achieving our goals and driving success. For that reason, we invest heavily in our managers, offering dedicated learning and development initiatives targeted at both new and seasoned managers.

Furthermore, we promote four leadership training programs as detailed below.

- **VPs**
 - Executive development with Ivy League universities.
- **LEAD2Win to mid-level managers**
 - Syllabus based on NICE Leadership competencies.
- **Accelerated Leadership Program (ALP)**
 - Building NICE’s Next-Gen leaders. Elite program for high-potential directors that focus on individual development needs, leadership, and business strategy.
- **Managers**
 - Sessions about: Unleashing Employees’ Potential, Leading in VUCA Times; Leading People Through Change; and Connect to Lead.

Onboarding Toolkit for New Managers

2020 has presented new challenges for people managers, even more so for those who are stepping into their first managerial role who are expected to develop and practice new managerial skills and methodologies, while motivating themselves and their teams in times of great uncertainty.

To reach this goal, new people managers require a strong support network, relevant templates and tools, and training.

NICE has made a toolkit to provide new managers with the information they need to get started as a people manager. This toolkit allows managers to learn best practices and receive tools and tips for an easy beginning in their job.

Performance Evaluation

We have a formal and mandatory **evaluation process for all employees**. It is divided into three stages:

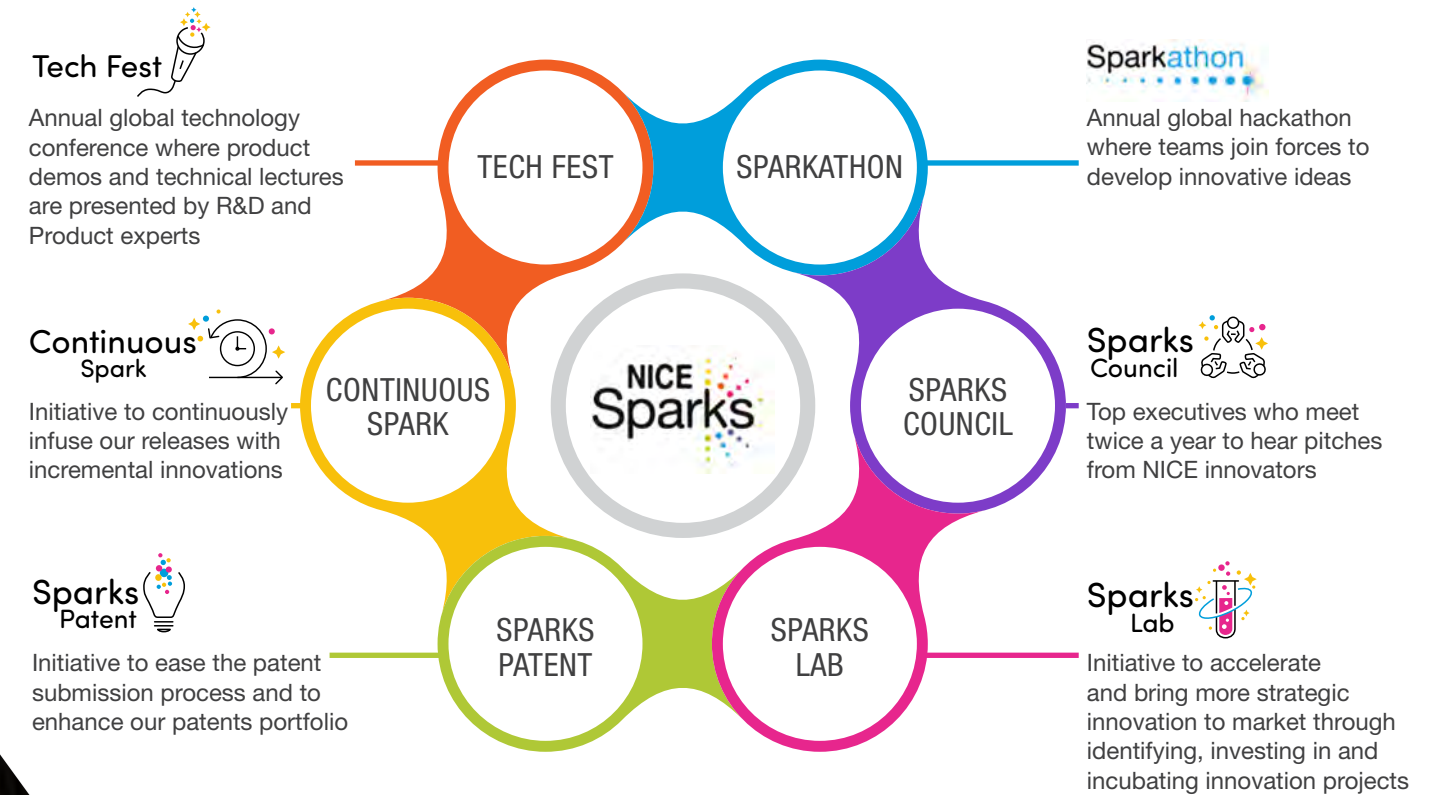
- **Continuous feedback:** Daily conversations about specific deliveries to foster progress and development.
- **Connect2Grow:** At least once a year, meetings with all employees and their managers are held to discuss employees’ strengths and weaknesses and career development steps and actions, specifically in order to understand the employee’s motivators, needs and aspirations and to work together to craft development plans.
- **Performance review:** Yearly employees and managers meeting, mainly, to evaluate employees and business’ previous performance and conduct compensation reviews. Additionally, we check-up Connect2Grow progress.

Employee Engagement

We want to create a good and healthy environment for our employees, letting them view NICE as their second home. Thus, it is vital that our employees feel that their needs and concerns are heard. We work to empower our workers by engaging with them in the following actions.

NICE Engineers’ Developer Community

NICE Sparks is a program with dedicated innovation activities, focusing on creating new products and solutions, using a comprehensive process for gathering, collaborating, evaluating, and advancing innovative ideas. The program aims to regularly infuse our portfolio with next-generation products and cutting-edge technologies, fueled by the creativity of the R&D and Product people. It is comprised of six initiatives:





NICE Games and Competitions

We hold exciting global competitions and awards programs, with worthwhile prizes for our employees.

