

## **Anti-Corruption Compliance Policy**

Varonis Systems, Inc. and its subsidiaries (the “**Company**”) Policy prohibits bribery in any form. It is Company Policy to comply with the letter and the spirit of anti-corruption laws in every jurisdiction in which we do business. Our Policy demonstrates and reflects a commitment to the highest prevailing international anti-corruption standards.

All Employees and Service Providers are required to comply with the policies and guidelines set forth below in the Company's Anti-Corruption Compliance Policy. The Policy applies to the Company, its subsidiaries and its affiliated companies, as well as to those acting on behalf of the Company, including officers, directors, employees, service providers, stockholders, dealers and other agents of the Company. In the event of any conflict between the terms of this Policy and any other policy of the Company, including, without limitation, Employees’ and/or Service Providers’ Guidelines, the terms of this Policy shall govern.

### **1. Public Bribery – Prohibition of Bribery of Government Officials**

This Policy strictly prohibits the Company and its officers, directors, employees and agents from offering, promising or giving anything of value to a Government Official, directly or indirectly, with the intention of influencing him or her in his or her capacity as a Government Official to obtain or retain business or obtain or retain a business advantage.

This Policy prohibits an offer or promise of a bribe, even if the Government Official rejects the offer, or it fails to bring about the desired outcome.

#### **(a) What is “Anything of Value”?**

Under our Policy, the term “anything of value” is broadly defined to include both financial and other non-financial advantages. Things of value include, for example, gifts, entertainment, favors, services, loans and loan guarantees, the use of property or equipment, job offers, transportation, and the payment of expenses or debts.

Importantly, there is no “small payment” exception for payments made with an intention to bribe, and this Policy prohibits “speed,” “grease” or facilitation payments.

It is permissible, in relation to Company business with a Government Official, to incur expenses in connection with the legitimate promotion or demonstration of the Company’s services and products. Such expenses are discussed more fully below.

#### **(b) Who is a “Government Official”?**

The term Government Official is broadly defined to include any individual who holds a legislative, administrative or judicial position of any kind, whether appointed or elected; who exercises a public function; or who is an official or agent of a public international organization (such as the United Nations, the World Bank or the International Monetary Fund). Government Official also includes any official of a political party and any candidate for political office.

In addition, under our Policy, Government Official includes any executive, officer, agent or employee of a government-owned or government-controlled business (such as a state-owned bank or utility, a sovereign wealth fund or a public university).

Finally, Government Official under our Policy is any person who is acting in an official capacity for the entities described above, including a private consultant who also holds a position with, or acts on behalf of, a government or with a public international organization, or with an enterprise owned or controlled by a government.

**(c) What is an “Improper Advantage”?**

Giving or agreeing to give a Government Official a thing of value that could violate this Policy may arise in varied settings. Bribery concerns do not arise solely in the context of trying to win a contract or business. Governing law and our Policy prohibit payments to secure any business advantage. By way of example, improper payments or benefits may not be conveyed to a Government Official:

- To influence the award of a government contract;
- To prevent some governmental action, such as the imposition of a tax or fine;
- To obtain confidential information about business opportunities, bids or the activities of competitors;
- To obtain a permit or license, other than to cover appropriate application fees;
- To influence the rate of taxes that would be levied on the Company’s business;
- To obtain relief or exemption from government controls, inspections or regulations of any kind; or
- To affect the nature of regulations or the application of regulatory provisions.

**2. Private Bribery: Prohibition of Bribery in the Private Sector**

This Policy strictly prohibits the Company and its officers, directors, employees and third party agents from offering, promising or giving anything of value to a private person, directly or indirectly, with the intention of inducing a person to improperly perform a relevant function or activity (such as his or her work) or to reward a person for having improperly performed a relevant function or activity.

This Policy prohibits an offer or promise of a bribe, even if the private person rejects the offer, or it fails to bring about the desired outcome.

It is permissible, in relation to Company business with private persons, to incur reasonable, proportionate and good faith expenses in connection with the promotion of the Company’s services and products and in the provision of corporate hospitality. Such expenses are discussed more fully below.

