Sapien

SAPIEN TOKEN WHITE PAPER

White paper under Title II, Article 4 of Regulation (EU) 2023/1114 (“MiCAR”) for the admission to trading on crypto-asset service providers platforms authorized under Section 59 of MiCAR

Sapien

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Date of Notification	2025-07-29

Article 6 of Regulation (EU) 2023/1114 (MiCAR) Disclosures

01. Statement under Article 6(3)

This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

02. Statement under Article 6(6)

This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114. To the best of the knowledge of the management body of the issuer, the information contained in this crypto-asset white paper is fair, clear, and not misleading, and this white paper does not omit any material facts that may affect its import.

03. Statement under Article 6(5), point (a)
The crypto-asset referred to in this white paper may lose its value in part or in full.

04. Statement under Article 6(5), point (b)
The crypto-asset referred to in this white paper may not always be transferable.

05. Statement under Article 6(5), point (c)
The crypto-asset referred to in this white paper may not be liquid.

06. Statement under Article 6(5), point (d)
The utility token referred to in this white paper may not be exchangeable against the good or service promised in the white paper, particularly in the event of the failure or discontinuation of the crypto-asset project.

07. Statement under Article 6(5), point (e)
The crypto-asset referred to in this white paper is not covered by investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council.

08. Statement under Article 6(5), point (f)
The crypto-asset referred to in this white paper is not covered by deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

09. Summary under Article 6(7)

WARNING

THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE CRYPTO-ASSET WHITE PAPER.

ANY DECISION TO PURCHASE THE CRYPTO-ASSET SHOULD BE BASED ON A CONSIDERATION OF THE WHITE PAPER AS A WHOLE. THE OFFER TO THE PUBLIC OF THIS CRYPTO-ASSET DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE FINANCIAL INSTRUMENTS.

THIS CRYPTO-ASSET WHITE PAPER DOES NOT CONSTITUTE A PROSPECTUS AS REFERRED TO IN REGULATION (EU) 2017/1129.

This summary should be read as an introduction to the crypto-asset white paper. Any decision to purchase this crypto-asset should be based on consideration of the white paper as a whole.

The SAPIEN Token is a crypto-asset classified as an “other non-asset-referenced token” under Regulation (EU) 2023/1114 (MiCAR). It is a fungible utility token issued on the Base blockchain in accordance with the ERC-20 standard.

SAPIEN Tokens are not backed by any underlying asset, are not mined, and have a fixed maximum supply of 1,000,000,000 tokens. They do not confer ownership, profit participation, or governance rights in the Sapien Sapien International Ltd.

The token is transferable, though it may not always be transferable (see Statement No. 4 in this white paper), and is designed for use within the SAPIEN protocol. Current functionalities include access to paid data annotation and validation tasks, staking to increase rewards, providing collateral for quality control, and unlocking advanced task tiers based on contributor reputation. Protocol governance functionality is planned for introduction in 2026.

Admission to trading is intended to occur via crypto-asset service providers authorized under MiCAR within the European Union.

Sapien

Part A: Information about the offeror or the person seeking admission to trading

A.1 Name	Sapien International Ltd.
A.2 Legal Form	Limited Liability Company
A.3 Registered Address	171 Main Street, PO Box 92, Road Town, Tortola, British Virgin Islands, VG 1110
A.4 Head Office	171 Main Street, PO Box 92, Road Town, Tortola, British Virgin Islands, VG 1110
A.5 Registration Date	2025-06-06
A.6 Legal Entity Identifier	254900LK9IDH6R0E1I97
A.7 Another identifier required pursuant to applicable national law	BVI COMPANY NUMBER: 2178713

<table>
<tr><td>A.8 Contact Phone</td><td>+1 705 482 7190</td></tr>
<tr><td>A.9 Contact Email</td><td>legal@sapien.io</td></tr>
<tr><td>A.10 Response Time (Days)</td><td>Under normal circumstances, inquiries are answered within 5 days. For very specific requests, processing may take up to a maximum of 14 days.</td></tr>
<tr><td>A.11 Parent Company</td><td>Sapien Foundation</td></tr>
<tr><td>A.12 Members of Management</td><td><table>
<tr><td>Orlando Jamal Ishmael</td><td>Director</td><td>#27, Apt. 1, 2nd Avenue, Fairview Heights, St. George, Barbados</td></tr>
<tr><td>Sapien Foundation</td><td>Director</td><td>Avroe Management Ltd, Suite 306, George Town Financial Center, Grand Cayman, Cayman Islands</td></tr>
</table></td></tr>
<tr><td>A.13 Business Activity</td><td>Sapien International Ltd. is responsible for the governance, issuance, and ecosystem coordination of the $SAPIEN utility token. Its core activities include managing token-related</td></tr>
</table>

	smart contracts (staking, slashing, rewards), overseeing token distribution and contributor redemption mechanisms, administering the protocol treasury, and supporting community growth through grants and governance frameworks. Sapien International Ltd. operates independently from platform operations, which an external service provider carries out.
A.14 Parent Company Activity	Not Applicable.
A.15 Newly Established	True Sapien International Ltd. was incorporated as a Limited Liability Company on 2025-06-06.
A.16 Financial Condition For The Past Three Years	Not Applicable. Sapien International Ltd. was incorporated as a Limited Liability Company on 2025-06-06
A.17 Financial Condition Since Registration	Sapien International Ltd. was incorporated as a Limited Liability Company on 2025-06-06. Since its formation, its financial condition has remained stable, supported by initial non-dilutive contributions. Sapien International Ltd. maintains a limited operating budget, with expenditures focused on token governance, grant administration, and protocol stewardship. As of the date of this white paper, Sapien International Ltd. has not incurred debt and has no outstanding liabilities. Audited financial statements will be prepared annually in accordance with applicable legal and regulatory requirements.