In 2019, we promoted the “NICEr Chef” NICE competition, and the winners enjoyed a gastronomic trip in France with our CEO. In 2020, to incentivize physical activities during the COVID-19 pandemic, we gave out smartwatches that count steps and presented individual and team challenges. The employees who won the challenges (e.g., with the highest number of steps) enjoyed a trip to one of the top global sporting events of their choice.

Employee Engagement Surveys

NICE conducts annual employee engagement surveys, in which employees give confidential feedback on the following topics: employee engagement, career management, employee experience, strategy and execution and leadership.

The surveys are administered by a top-notch external company that specializes in employee engagement surveys.⁶ The results are analyzed across multiple dimensions, including business units and roles, to understand developments and trends. Upper-level management is then provided with insights on strengths and on what our employees value, as well as highlighted areas that require further development and investment. The insights, trends and opportunities are also analyzed on the divisional level, to allow more focused and detailed action plans for improvement.

In 2020, 82% of our employees participated in this survey, which indicates a high engagement level.

2021 Targets:



We aim to promote a program which increases awareness on diversity and inclusion



We intend to expand online access to training sessions in 2021 and in upcoming years

⁶ GRI 102-43; GRI 102-44

NICE SUPPLIERS

NICE is committed to conducting business in a diverse and ethical manner and this includes our supply chain. Our suppliers are subcontractors and vendors of the following products and services: cloud services, software, telecom, marketing, hardware (consists of only 9% of our supplier spending), facility and rent, human resources and employee experience, finance, legal, sales and travel.

For these suppliers, we are responsible for control mechanisms and supervision over the entire production process.

We are making an active effort to diversify our supply chain by partnering with minority and women-owned businesses which distribute IT equipment, laptops, servers and components, and integration services.

We are committed to ensuring that working conditions of all its operations and throughout its supply chain are safe, that all workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

Therefore, NICE has adopted the [Supplier Code of Conduct](#).

All suppliers must comply with the Supplier Code and commit to it as part of their engagement.

Through our Supplier Code of Conduct, we require that our suppliers: comply with the laws, rules, and regulations of the countries in which they operate; ensure that their employees and contractors comply with the Code; monitor and, if necessary, report on compliance with the Code; and implement corrective actions to ensure compliance with the Code. In cases of non-compliance with the Code, NICE may terminate any current contract or order.

The main topics covered by the Code are:

- **Labor:** commitment to the human rights of all workers, who should be treated with dignity and respect, free of harsh or inhumane treatment and discrimination; prohibition of child labor, forced or involuntary labor, slavery, or human trafficking; limiting working hours in accordance with local laws; compliance with the law regarding minimum wages, overtime, and any legally mandated benefits;
- **Health and Safety:** commitment to supervising worker exposure to potential safety hazards, including in

emergency situations; and prevention, management, tracking, and reporting occupational injuries and illnesses;

- **Environmental:** commitment to complying with environmental law and minimizing adverse effects on the community, environment, and natural resources, while safeguarding the health and safety of the public;
- **Ethics:** commitment to following the highest standards regarding anti-bribery, corruption and conflict of interest; compliance with business, advertising and competition laws; and responsible sourcing of minerals including the performance of due diligence regarding this aspect;
- **Intellectual Property, Confidentiality and Privacy:** commitment to never using data, technology, knowhow or intellectual property rights for personal gain or outside of the scope of the supplier’s business with NICE; prohibition of obtaining, distributing, or using copyrighted software or information without proper authorization or licensing; restriction of use of NICE’s trademarks, images, logos or other materials owned or controlled by NICE; protecting NICE’s confidential information; and compliance with applicable privacy, data protection, and information security laws.

For our own sector, the suppliers of hardware, which generally contain minerals, have especially important social and environmental aspects. Some minerals, mainly tantalum, tin, tungsten, and gold, might be illegally sourced from armies and rebel groups that contribute to violence, do not respect human rights and damage the environment.

We are dedicated to ensuring that all materials used in our business come from socially and environmentally responsible sources. We do not tolerate, nor by any means profit from, contribute to, or facilitate any activity that fuels conflict, leads to serious environmental degradation or violates human rights, as set forth in international conventions and NICE’s [Conflict Mineral Policy and Slavery and Human Trafficking Statement](#).

To support that effort, NICE has incorporated and implemented an annual due diligence process of applicable suppliers who obtain information regarding the source and origin of any minerals that may be present in the products we provide to our clients, and implement a remediation process accordingly. The process is compatible with the [OECD framework](#), and includes a steering committee responsible for reviewing the due diligence findings and reporting.

NICE LOCAL COMMUNITIES

At NICE we believe in leveraging our strengths to benefit our local communities: sharing our knowledge, expertise, capabilities, and investing time in giving back to the communities in which we operate. The best way to contribute is through a close alignment between our business and community relationship strategies. In this context, the two main pillars of our strategy are sharing software knowledge and promoting diversity in high-tech companies. Support of the community is also expressed in donations to social and welfare services (food, medicine, hygiene products) and in financial support of different institutions (educational, sports, and institutions for the elderly).

To address this topic, we employ a community manager specialist in the headquarters to manage global community programs. Through e-mail and the contacts section of the NICE website, you can contact the manager to ask for support, communicate grievances and make suggestions.

It is important to highlight that, as a software company, we do not see ourselves as having any direct negative impact on local communities.

Code:Coda

The gender gap in technology is real. Despite making up nearly half the population, women are seriously under-represented in high-tech companies and, particularly, in engineering positions. NICE is leading the way by narrowing the gender gap in technology.

Code:Coda, in partnership with the Cyber Education Center, is a unique program designed to encourage 13-14 year old girls to discover the incredible possibilities available to them in coding and technology. The timing of the program is critical, Code:Coda provides the young girls with a positive career path experience with technology just before they choose their high school learning track. The objective is to have an impact on them before they have started to seriously consider their career!