### 3. Additional Guidance

#### (a) Conflicts of Interest and Kickbacks

Conflicts of interest arise when a personal interest interferes or even appears to interfere with the best interests of the Company. It is a duty for all employees and service providers to at all times act in the best interests of the Company.

A conflict of interest can develop into a bribery problem when an employee requests, agrees to receive or receives anything of value (whether financial or otherwise) in a manner that interferes with the employee's judgment in performing his or her functions on behalf of the Company. Company policy strictly prohibits receiving bribes, kickbacks or improper benefits.

#### (b) Kickbacks

Any kickbacks or other payments to a client or other commercial party to secure business are prohibited by this Policy. Any kickbacks or other payments to a supplier to obtain a business advantage for the Company are prohibited by this Policy. This prohibition applies to kickbacks paid directly by the Company as well as to payments made indirectly, such as payments to customers or suppliers by members of the sales staff using funds paid to them as sales commissions.

#### (c) Gifts, Meals and Entertainment

Although business meals and entertainment and business gifts may be common practices, certain benefits to Government Officials may violate governing laws, rules and regulations. ***Providing meals and entertainment or making gifts with the intention or appearance of improperly influencing a Government Official or a private party in order to obtain a business advantage for the Company, or for any other corrupt purpose, is strictly prohibited.***

#### (d) Travel

Under this Policy, things of value also include travel expenses, such as travel to inspect the Company's offices or facilities or to a seminar or promotional event sponsored by the Company. The issue of travel expenses can raise complicated compliance questions. ***Paying for or reimbursing travel expenses with the intention or appearance of improperly influencing a Government Official or third party in order to obtain a business advantage for the Company, or for any other corrupt purpose, is strictly prohibited.***

#### (e) Solicitation, Extortion, Health and Safety

This Policy prohibits payment even where they have been requested or demanded by a Government Official or if the Government Official threatens adverse action against the Company unless a payment is made.

If a payment is made to protect an individual's health and safety, it should be immediately reported to the General Counsel and must be accurately recorded in the Company's books and

records to reflect the amount and purpose of the payment. If at all practicable, contact should be made with the General Counsel before such a payment is made. If prior consultation is not practicable, the fact of payment and the circumstances should be reported as soon as is practicable thereafter.

**(f) "Grease" or "Facilitating" Payments**

It is Company Policy that all payments to Government Officials to secure an improper advantage, including payments made to Government Officials to expedite or to secure the performance of a routine governmental action, are strictly prohibited.

**4. Relationships with Business Partners: Resellers, Distributors and Agents**

Company Policy strictly prohibits using a reseller, distributor, agent, consultant, intermediary or other third party from paying or giving a bribe. The actions of resellers, distributors and agents present particular risks, because in certain circumstances the Company and its employees can be held liable for improper payments made by a third party even if the Company did not have actual knowledge of the payment. Accordingly, this Policy provides for strict due diligence and controls when dealing with third parties who may interact with a Government Official or who may interact with private parties for or on behalf of the Company.

Whenever the Company seeks to engage a reseller, distributor, agent or other third party ("Business Partner"), the following guidelines must be followed.

**(a) Due Diligence Overview**

Due diligence must be performed to ensure that the Business Partner is a *bona fide* and legitimate entity; is qualified to perform services for which it will be retained; and maintains standards consistent with the ethical and reputational standards of the Company.

The Company recognizes that corruption risks can vary by location, type of transaction and customer, and, accordingly, this Policy requires enhanced diligence procedures for engaging with Business Partners in circumstances that present a higher perceived risk of corruption.

- Basic Due Diligence is required for screening all potential Business Partners.
- Enhanced Due Diligence is required if any issues of concern or "red flags" are identified in the Basic Due Diligence.
- Enhanced Due Diligence is required for all potential Business Partners who may be involved in sales, business development, regulatory approvals or other capacity in the following regions, even if basic due diligence does not identify any "red flags" or issues of concern: **Russia, CIS, Eastern Europe, the Middle East, Central and South America, China, Southeast Asia and Africa.**

**(b) Basic Due Diligence Steps**

The required basic due diligence includes:

- (i) completion of the Company's Credit Application Form;
- (ii) verification of the corporate registration of the entity, or the expertise of a person, the business address, corporate history, etc.; and
- (iii) media search to identify any negative publicity (i.e., conducting reasonable key word searches using public Internet search engines).