Part B - Information about the issuer, if different from the offeror or person seeking admission to trading

Not Applicable

Part C - Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

Part D: Information about the crypto-asset project

D.1 Crypto-Asset Project Name	Sapien
D.2 Crypto-Asset Name	Sapien Token
D.3 Ticker Handler	SAPIEN
D.4 Crypto-Asset Project Description	The SAPIEN Token is a crypto-asset to be classified as "other non asset-referenced token" under MiCAR. The SAPIEN Token is designed as a protocol-native utility token used within the Sapien ecosystem, which powers a decentralized data annotation and quality assurance network for AI model training. The token supports the functioning of the Sapien Protocol. This system enables contributors to earn rewards by performing structured data collection and annotation tasks, staking tokens as collateral for quality, and progressing through a reputation-based contribution hierarchy. The protocol implements an on-chain reputation mechanism, where each user's verified performance history determines access to increasingly specialized and higher-value work. Token staking is also required to access task workflows and enables eligibility for reward multipliers.

<table>
<tr><td></td><td>The Sapien platform includes qualification pathways to ensure task assignment is based on demonstrated skill and domain expertise, regardless of formal background. Peer-based quality control is enforced via a decentralized validator structure, where higher-reputation users review the work of others. Token slashing applies in cases of confirmed substandard work.

The SAPIEN token's role within the protocol is to coordinate incentives, enforce quality standards, and grant access to premium functionality in the network.

There is no promise of financial return or voting rights, and the token is not linked to the performance of the issuing entity. It is fully integrated into the platform's operational mechanics and is not intended to serve as a means of speculative investment.</td></tr>
<tr><td>D.5 Details Of All Natural Or Legal Persons Involved In The Implementation Of The Crypto-Asset Project</td><td>
<table>
<tr><td>Sapien International Ltd</td><td>Issuer and Responsible Person</td><td>171 Main Street, PO Box 92, Road Town, Tortola, British Virgin Islands, VG 1110</td></tr>
<tr><td>Sapien Foundation</td><td>Operating Company and Director</td><td>Suite 306, George Town Financial Center, Grand Cayman, Cayman Islands</td></tr>
<tr><td>Orlando Jamal Ishmael</td><td>Director</td><td>#27, Apt. 1, 2nd Avenue, Fairview Heights, St. George, Barbados</td></tr>
<tr><td>Sapien AI Corp</td><td>Technical support & protocol maintenance</td><td>180 University Ave, Toronto, Ontario M5H 0A2, Canada</td></tr>
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<tr><td></td><td>
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<tr><td>Rowan Stone</td><td>CEO</td><td>180 University Ave, Toronto, Ontario M5H 0A2, Canada</td></tr>
<tr><td>Trevor Koverko</td><td>CSO</td><td>180 University Ave, Toronto, Ontario M5H 0A2, Canada</td></tr>
<tr><td>Henry Chen</td><td>COO</td><td>180 University Ave, Toronto, Ontario M5H 0A2, Canada</td></tr>
<tr><td>Kelly Ryan</td><td>CTO</td><td>180 University Ave, Toronto, Ontario M5H 0A2, Canada</td></tr>
</table>
</td></tr>
<tr><td>D.6 Utility Token Classification</td><td>True</td></tr>
<tr><td>D.7 Key Features Of Goods/Services For Utility Token Projects</td><td>The SAPIEN token is a utility token that enables access to and incentivizes participation within the SAPIEN protocol — a decentralized data annotation and validation network.

Its primary functions include:

• Access to Paid Work: Contributors who stake SAPIEN tokens are eligible to access compensated data labeling and validation tasks. Staking levels help determine task eligibility.
• Quality Incentive Mechanism: Staked tokens act as quality collateral on task submissions. Verified high-quality work earns rewards; substandard outputs may result in slashing.
• Reward Multipliers: Token holders who stake for longer durations earn proportionally higher rewards, reinforcing long-term alignment and sustained quality.
• Reputation Advancement: Holding and staking $SAPIEN allows for unlocking access to higher-tier tasks, including expert-level annotation projects.</td></tr>
</table>