The girls attend weekly sessions and unique hackathons during their middle school academic year

at a specially designed facility at NICE. The program is led and mentored by 80 of our own most successful female engineers, who as role models show these promising students that they too can pursue a future in the tech world and break traditional glass ceilings. On average, 10% of our Israeli employees are involved in this program.

The program has Israeli Ministry of Education approval and involves the girls' parents and teachers in order to maximize the impact on the broader community and to reinforce the program's messages and values.

The project was launched in September 2019 in Israel and, as of 2020, 193 teenage girls have completed the program. 60% of the girls who graduated in our 2-year program chose computer science as their major in high school. In 2023 we intend to expand the program to the United States and India.

We are committed to monitoring the impact that we have on these girls' futures, including conducting an evaluation one year after they finish the course, and another one ten years later.

We understand that through this program we can change these girls' lives forever, as well as improve the high-tech sector by increasing its diversity.

Volunteering

We encourage our employees to volunteer on a regular basis and for specific causes. In this context we have a structured program that includes building partnerships with organizations, providing guidance on volunteering opportunities, and rules of behavior and evaluation of volunteer activities.

Every May, we carry out our flagship global volunteer program, whereby NICErS around the world act and volunteer in a wide range of organizations and non-profits for a variety of causes, such as senior citizens, people with disabilities and animals.

Global Community Month is a clear reflection of our belief that the strength and leadership of our business and core values should be leveraged to make a positive impact on the communities in which we operate. This annual cross-company program for NICE employees provides opportunities for local volunteering, promotes our One NICE spirit, and demonstrates our belief in giving back to the community.



In 2019, we celebrated 11 years of NICE Global Community Month. Over the past ten years, many thousands of us have come together to make a difference in our communities.

Using 2019 as an example, thousands of employees volunteered in 34 different locations across the globe, and in total, we logged 11,496 volunteer hours! On average, 36.86% of our employees participated in volunteering activities. Our activities positively impacted nearly 200 nonprofit organizations and countless individuals. We did not promote this activity in 2020 due to the COVID-19 pandemic.

Philanthropy

Part of our donations are promoted at our annual user conference, "Interactions". In this event, we partner with charitable organizations to acknowledge them and to support a worthy cause. A portion of each attendee's registration fee goes to the charity chosen for that year. In 2020, we gave our attendees an opportunity to choose the charity of their preference.

We also like to give back by sponsoring events throughout the year.

2021 Targets:



At NICE, we aspire to create a true impact on the community that we equally affect and are affected by. We aim to increase our community activity as corporate citizens in the upcoming years by continuing our current ongoing projects, initiating new ones and measuring our community impact.

NICE TO BE GREEN

We believe that maintaining market leadership cannot preclude our commitment to a cleaner and safer world. A major part of this commitment is compliance with standards, regulations and requirements concerning the environmental aspects of our operations and products.

We take full accountability for our environmental impact, by operating with integrity and responsibility in the communities we call our home.

Our environmental strategy is centered on cutting energy use, reducing waste generation, encouraging recycling, and lowering our carbon footprint.

Policy

Our Environmental Policy:

- ✓ Complies with ISO14001, applicable environmental legislation, regulations, and the majority of customer requirements.
- ✓ Strives towards prevention and continual reduction of any adverse environmental effects of our activities and products.
- ✓ Demonstrates continual improvement in environmental objectives.
- ✓ Fosters environmental awareness among NICE personnel by promoting internal communication regarding the environment.

Policy implementation

Our environmental management policy and procedures include:

- **Environmental aspects evaluation:** The evaluation identifies, evaluates and manages our environmental impact. As a result of this evaluation, we identified that energy consumption is the only issue with a medium impact level. Although other evaluated issues presented a low impact level, we still define operational control to decrease our negative impact in these fields. Our energy management is explained in the Energy and Climate Change section.

- **Laws and regulation management:** A yearly updated checklist raises and evaluates our compliance regarding all environmental requirements.
- **Training:** Environmental training is part of our onboarding process and it covers reporting of environmental issues, waste segregation, recycling and water, energy, and fuel saving.
- **Responsibility:** Most environmental responsibilities (energy, waste) fall under NICE's VP of Operations and CIO.
- **Audit:** Annually performed by an independent auditor to evaluate our environmental management policy and procedures. It indicates improvement opportunities that we address.
- **Management reviews:** Environmental Management policy and procedures results are annually presented to the senior management to receive advice and define the next steps.

It is important to note that we have never received any fines or penalties regarding environmental issues.

Although our environmental commitment and policy apply to all operations, we recognize that our Environmental Management policy and procedures vary between offices. We started to implement our Environmental Management policy and procedures in Israel, where we are certified by ISO 14001, and we plan to implement in other operations in the coming years.

NICE Pune's Environmental Certification

Our environmental practices were recognized in January 2020 with an award from the Indian Green Building Council. NICE Pune achieved "Gold certification" for several sustainability initiatives:

- **Energy Efficiency** – LED lights are used for lighting and natural light use is maximized in open areas. Stair use is also advocated thus reducing utilization of elevators
- **Sustainable Transportation** – We encourage the use of vehicle sharing and of public transportation. NICE Pune provides a transport system for employees' home-office commute
- **Waste Management** – Waste segregation and recycling of paper and electronic waste is accomplished through a registered bio-waste vendor. NICE provides coffee mugs to employees to minimize the use of single-use cups
- **Interior Materials** – Carpets are recycled at the end of their lifespan and workstation materials are manufactured using LEED certified processes
- **Water Conservation** – Water-saving devices (sensors) are installed on water taps and vegetation is watered efficiently
- **Indoor Environment** – Indoor air quality is monitored, and we ensure fresh air circulation
- **Eco Design Approach** – Biophilia design is used in the workspace. Live plants were incorporated in every area of the workspace and collaborative work areas to improve employee wellbeing
- **Innovative Interior Design** – Modern, agile, and collaborative workspace design has been incorporated to improve efficiency as well as ensure employee wellbeing



Energy and Climate Change

Global warming and climate change are the foremost environmental challenge facing the world today. As a leading global hi-tech company, NICE acknowledges the importance of environmental responsibility in its daily activities and has therefore implemented appropriate measures, including tracking its corporate carbon footprint and producing a detailed report. NICE has been submitting a climate change questionnaire to the CDP since 2018.