	• **Peer Validation Participation:** Validators that hold tokens are eligible to perform quality checks on others' work, forming the basis of decentralized quality control. **THE TOKEN IS NOT DESIGNED FOR SPECULATIVE OR INVESTMENT PURPOSES AND DOES NOT REPRESENT OWNERSHIP, VOTING RIGHTS IN SAPIEN INTERNATIONAL LTD., OR CLAIMS ON ANY PROFITS OR ASSETS. ITS FUNCTIONALITY IS LIMITED STRICTLY TO ACCESS AND PARTICIPATION WITHIN THE SAPIEN PLATFORM.**
D.8 Plans For The Token	The SAPIEN token is intended to serve as the core utility token of the SAPIEN protocol. Plans include expanding its use in contributor staking, task access gating, and quality enforcement, as well as enabling on-chain governance by token holders. Sapien International Ltd. also plans to support broader ecosystem participation by admitting the token for trading on MiCAR-compliant crypto-asset service providers, including those within the European Union. Governance of the SAPIEN protocol is expected to shift gradually toward token holders as the network matures. In its early phases, core development is led by the founding contributors. Over time, responsibility for critical decisions will transition to a decentralized autonomous organization (DAO).
D.9 Resource Allocation	Sapien has secured financial and operational resources to ensure its successful development and implementation. Sufficient funding has been allocated. Additionally, the project has access to dedicated professionals, including experts in key areas like blockchain development, risk, compliance, legal, marketing, etc. Infrastructure, including cloud services, blockchain nodes, and partnerships, has also been established to support the project's growth and functionality. These resources ensure the project is well-positioned to achieve its objectives as outlined in this white paper.

D.10 Planned Use of Collected Funds or crypto-assets	Not applicable

Part E: Information about the offer to the public of crypto-assets or their admission to trading

E.1 Public offering or admission to trading	ATTR
E.2 Reason for public offer or admission to trading	The SAPIEN token is being offered and admitted to trading to enable access to core functionalities of the SAPIEN protocol, including task participation, staking, contributor reputation advancement, and peer validation. The token is integral to aligning incentives across a decentralized network of human AI trainers and validators, and supports contributor compensation, quality enforcement, and community governance. Admission to trading will improve utility access, transparency, and liquidity for contributors, ecosystem participants, and service providers. The initial distribution is conducted via a non-sale mechanism (airdrop) based on contributor activity and platform engagement. **The SAPIEN token is not intended for investment purposes.**

E.3 Fundraising target	Not applicable
E.4 Minimum subscription goals	Not applicable
E.5 Maximum subscription goals	Not applicable
E.6 Oversubscription acceptance	False
E.7 Oversubscription allocation	Not applicable
E.8 Issue price	Not applicable
E.9 Official currency or any other crypto-assets determining the issue price	Not applicable
E.10 Subscription fee	Not applicable

E.11 Offer price determination method	Not applicable
E.12 Total number of offered/traded crypto-assets	Not applicable
E.13 Target holders	ALL
E.14 Holder restrictions	The SAPIEN token is not being offered directly to the public. Instead, it is intended to be admitted for trading on one or more MiCAR-compliant trading platforms within the European Union. Prospective holders of the SAPIEN token must comply with all applicable regulations and any requirements imposed by the relevant CASP(s) in order to acquire, hold, or trade the token. These requirements may include, but are not limited to: • **KYC/AML Compliance:** Users must undergo identity verification in accordance with the CASP's onboarding procedures and applicable EU AML laws. • **Eligibility Criteria:** CASPs may apply user eligibility thresholds, including jurisdictional, financial, or risk-based criteria. • **Geographic Restrictions:** CASPs may restrict access from certain countries or regions in compliance with applicable sanctions or regulatory rules. • **Other Platform Requirements:** Token holders must comply with any other terms of service, trading policies, or risk disclosures issued by the CASP(s). The Sapien Sapien International Ltd. does not impose additional restrictions on token holders beyond those required by law or enforced by third-party trading platforms. However, it does not guarantee access to the token through any particular CASP and makes no

	representation regarding an individual's eligibility to acquire or hold $SAPIEN. Determinations of eligibility are at the sole discretion of the relevant CASP(s).
E.15 Reimbursement notice	Not applicable
E.16 Refund mechanism	This white paper does not relate to a public offering of crypto-assets but to their admission to trading. Therefore, rights of reimbursement, withdrawal, or refund do not apply.
E.17 Refund timeline	This white paper does not relate to a public offering of crypto-assets but to their admission to trading. Therefore, rights of reimbursement, withdrawal, or refund do not apply.
E.18 Offer phases	Not applicable
E.19 Early purchase discount	Not applicable
E.20 Time-limited offer	True
E.21 Subscription period beginning	Not applicable
E.22 Subscription period end	Not applicable

E.23 Safeguarding arrangements for offered funds/crypto-assets	Not applicable - TBC
E.24 Payment methods for crypto-asset purchaser	Holders can trade SAPIEN Tokens on third-party crypto-assets service providers, which will be the sole entities entitled to decide the methods of payment to purchase or sell SAPIEN Tokens (i.e., versus fiat currencies or other crypto-assets).
E.25 Value Transfer Methods for Reimbursement	Not applicable
E.26 Right of Withdrawal	Not applicable
E.27 Transfer of purchased crypto-assets	Not applicable
E.28 Transfer schedule	Not applicable
E.29 Purchaser's technical requirements	For purchasers to hold SAPIEN Tokens in self-hosted custody, they must be provided with a crypto wallet compatible with Base.

E.30 Crypto-asset service provider (CASP) name	There is no placement agreement in place with any CASP
E.31 CASP identifier	Not applicable
E.32 Placement form	applicable NTAV
E.33 Trading platforms name	Coinbase, Kraken, Binance Alpha, Bitget, MEXC, KuCoin, Bitvavo
E.34 Trading platforms Market identifier code (MIC)	Not applicable
E.35 Trading platform access	Trading platforms where SAPIEN Tokens are sought to be admitted to trading have their own web addresses where user can register to benefit from their services. In respect of EU-regulated trading platforms, prior identification of users is required according to applicable AML / CFT regulations.
E.36 Involved costs	Costs for accessing third-party crypto-asset service providers' platforms entirely depend on their commercial decisions and are possibly subject to increases in the future.

E.37 Offer expenses	Not applicable
E.38 Conflict of interest	To the best of our knowledge, no conflicts of interest have been identified among the persons involved in the intended admission to trading of the Sapien Tolken. However, we maintain an internal Conflict of Interest Policy that addresses the identification, disclosure, and resolution of potential conflicts of interest. This policy requires all individuals involved in the project to disclose any potential conflicts and outlines procedures for managing any identified conflicts to ensure the integrity of the project and the fair treatment of all stakeholders.
E.39 Applicable law	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.
E.40 Competent court	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

Part F: Information about the crypto-assets

F.1 Crypto-asset type	Utility Token.
F.2 Crypto-asset functionality	The SAPIEN token is a utility token that enables access to and incentivizes participation within the SAPIEN protocol — a decentralized data annotation and validation network. Its primary functions include: ● **Access to Paid Work:** Contributors who stake SAPIEN tokens are eligible to access compensated data labeling and validation tasks. Staking levels help determine task eligibility. ● **Quality Incentive Mechanism:** Staked tokens act as quality collateral on task submissions. Verified high-quality work earns rewards; substandard outputs may result in slashing. ● **Reward Multipliers:** Token holders who stake for longer durations earn proportionally higher rewards, reinforcing long-term alignment and sustained quality. ● **Reputation Advancement:** Holding and staking $SAPIEN allows for unlocking access to higher-tier tasks, including expert-level annotation projects. ● **Peer Validation Participation:** Validators that hold tokens are eligible to perform quality checks on others' work, forming the basis of decentralized quality control.

	The token is not designed for speculative or investment purposes and does not represent ownership, voting rights in Sapien International Ltd, or claims on any profits or assets. Its functionality is limited strictly to access and participation within the Sapien platform
F.3 Planned application of functionalities	Already in place
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article.	
F.4 Type of crypto-asset white paper	OTHR
F.5 The type of submission	NEWT
F.6 Crypto-asset characteristics	SAPIEN Token is a crypto-asset to be classified as “other non asset-referenced token” under MiCAR. The SAPIEN token is a fungible utility token issued on the Base blockchain in accordance with the ERC-20 standard. SAPIEN Tokens cannot be mined and have a fixed maximum supply of 1,000,000,000 tokens.

	The token is transferable (it may not always be transferable, as per Statement No., 4 in the first part of this white paper) and not backed by any underlying asset. It does not confer any ownership rights, profit participation, or entitlement to governance in the Sapien Sapien International Ltd. The token's functionality is native to the SAPIEN protocol and includes access to paid data annotation and validation tasks, staking to earn enhanced rewards, serving as collateral for quality control, and unlocking advanced task tiers based on contributor reputation. All core functionalities are active at the time of this white paper. Protocol governance functionality is planned to be introduced in 2026. The token is intended to be admitted to trading on MiCAR-compliant crypto-asset service providers within the European Union.
F.7 Commercial or trading name	Sapien Token ($SAPIEN)
F.8 Website of the issuer	https://www.sapien.io
F.9 Starting date of offer to the public or admission to trading	2025-08-27
F.10 Publication date	2025-08-27

F.11 Any other services provided by the issuer	No.
F.12 Languages or language of the crypto-asset white paper	English
F.13 Digital token identified code used to uniquely identify the crypto-asset or each of the several crypto-assets to which the white paper relates, where available	Not available at the moment
F.14 Functionality fungible group digital token identifier, where available	Not Applicable.
F.15 Voluntary data flag	False - Mandatory publication pursuant to Article 4(1) of MiCAR.
F.16 Personal data flag	False
F.17 LEI eligibility	True
F.18 Home member state	Not applicable