Climate change risks are managed as part of the company-wide business continuity management procedure. This risk evaluation is conducted annually and has indicated that primary climate change-related risks are related to disruptions of our operations and those of our vendors due to extreme weather events, which can cause power outages, damage to infrastructure, and impede employees' mobility. As these risks vary from site to site and asset to asset, they are assessed on a case-by-case basis, for those sites and assets deemed vulnerable to extreme weather events. Our core business as a software company is not expected to be impacted in any material way by climate change, and therefore this risk has not been prioritized.

Our Carbon Footprint

NICE's main emissions are from our own facilities' electricity consumption (Scope 2).

In the last year we kept our lower emission level (emission/revenue), around 5 tCO₂e per million dollars in revenue.

Managing GHG Emissions

Scope 1 emission data was collected solely in Israel. We have a low Scope 1 emissions, since few employees have company cars, and we encourage them to use hybrid cars. For other employees, we encourage the use of public transportation.

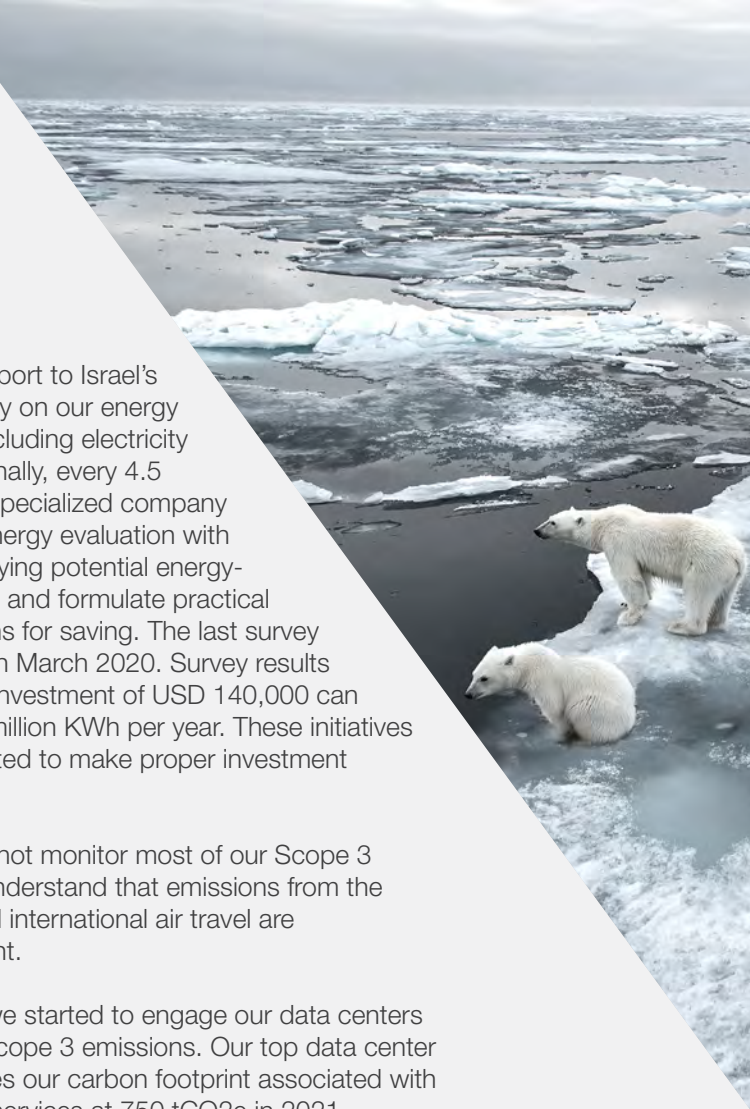
Every year we report to Israel's Ministry of Energy on our energy consumption, including electricity and fuel. Additionally, every 4.5 years we hire a specialized company to conduct an energy evaluation with the aim of identifying potential energy-saving measures and formulate practical recommendations for saving. The last survey was concluded in March 2020. Survey results indicate that an investment of USD 140,000 can save up to one million kWh per year. These initiatives are being evaluated to make proper investment decisions.

Although we do not monitor most of our Scope 3 emissions, we understand that emissions from the data centers and international air travel are especially relevant.

In this context, we started to engage our data centers to monitor our Scope 3 emissions. Our top data center supplier estimates our carbon footprint associated with the usage of its services at 750 tCO₂e in 2021.

In this context, most data centers that we use are committed to using renewable energy and/or improving energy efficiency, for example, with Energy Star Certification. Our top two data center suppliers are committed to using 100% renewable energy, already reaching 65% and 92% renewable energy use. Our top data center supplier further indicates that it is 3.6 times more energy-efficient than the median of US data centers.

Regarding air travel, the COVID-19 pandemic had a positive impact on our emissions level, increasing our video-conference practices, which will be continued in the coming years.



Materials and Waste

Focusing on our environmental policy commitment of prevention and continuous reduction of any adverse environmental effects from our activities and products, we are acting to avoid the use of hazardous substances and to reduce the potential impact of electronic waste related to our activity.

Avoiding the Use of Hazardous Substances

We have been in compliance with the European Union Restrictions on the Use of Hazardous Substances (RoHS) Directive since 2006. None of our electronics use materials such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE). We further adhere to the EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Directive which requires us to manage risks and provide safety information of all chemicals found in our products.