F.19 Host member states	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

Part G: Information on the rights and obligations attached to the crypto-assets

G.1 Purchaser rights and obligations	Holders of the SAPIEN token do not acquire any legal rights against Sapien International Ltd. or any other party. The token does not confer ownership, equity, voting rights in Sapien International Ltd, entitlement to profits, or any form of legal claim. Token holders may access and use certain protocol functionalities as defined in point G7, but these are functional privileges, not legal rights.
G.2 Exercise of rights and obligations	Functional rights associated with the SAPIEN token are exercised directly through the Sapien platform. Token holders can access work opportunities, stake tokens, participate in validation processes, and earn enhanced rewards via the protocol's smart contract infrastructure.
G.3 Conditions for modifications of rights and obligations	Sapien Sapien International Ltd. reserves the right to amend these rights and obligations from time to time and will inform its customers of such changes through amendments to this white paper and through any other channel of communication, including the sapien.io website. As provided by Article 51 of MiCAR regulation, any significant new factor, any material mistake, or any material inaccuracy that would be capable of affecting the assessment of SAPIEN Tokens will be described in a modified version of this white paper and notified to the competent authorities and published at sapien.io.
G.4 Future public offers	Not applicable

G.5 Issuer-retained tokens	Sapien International Ltd. retains 130,000,000 of the total token supply to fund protocol development, ecosystem incentives, contributor rewards, and governance grants. These tokens are subject to internal controls, vesting schedules, and transparency requirements outlined in Sapien International Ltd's Token Distribution Policy.
G.6 Utility token classification	True
G.7 Key features of goods/services of utility tokens	The SAPIEN token is a utility token that enables access to and incentivizes participation within the SAPIEN protocol — a decentralized data annotation and validation network. Its primary functions include: ● **Access to Paid Work:** Contributors who stake SAPIEN tokens are eligible to access compensated data labeling and validation tasks. Staking levels help determine task eligibility. ● **Quality Incentive Mechanism:** Staked tokens act as quality collateral on task submissions. Verified high-quality work earns rewards; substandard outputs may result in slashing. ● **Reward Multipliers:** Token holders who stake for longer durations earn proportionally higher rewards, reinforcing long-term alignment and sustained quality. ● **Reputation Advancement:** Holding and staking $SAPIEN allows for unlocking access to higher-tier tasks, including expert-level annotation projects. ● **Peer Validation Participation:** Validators that hold tokens are eligible to perform quality checks on others' work, forming the basis of decentralized quality control.

	The token is not designed for speculative or investment purposes and does not represent ownership, voting rights in Sapien International Ltd, or claims on any profits or assets. Its functionality is limited strictly to access and participation within the Sapien platform.
G.8 Redemption rights	There are no redemption rights associated with the SAPIEN Token. It cannot be redeemed for fiat, assets, or services beyond the functional scope of the SAPIEN protocol. All value is derived from token utility within the platform, and no guarantees are made regarding liquidity or external exchangeability.
G.9 Non-trading requests	True - The SAPIEN Token is currently available for trading on compliant exchanges, as indicated in E.32.
G.10 Crypto-asset purchase or sale modalities	Not applicable
G.11 Crypto-asset transfer restrictions	No restrictions apply to the transfer of Sapien Tokens (Sapien Tokens may not always be transferable, as per Statement No., 4 in the first part of this white paper).
G.12 Supply adjustment protocols	False

G.13 Supply adjustment mechanisms	Not applicable
G.14 Token Value Protection Schemes	False
G.15 Token Value Protection Schemes description	Not applicable
G.16 Compensation schemes	False
G.17 Compensation schemes description	Not applicable
G.18 Applicable law	British Virgin Islands
G.19 Competent court	British Virgin Islands

Part H: Underlying technology

H.1 Distributed ledger	The SAPIEN protocol operates on the Base blockchain, an Ethereum Layer 2 scaling solution developed by Coinbase. Base is a secure, low-cost, builder-friendly Ethereum L2 built to bring the next billion users onchain. Key characteristics of this distributed ledger include: (1) Ethereum Virtual Machine (EVM) Compatibility - Full compatibility with Ethereum's execution environment, enabling seamless integration with existing Ethereum tooling, wallets, and infrastructure, (2) Proof-of-Stake Consensus - Inherits Ethereum's energy-efficient consensus mechanism through its Layer 2 architecture, providing finality and security backed by Ethereum's validator network, (3) Optimistic Rollup Architecture - Transactions are processed off-chain and periodically committed to Ethereum mainnet, providing scalability while maintaining security guarantees, (4) Decentralized Network - Operated by a distributed network of validators and sequencers, ensuring no single point of failure or central authority control, (5) Immutable Transaction History - All protocol interactions, token transfers, staking activities, and reward distributions are permanently recorded on the blockchain with cryptographic integrity, and (6) Public Verifiability - All smart contract code, transactions, and state changes are publicly auditable through blockchain explorers and direct node queries. The protocol's smart contracts are deployed at verifiable addresses on Base, enabling regulators and auditors to independently verify all protocol operations, token movements, and governance decisions through the transparent, immutable ledger.
H.2 Protocols/standards	The SAPIEN protocol strictly adheres to established Ethereum blockchain standards and industry best practices to ensure interoperability, security, and regulatory compliance. Key implemented standards include: (1) ERC-20 Token Standard - Full implementation of the fungible token standard with standard transfer, approval, and balance tracking mechanisms for the SAPIEN utility token, (2) ERC-2612 Permit Standard - Gasless