E-Waste

Although our products' hardware manufacturing is minimal, we have adopted responsible end-of-life policies for the applicable products to ensure ease of dismantling, removal of hazardous materials and participation in take-back schemes with hardware manufacturers. In Europe, all electrical and electronic equipment used in our operations and clients' operations are disposed of by complying with the Waste from Electrical and Electronic Equipment (WEEE) Directive of the EU. In this context, we support the collection, disassembly,

and recycling of replaced or retired client equipment. This compliance is registered in the UK, France, and Germany, where we have a legal presence, or from where we import electronic equipment. In these countries, we have recycled all client equipment since 2005 through expert WEEE-certified companies. For other EU countries, we employ partners to ensure compliance.

In Israel, we monitor and recycle all our electronic waste and in 2020 we reduced the level of generation by 9%, compared to the previous year.

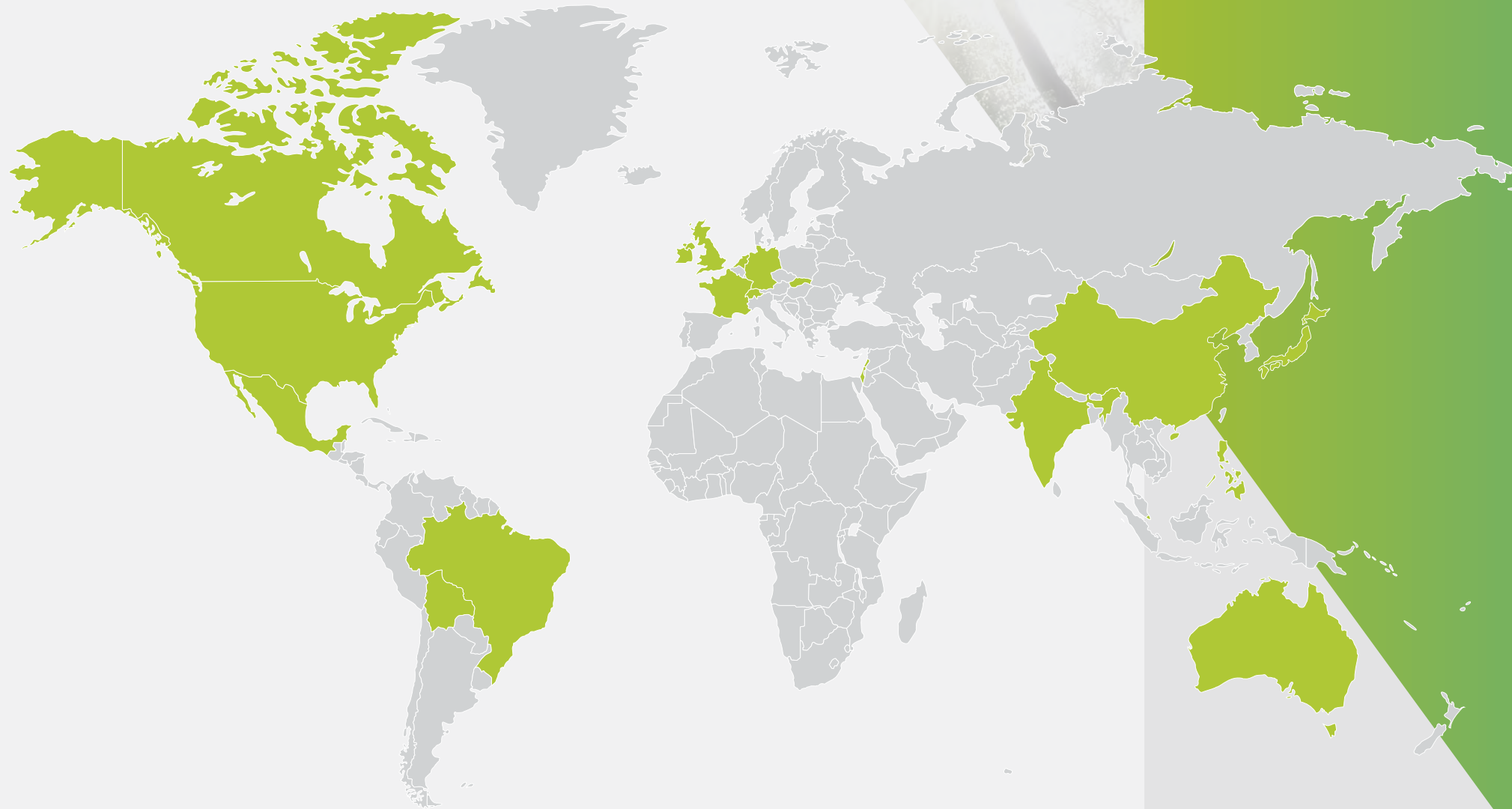
Regular Waste

In 2020, we implemented a paper-saving project in which we installed an ID control in all printers to guarantee that all prints are relevant to our employees. In Israel, we also have waste segregation and proper disposal of batteries, papers, and cooking oil from the cafeteria.

Additionally, in 2020 we were exempt from reporting our volume of packaging to the Israel Ministry of Environmental Protection, since we generated a mere 6 kg of packaging waste in 2019. This is substantially less than the 1 ton per year that needs to be reported, according to local regulation.

Targets:

-  Increase scope 1 reporting coverage to more NICE offices
-  Continue with CDP reporting
-  Initiate TCFD reporting Increase scope 3 reporting coverage to more cloud vendors
-  Expand ISO 14001 certification to UK and India offices
-  Expand environmental training and awareness to more NICE offices



ABOUT NICE REPORT

This is NICE's first ESG report.⁷ The information provided in this report reflects the company's ESG performance for the year 2020 (from January to December) and covers all NICE operations globally during the financial year 2020.⁷ This report has been prepared in accordance with the GRI Standards: Core. In addition, the report is aligned with the United National Sustainable Development Goals (UN SDGs), that define 17 goals to promote a better world.

We have assured the content through an internal review process. The report was written with support of BDO Consulting's CSR & Sustainability Unit. The Unit is an exclusive training partner of GRI Organization in Israel, and the consultant team undergo special training for this.