	approval functionality allowing users to authorize token spending via cryptographic signatures without requiring ETH for transaction fees, (3) EIP-712 Typed Structured Data Standard - Secure off-chain signing protocol for reward claims and quality assurance decisions, preventing signature replay attacks and ensuring message integrity, (4) ERC-1967 Proxy Standard - Transparent upgradeability pattern enabling protocol improvements while maintaining immutable deployment addresses and preserving user balances, (5) OpenZeppelin Security Standards - Industry-standard implementations of access control (RBAC), pausability, reentrancy protection, and safe mathematical operations, (6) EIP-165 Interface Detection - Standard interface identification for contract interaction compatibility, and (7) Multi-signature Treasury Standards - Secure fund management following established patterns for institutional-grade asset custody. All smart contracts undergo comprehensive testing following Ethereum testing standards and implement fail-safe mechanisms, including emergency pause functionality and overflow protection. The protocol maintains backward compatibility with existing DeFi infrastructure while adhering to MiCA technical standards for crypto-asset transparency and operational resilience.
H.3 Technology used	The SAPIEN protocol utilizes a modern, enterprise-grade blockchain technology stack built on Base (Ethereum Layer 2) infrastructure. Core technologies include: (1) Smart Contract Framework - Solidity 0.8.30 with OpenZeppelin security libraries providing battle-tested implementations of access control, pausability, reentrancy protection, and upgradeability patterns, (2) Token Standards - ERC-20 for the SAPIEN utility token with ERC-2612 permit functionality enabling gasless approvals, (3) Cryptographic Security - EIP-712 typed structured data signing for off-chain reward validation, ECDSA signature verification for quality assurance decisions, and ERC-1967 proxy patterns for secure contract upgrades, (4) Development Infrastructure - Foundry/Forge testing framework with comprehensive unit, integration, and invariant testing suites exceeding industry standards, (5) Architectural Patterns - Role-based access control (RBAC), proxy-based upgradeability for protocol evolution, and multi-signature treasury

	management through secure wallet infrastructure. The protocol implements fail-safe mechanisms including emergency pause functionality, overflow protection via SafeCast libraries, and anti-replay protection through nonce-based order tracking. This technology stack ensures regulatory compliance, security auditability, and operational reliability required for enterprise-grade DeFi applications managing substantial token stakes and rewards distribution.
H.4 Consensus mechanism	Not applicable
H.5 Incentives/fees	The SAPIEN protocol operates on a performance-based incentive model with minimal fees. Primary incentives include: (1) Staking multipliers where contributors earn reward bonuses based on token lockup periods (1-12 months), (2) Performance multipliers where the top 20% of quality performers receive base rewards while maintaining SLA compliance, (3) Progressive reputation rewards that unlock access to higher-value tasks and validation roles as contributors build on-chain track records, and (4) Referral bonuses for network growth. The protocol's fee structure consists primarily of quality assurance penalties rather than traditional transaction fees: contributors forfeit a percentage of their staked tokens for quality violations (enforced by a smart contract), and a 20% penalty applies to early token withdrawals before lockup completion. All penalty fees are transferred to the protocol treasury for ecosystem development rather than being distributed as profits. This creates a self-sustaining economic model where quality work is rewarded through multiplied earnings while poor performance results in economic penalties, aligning participant incentives with protocol health without extracting traditional platform fees.

H.6 Use of DLT	The SAPIEN protocol requires distributed ledger technology to address fundamental trust and coordination challenges in a global, permissionless AI training data marketplace. DLT is essential because: (1) it enables trustless quality assurance through programmable smart contracts that automatically enforce penalties and rewards without centralized arbitration, (2) it provides immutable reputation tracking across a global network of contributors spanning 100+ countries where traditional identity verification is impractical, (3) it facilitates transparent, cryptographically-verifiable staking mechanisms where contributors lock tokens as collateral for contribution quality, creating economic incentives that would be impossible to enforce through traditional systems, and (4) it eliminates the need for intermediary payment processors and enables direct, programmable rewards for participants worldwide. The decentralized nature of DLT is specifically required to create a censorship-resistant, globally accessible platform where AI data contributors can be fairly rewarded for their data while adhering to enterprise-grade quality standards through code-enforced economic mechanisms rather than centralized oversight.
H.7 DLT functionality	The SAPIEN protocol implements a decentralized data foundry on the Base blockchain that utilizes distributed ledger technology to create a transparent, auditable system for AI training data production and quality assurance. The DLT functionality enables immutable recording of all staking commitments, reward distributions, and quality assessments through smart contracts, creating a permissionless yet regulated environment in which contributors can stake SAPIEN tokens as collateral for their work quality. The blockchain infrastructure ensures that all participant interactions, from token staking with lockup periods (30-365 days) to penalty enforcement for quality violations.

H.8 Audit	Yes. https://docsend.com/view/yxbdmdzmrk4f3wnc
H.9 Audit outcomes	The SAPIEN smart contracts underwent a formal security audit by Quanstamp in May 2024. The audit identified no high-risk vulnerabilities. All findings were addressed or acknowledged, and Quanstamp confirmed that the code met industry standards for security and functionality. The final report reflects a clean post-remediation status, supporting the safe deployment of the SAPIEN protocol's core contracts.