Good Vision, a corporate responsibility consulting firm and a part of the Fahn Kanne Group, has been engaged by Nice Ltd. to conduct an assurance review of its 2020 Corporate Responsibility Report. The company is licensed by the British consulting and sustainability standards firm, AccountAbility, as an assurance provider for corporate responsibility reports.

The 2020 NICE ESG report explains our policies, procedures, programs, and performance on our material environmental, social and governance issues. We are committed to continually increase our transparency and stakeholder engagement through the ESG annual report. The 2020 Annual Report best represents our data which can be viewed [here](#).

We welcome your feedback and questions on the activities and programs described in the report, as well as the issues you expect to see addressed in the future.

Dovi Malik
Director of Corporate Compliance
Dovi.Malik@NICE.com

⁷ GRI 102-48, GRI 102-49
⁸ GRI 102-45

ASSURANCE STATEMENT

Overview

Good Vision Corporate Responsibility Consulting Ltd. was commissioned by NICE Ltd. to conduct an independent assurance for their 2020 ESG Report. Good Vision, a member of Grant Thornton Israel, was established in 2002 and has delivered hundreds of consulting engagements in all aspects of corporate social responsibility. The company is licensed by the sustainability standards firm, AccountAbility, as an assurance provider for corporate sustainability reports.

The assurance process took place in October-December 2021. It was a paid engagement conducted in the most objective and professional manner possible, based on information as provided by NICE Ltd.

The findings of the assurance review are intended for publication to all of NICE Ltd.'s (internal and external) stakeholders including, but not limited to, investors, customers, regulators, suppliers and the public.



Methodology

Good Vision applied two methodologies to verify compliance of the report with mandatory reporting requirements: GRI Sustainability Reporting Standards, and assurance principles according to the AccountAbility AA1000AS v3(2018) standard, Type 1 Moderate level. The assurance included a comprehensive review and assessment of the extent of the organization's adherence to the four AccountAbility AA1000 Principles. In accordance with the Type 1 assurance requirements, the relevant processes, systems and controls, and available performance information, were all reviewed and assessed.

Work process

The assurance process for the 2020 NICE ESG Report was conducted through review of report manuscript, sample documents for data analysis and interviews with management. Several rounds of interviews and communication with selected members of the company on how data was collected and presented in the report in accordance with accepted principles.

The assurance process included verification of the report's adherence, inter alia, to the following principles:

1. Inclusivity – Examination of the extent to which the organization held a dialogue with its stakeholders, as shown in the report.

2. Materiality – Examination of the extent to which the report refers to material sustainable topics for the various stakeholders, and the clarity of their presentation.

3. Responsiveness – Examination of the extent to which the organization acts transparently on material sustainability topics and their related impacts.

4. Impact – Examination of the organization's ability to monitor, measure, and be accountable for how its actions affect broader ecosystems.

Upon conclusion of the process, a detailed report was provided to the company, listing highlights of the assurance process and detailed findings and recommendations - a summary of which is presented at the end of this statement.

Findings

According to the assurance process conducted, as described above, and based on materials presented to us, we are able to determine that NICE ESG Report for 2020 is compliant with reporting requirements

pursuant to GRI Standards and AccountAbility's reporting principles.

It is our opinion that the report was properly prepared and based on relevant data and documentation.

Recommendations for future reporting:
We are aware this is NICE Ltd.'s first ESG report and are impressed with them overcoming the inherent difficulties of publishing a first report, while also managing the unprecedented challenges of Covid-19. The report is clear and comprehensive, by describing the company's performance in the areas of corporate responsibility and sustainability, in detail. Building on the strong foundation of this report, we recommend the company expand on the following subjects and/or consider including the following in future reporting:

- Maximize the amount of data that is collected on a global level, with particular attention to Scope 1 emissions;
- Expand information provided on waste by collecting quantitative data on recycling of waste streams (beyond E-waste) and water usage;
- Detail the status of issues for review outlined in the previous report;
- Consider utilizing the internationally recognized TCFD principles for carbon calculation;
- Demonstrate through more details the company's commitment to implementing the United Nations Sustainable Development Goals (SDGs) in the report.

NICE Ltd. referred to the above recommendations during the writing process of the report (before its publication).

Ivri Verbin – CEO

Good Vision – Corporate Responsibility Consultants

GRI CONTENT INDEX⁹



Disclosure serial no.	Disclosure	Page/answers	SDGs
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organization	6	-
102-2	Activities, brands, products and services	6	-
102-3	Location of headquarters	6	-
102-4	Location of Operations	7	-
102-5	Ownership and legal form	6	-
102-6	Markets served	7	-
102-7	Scale of the organization	7	-
102-8	Information on employees and other workers	5, 58	-
102-9	Supply chain	40	-
102-10	Significant changes to the organization and its supply chain	No Significant changes	-
102-11	Precautionary Principles or approach	44	-
102-12	External Initiatives	5	-
102-13	Membership of associations	55	-
Strategy			
102-14	Statement from senior decision-maker	4	-
102-15	Key impacts, risks and opportunities	58	-
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	20, 21	16
102-17	Mechanisms for advice and concerns about ethics	58	16
Governance			
102-18	Governance structure	16	-
102-19	Delegating authority	17	-
102-20	Executive-level responsibility for economic, environmental and social topics	18	-
102-21	Consulting stakeholders on economic, environmental, and social topics	13	-
102-22	Composition of the highest governance body and its committees	16	16
102-23	Chair of the highest governance body	16	16
102-24	Nominating and selecting the highest governance body	17	16
102-25	Conflicts of interest	21	16
102-26	Role of the highest governance body in setting purpose, values, and strategy	20	-
102-27	Collective knowledge of highest governance body	17	4
102-28	Evaluating the highest governance body's performance	17	-
102-30	Effectiveness of risk management processes	19	-
102-31	Review of economic, environmental, and social topics	17	-
102-32	Highest governance body's role in sustainability reporting	49	-
102-33	Communicating critical concerns	58	-
102-34	Nature and total number of critical concerns	58	-
102-35	Remuneration policies	17,18	-
102-36	Process for determining remuneration	18	-
102-37	Stakeholders' involvement in remuneration	17,18	1,6