Part I: Information on risks

I.1 Offer-related risks	Sapien Tokens will be admitted to trading on third party crypto-assets service providers. This entails a number of trading risks specified below: **Price fluctuations:** The price of Sapein Tokens on third-party crypto-asset service providers and their liquidity may not develop as expected. In particular, market trading volumes on these platforms may increase or decrease unexpectedly, resulting in sudden price swings, reduced liquidity, or price drops. **Delisting / Suspension from trading:** Third-party crypto-asset service providers or the issuer may decide, at their discretion, to delist SAPIEN Tokens in total or in part, resulting in reduced market liquidity and difficulties in selling the tokens. Additionally, certain third-party crypto-asset service providers on which the issuer intends to list SAPIEN Tokens may decide not to apply for a MiCAR license, be denied a MiCAR license, or lose the license at a later stage. This could result in a potential temporary or definitive closure of trading of SAPIEN Tokens on those platforms.

	Jurisdictional limitations: Third-party crypto-asset service providers may also decide to limit the trading of SAPIEN Tokens or products having SAPIEN Tokens as underlying assets for certain customers due to jurisdictional restrictions.
I.2 Issuer-related risks	Sapien Sapien International Ltd, the issuer of SAPIEN Tokens, is subject to several risks that could impact the stability and reliability of SAPIEN Tokens. **Regulatory Risks:** the crypto-assets regulatory landscape is constantly evolving in many jurisdictions, including the EU. Compliance with varying regulatory requirements across different jurisdictions can be complex and may lead to operational challenges or legal liabilities if not properly managed. The Sapien Token and/or Sapien Sapien International Ltd. may be subject to numerous laws and regulations and may fail to comply with such laws and regulatory requirements. Further, Sapien Sapien International Ltd. could be subjected to investigations, enforcement actions, and penalties. Sapien Sapien International Ltd. could also be subject to litigation. **Third-party Risks:** Sapien International Ltd. relies on third parties to provide services that are important to the SAPIEN protocol and SAPIEN Tokens. Potential disruptions, cyber incidents, or contractual noncompliance issues may arise with such third parties. **Risk of Loss.** This is the risk of loss caused by fraud, theft, misuse, negligence, or improper administration. **Personal Data Risks**. This is the risk that the personal data of SAPIEN protocol users may be leaked or stolen due to a security breach. **Operational Risks:** The efficient functioning of Sapien Sapien International Ltd. relies on robust internal processes and systems. Any failures or disruptions in these

	processes, including human errors, system failures, or inadequate internal controls, could adversely affect the issuance and transferability of SAPIEN Tokens. **Technological Risks:** The technology underlying SAPIEN Tokens, including smart contracts, is subject to vulnerabilities, cyber threats, or potential delays in transaction processing. Although Sapien has introduced mechanisms designed to reduce to the maximum extent possible the risk of malicious attacks being successful, there is always a risk that this may happen. **Financial Risks:** any financial instability of Sapien Sapien International Ltd, such as liquidity issues or insolvency, shall not impact the SAPIEN Tokens directly, but in any case, affect their value in consequence of the possible discontinuation of the project. **Reputational Risks:** Any negative publicity, whether due to regulatory actions, security breaches, or operational failures, could harm the company's reputation and reduce confidence among token holders and the broader market. **Internal Control Risk**. Any failure to develop or maintain effective internal controls or any difficulties encountered in the implementation of such controls, or their improvement, could harm Sapien Sapien International Ltd. and may cause Sapien Sapien International Ltd. to have to report such failures and lead to a loss of trust in the business. **Compliance Risks:** Ensuring ongoing compliance with any and all applicable legislation is essential for legal and operational integrity. Failure to effectively implement and monitor compliance procedures could result in legal penalties and damage to Sapien Sapien International Ltd's reputation.

	Anti-Money Laundering/Counter-Terrorism Financing Risks. This is the risk that the SAPIEN protocol may be used for money laundering or terrorist financing purposes, or associated with a person known to have committed such offenses. **Environmental, Social, and Governance (ESG) Risks:** Regulatory attention to ESG factors is constantly increasing worldwide. Even though Sapien Sapien International Ltd. takes into careful account ESG compliance and the PoA
I.3 Crypto-asset risks	Crypto-assets are subject to high volatility and regulatory uncertainty. The SAPIEN token is not backed by any underlying asset and does not represent a claim on cash flows, equity, or ownership rights. The value of the token may fluctuate significantly after its admission to trading. There is no guarantee of secondary market liquidity, and holders may lose the entire value of their holdings. Additionally, future changes in legal classification or regulatory treatment may impact the use, transferability, or trading of the SAPIEN token.
I.4 Project risks	The success of the SAPIEN protocol depends on continued development, user engagement, and contributor participation. Delays in roadmap execution, insufficient adoption, changes in regulatory treatment, or the emergence of competing platforms could materially impact the project. Furthermore, reliance on key technical infrastructure and external service providers presents operational risk.
I.5 Technology risks	The SAPIEN token is implemented on the Base blockchain, and as such is dependent on the continued functionality and security of that network. There are risks related to

	smart contract bugs, exploits, or unintended behavior. While Sapien International Ltd. and Sapien AI Corp. apply rigorous security standards and engage third-party audits, no system is fully immune from vulnerabilities. Users are responsible for using secure wallets and exercising appropriate caution when interacting with third-party services. Scam Risks. This is the risk of loss resulting from a scam or fraud suffered by Sapien Token holders from other malicious actors. These scams include – but are not limited to – phishing on social networks or by email, fake giveaways, identity theft of Sapien Sapien International Ltd. or its executive members, creation of fake tokens, offering fake Sapien airdrops, among others.
I.6 Mitigation measures	Sapien International Ltd. and its partners have taken steps to mitigate key risks as follows: **Price fluctuations** Sapien International Ltd. does not control or guarantee any price performance of the SAPIEN token. Participants are informed of this volatility in advance, and the token's primary purpose remains utility-based access to the protocol. **Delisting / Suspension from trading** Sapien International Ltd. works with reputable crypto-asset service providers and aims to list on multiple platforms to support continuity of access, even in the event of service disruptions or delistings. **Jurisdictional limitations** The SAPIEN protocol is not available to users in sanctioned or restricted jurisdictions. Access controls and clear public disclosures help limit regulatory exposure.

	Regulatory risks Sapien International Ltd. monitors evolving regulations and has structured the token strictly as a utility token. Legal counsel is engaged to support alignment with MiCAR and other applicable regimes. **Third-party risks** Critical services are provided by vetted partners, and operational dependencies are periodically reviewed to support continuity and performance. **Risk of loss** Internal procedures are in place to help safeguard against loss due to fraud, negligence, or misuse. These include basic operational controls and separation of duties. **Personal data risks** Personal data collection is limited to what is necessary. Privacy protections are applied in line with international data standards. **Operational risks** Sapien International Ltd. maintains basic organizational processes and oversight to support the reliable functioning of token issuance and management. **Technological risks** The SAPIEN protocol relies on audited smart contracts and widely used blockchain infrastructure. Updates and upgrades are managed cautiously. **Financial risks** While the token is not tied to any financial returns, the Foundation manages its treasury prudently to support protocol operations and continuity.

	Reputational risks Sapien International Ltd. prioritizes responsible communication and operational integrity to maintain the trust of contributors and ecosystem partners. **Internal control risk** Processes are subject to ongoing evaluation and refinement to support good governance and internal accountability. **Compliance risks** Sapien International Ltd. works to meet its legal obligations under applicable law and engages advisors to support a compliant operational model. **Anti-money laundering / counter-terrorism financing risks** Although the SAPIEN token is a utility token, the Foundation does not permit access from users in sanctioned jurisdictions and supports responsible ecosystem use. **Environmental, social, and governance (ESG) risks** Failure to meet evolving expectations around sustainability, ethical governance, or responsible technology deployment may negatively impact public perception of the Sapien protocol and reduce trust among ecosystem participants. **Crypto-asset risks** Participants are reminded that crypto-assets can be volatile and subject to evolving regulatory treatment. The token is not backed by any asset, and its value is determined solely by utility and market conditions. **Project risks** The success of the SAPIEN protocol depends on ongoing development and adoption. The Foundation is focused on building open infrastructure and a sustainable contributor ecosystem.

	Technology risks The token relies on established blockchain networks and is deployed using audited smart contracts. While no system is risk-free, industry-standard safeguards are applied. **Scam risks** Users are encouraged to interact only through official channels. Sapien International Ltd. issues educational guidance to help the community avoid impersonation and fraud.

Part J: Sustainability indicators

J.1 Adverse climate/environmental impacts	Our goal is for the SAPIEN protocol to function with maximum energy efficiency and minimal environmental impact. To achieve this, the chosen blockchain technology, Ethereum, utilizes a Proof of Stake (PoS) consensus mechanism for verifying transactions. PoS serves as an alternative to the traditional Proof of Work (PoW) method used in blockchain networks. Instead of relying on energy-intensive mining operations, PoS depends on validators who hold a certain amount of cryptocurrency to maintain network security and validate transactions. Compared to PoW, PoS has a considerably smaller environmental footprint. In PoW, miners solve complex mathematical puzzles using significant computational resources, which leads to high electricity consumption. This has raised concerns about PoW's environmental impact due to its contribution to greenhouse gas emissions and climate change. In contrast, PoS drastically reduces energy consumption since validators are not required to perform such intensive calculations. As a result, PoS has a much lower environmental impact than PoW. Moreover, some PoS networks have adopted additional sustainability practices, such as utilizing renewable energy sources or carbon offsets, to further decrease their environmental impact. While PoS still requires the use of computers and servers—which carry their own environmental costs related to manufacturing and disposal—the energy consumption of PoS networks can increase as the number of validators and transactions grows. Nonetheless, PoS remains a significantly more environmentally sustainable option compared to PoW. According to the Ethereum Foundation, the previous PoW system consumed 5.13 gigawatts of electricity continuously, while the PoS system operates at just 2.62 megawatts on an ongoing basis—representing about 99.95% less energy use than PoW.