⁹ For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

Disclosure serial no.	Disclosure	Page/answers	SDGs
Stakeholder Engagement			
102-40	List of stakeholder groups	12,13	-
102-41	Collective bargaining agreements	33, 36	8
102-42	Identifying and selecting stakeholders	12,13	-
102-43	Approach to stakeholder engagement	12, 40	-
102-44	Key topics and concerns raised	40	-
Reporting Practice			
102-45	Entities included in the consolidated financial statements	49	-
102-46	Defining report content and topic Boundaries	13	-
102-47	List of the material topics	13	-
102-48	Restatements of information	49	-
102-49	Changes in reporting	49	-
102-50	Reporting period	49	-
102-51	Date of most recent report	49	-
102-52	Reporting cycle	49	-
102-53	Contact point for questions regarding the report	49	-
102-54	Claims of reporting in accordance with the GRI Standards	49	-
102-55	GRI Content Index	52	-
102-56	External assurance	50	-
Environmental Management			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	44	12,13
103-2	The management approach and its components	46,47	12,13
103-3	Evaluation of the management approach	46	12,13
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	59	-
302-3	Energy intensity	59	-
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	59	-
305-2	Energy indirect (Scope 2) GHG emissions	59	-
305-3	Other indirect (Scope 3) GHG emissions	59	-
305-4	GHG emissions intensity	59	-
Responsible Employment/Human Capital			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	42	8
103-2	The management approach and its components	42	8
103-3	Evaluation of the management approach	42	8
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	36	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	16	5

Disclosure serial no.	Disclosure	Page/answers	SDGs
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	23	8, 5, 16
GRI 412: Human Rights Assessment 2016			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	41	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	42	
413-2	Operations with significant actual and potential negative impacts on local communities	42	
Developing and Caring for Our Employees			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	32	4, 5, 8, 10
103-2	The management approach and its components	32	4, 5, 8, 10
103-3	Evaluation of the management approach	40	4, 5, 8, 10
GRI 404: Training and Education 2016			
404-2	Programs for upgrading employee skills and transition assistance programs	38	8, 4
404-3	Percentage of employees receiving regular performance and career development reviews	38	10, 5
Innovation			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	31	
103-2	The management approach and its components	31, 38	
103-3	Evaluation of the management approach	31	
Corporate Governance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	16	16
103-2	The management approach and its components	16	16
103-3	Evaluation of the management approach	17	16
Responsible and Ethical Business Practices			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	21	16
103-2	The management approach and its components	21	16
103-3	Evaluation of the management approach	21	16
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	22	16
205-2	Communication and training about anti-corruption policies and procedures	21	16
Customer Privacy and Cyber Security			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topics and their boundaries	25	16
103-2	The management approach and its components	25	16
103-3	Evaluation of the management approach	25	16
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	

GRI APPENDIX

General Governance

Associations/memberships

ACAMS (HK) Limited	CCMA Ventures Ltd	MO Solutions Co. Ltd.
ACC Association of Corporate Counsel	Center for internet security inc.	Nacha
AnyWare E-Commerce Ltd.	Contact Centre Association of Singapore	NENA Annual Conference & Trade Show
Auscontact Association	EUROCAE	Pace Creative Group Ltd.
Barbri Acquisition, Inc	Grand Total	Reliance Jio Infocomm Ltd.
Beijing Jiudingtang Information Technology Co., Ltd.	Hinjawadi Industries Association	RIPE NCC
Benefit One Inc.	Hong Kong Computer Society	ServiceNow, Inc
C.O.O. Corporate Chief Operating Officer Ltd	Industrie und Handelskammer	Society of Workforce Planning Professionals LLC
Call Center Association Ltd.	Irgun Menahaley Tachabura	techUK
Call Center Verband Deutschland E.V.	JWG-IT Insight Ltd.	TSIA Technology Services Industry Association
CallNet.ch	Meeting Professionals International	Unify Software & Solutions GmbH & Co. KG
Care Group	Ministry of Testing Ltd.	WeeeCare PLC



Board Profile

Chairman David Kostman

Male, 56 years old, 20 years on the board, out of which served 8 years as Chairman. Participates in three additional committees (Audit, M&A and Nominations). Has experience in significant positions in other technology companies and in the financial sector.

Director Rimon Ben-Shaoul

Male, 76 years old, 20 years on the board and participates in two additional committees (Audit and M&A). Has vast experience in other technology companies.

Outside Director Dan Falk

Male, 76 years old, 20 years on the board and participates in five additional committees (Audit, Internal Audit, Compensation, M&A and Nominations). Has significant experience in technology companies and in the financial sector.

Outside Director Yocheved Dvir

Female, 69 years old, 13 years on the board and participates in three additional committees (Audit, Internal Audit and Compensation). Has significant positions in other companies and experience in financial companies.

Director Yehoshua Ehrlich

Male 72 years old, 9 years on the board and participates in one additional committee (M&A). Has experience as an executive in technology and financial companies.

Director Leo Apotheker

Male, 68 years old, 8 years on the board and participates in two additional committees (Compensation and M&A). Has significant experience positions in other companies in the technology sector.


Director Joe Cowan

Male 73 years old, 8 years on the board and participates in two additional committees (Compensation and M&A). Has significant experience in other technology companies.

Outside Director Zehava Simon

Female, 63 years old, 6 years on the board and participates in three additional committees (Audit, Internal Audit and Compensation). Has significant experience in other technology and public companies.

Risks and opportunities

 <p>Market competitiveness and technological changes</p>	<ul style="list-style-type: none"> • We invest in marketing, sales and customer services to increase our market share • We invest in research and development to anticipate changes in technology and industry standards
 <p>Dependence on network connectivity lines, internet, network service and software suppliers</p>	<ul style="list-style-type: none"> • We control our suppliers and map remedial actions to substitute suppliers when needed
 <p>Incorrect use and undetected technology errors</p>	<ul style="list-style-type: none"> • We provide professional services and maintenance services, including installation, training, project management, product customizations and consulting to our customers • We promote extensive testing to minimize errors
 <p>Loss or unauthorized use of customers information</p>	<ul style="list-style-type: none"> • We implement and improve security measures • We have insurance coverage to remediate this risk
 <p>Inadequate intellectual property protection</p>	<ul style="list-style-type: none"> • We form non-disclosure and non-competition agreements • We have third-party licenses to establish and protect the technology used in our systems
 <p>Events outside of our control, such as natural disasters or health epidemics</p>	<ul style="list-style-type: none"> • We maintain disaster recovery and business continuity plans • We have adapted our operating procedures to face the COVID-19 pandemic
 <p>Recruit and retain qualified personnel</p>	<ul style="list-style-type: none"> • We guarantee good compensation and benefits packages, in addition to development opportunities and a good work environment

Whistleblower Procedures



Employment

Total number of permanent employees

	2018	2019	2020
	5,502	5,995	6,383

Employees by age

	2018	2019	2020
Under 30 years old	15%	17%	16%
30-50 years old	69%	66%	67%
Over 50 years old	16%	16%	17%

Employee diversity

Percentage of female employees in leading roles.

	2018	2019	2020
Board	22%	25%	25%
Senior Management (Executives)	24%	25%	24%
Middle Management (Executives)	21%	23%	23%
Junior Management	27%	35%	33%

Environment

Energy consumption

	2018	2019	2020
Total fuel consumption within the organization from non-renewable sources (MWh) – diesel and gasoline	5,472.75	4,592.20	2,754.36
Electricity consumption in MWh	11,951.47	11,815.82	12,631.61
Total energy consumption within the organization, in MWh	17,424.21	16,408.01	15,385.97
Energy intensity ratio for the organization (MWh/ MM USD Revenue)	12.06	9.96	9.34

Includes Israel, U.S. and India Operations Source of the conversion factors used for fuel consumption: U.S. Energy Information Administration. Methodology: liter*conversion factor.

GHG emission (tCO2e)

	2018	2019	2020
Scope 1 (direct emission)*	1,352.06	1,136.76	691.36
Scope 2 (electricity emission) – location-based approach**	7,394.92	7,110.34	7,609.65
Scope 1 and 2	8,746.98	8,247.11	8,301.01
GHG emissions intensity ratio (emission/revenue – tCO2/MM USD Revenue)***	6.06	5.00	5.04
Scope 3****			750

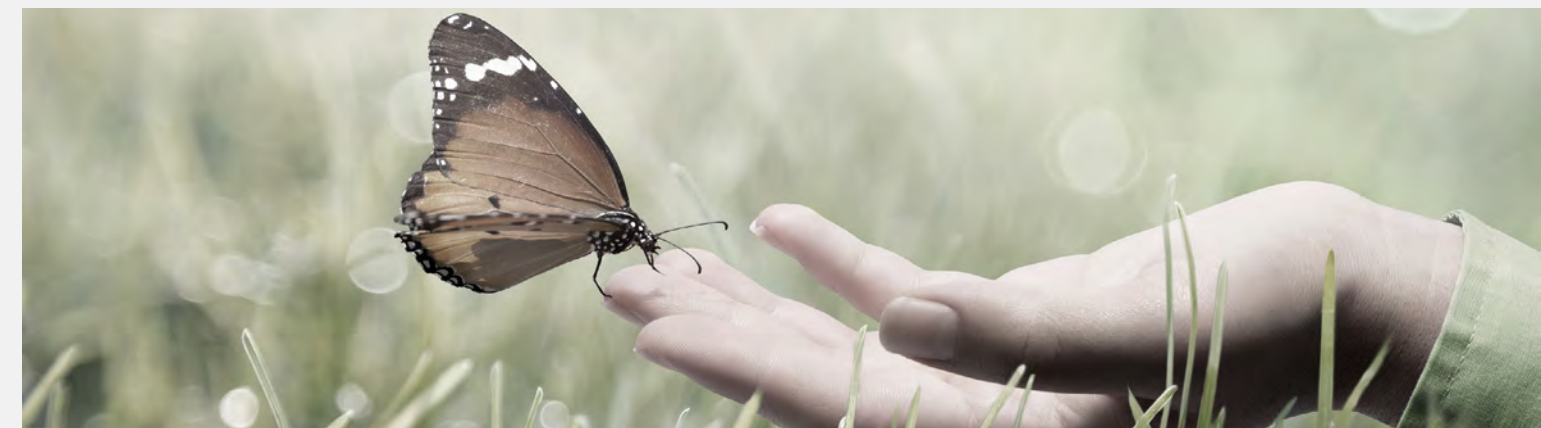
Inventory based on Operational Control approach. 2018 is our base year, as it was our first inventory.

Calculated according to GHG Protocol operational control option. Emissions include CO₂, CH₄ and N₂O gases. Source of GWP factors: GHG Protocol (AR5). Emission factors from DEFRA, EPA, carbonfootprint.com. and other locals' sources *Scope 1 includes just Israel's Gasoline consumption. **Scope 2 includes just Israel, Utah (US), and Pune (India) electricity consumptions, which represent approximately 79% of NICE's office area. *** Covers Scope 1 and 2. **** Include the share of our emission in our main data-center supplier.

Electronic Waste Destination

	2018	2019	2020
E-Waste Recycled (metric ton)	625.50	285.00	258.00

Includes Israel Operation.



About NICE

NICE (Nasdaq:NICE) is the worldwide leading provider of both cloud and on-premises enterprise software solutions that empower organizations to make smarter decisions based on advanced analytics of structured and unstructured data. NICE helps organizations of all sizes deliver better customer service, ensure compliance, combat fraud and safeguard citizens. Over 22,000 organizations in more than 150 countries, including over 80 of the Fortune 100 companies, are using NICE solutions.

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