Information regarding items (ii) and (iii) generally can be confirmed through a third party credit report (Dun & Bradstreet or equivalent) and desktop media searches. Information identified during the background screening will be reviewed by the Company's Legal and/or Finance Departments and should be maintained in a due diligence file regarding the potential Business Partner.

Inability or difficulty to verify the corporate history of an entity or the background and expertise of an individual should be considered a "red flag" that requires enhanced due diligence. Negative reports in the media or in the local business community are also "red flags" requiring enhanced due diligence. Examples of additional issues of concern and "red flags" requiring enhanced due diligence are:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, unusual commissions or mid-stream compensation payments;
- Requests for payments in a different country, to a third party, to a bank account outside of the country in which the Business Partner operates, or in cash or other untraceable funds;
- Any refusal or hesitancy by the Business Partner to promise in writing to abide by the Company's Policies and governing law;
- Charges against the Business Partner for violation of local or foreign laws or regulations concerning the award of government or other contracts;
- A close relationship between the representative and a Government Official or commercial counterparty;
- A demand or strong suggestion by a Government Official or commercial counterparty that a particular Business Partner should be retained, recognizing that in certain instances government entities may have established relationships with multi-national resellers and that the government's selection of a particular

reseller in such circumstances would be reasonable. Where such an established reseller is involved, Enhanced Due Diligence is not required;

- Reliance by the Business Partner on government or business contacts as opposed to knowledgeable staff and investment of time to promote the Company's interests; or
- The Business Partner expresses a desire to keep his representation of the Company or the terms of his retention secret.

When any "red flags" or issues of concern are identified during background issues of a potential Business Partner, Enhanced Due Diligence must be completed by the Company's Legal and/or Finance Department, with the assistance of the Company's sales personnel working with the potential Business Partner as described in the following section. In addition, you should discuss any "red flags" concerning a particular potential Business Partner with the Company's Legal Department.

**(c) Enhanced Due Diligence Steps**

The following steps should be taken in connection with Enhanced Due Diligence of a potential Business Partner:

(i) External research and verification of the Business Partner's experience and expertise. Publicly available information regarding the Business Partner should be verified through independent sources. The attachments to this Policy identify sources that should be considered in conducting background checks of Business Partners, as well as factors demonstrating relevant experience and expertise that should be used in evaluating possible Business Partners. A copy of all research and background checks should be maintained in the due diligence file regarding the potential Business Partner.

(ii) Completion of a due diligence questionnaire. In most cases, it will be appropriate to have the prospective Business Partner submit responses to the Due Diligence Questionnaire attached to this Policy. The Due Diligence Questionnaire should be supplemented with additional questions depending on the particular facts and circumstances. A copy of the completed Due Diligence Questionnaire should be maintained in the due diligence file regarding the potential Business Partner.

In addition to the foregoing, in person meetings are a useful means of verifying business qualifications, experience and expertise of Business Partner. Where an in person meeting or meetings has occurred, the Company personnel involved in such meeting(s) should document, in the form of written notes or a brief memorandum, the date(s) of the meeting(s), location(s), participants and the discussion that took place. Such documentation should then be provided to the Company's Legal Department for review

and should ultimately be maintained in the due diligence file regarding the potential Business Partner.

**(d) Written Agreements**

Agreements with Business Partners must be in writing and must follow the Company's standard Reseller, Distributor, or Sales Agent agreement, as appropriate. Such agreements include the terms of engagement of the Business Partner, compensation structure and requirements that the Business Partner will remain in compliance with all relevant anti-corruption laws. Unless specifically approved otherwise by the Company's Chief Financial Officer and General Counsel, agreements with Business Partners will not be approved by the Company's Legal Department if the terms of this Policy, including, but not limited to, the due diligence steps set forth above, are not strictly adhered to.

**(e) Payment Procedures**

Payments to a Business Partner should never be made in cash and should be made to the Business Partner's bank account in the country where the services are performed or where the Business Partner's offices are located.

**5. Sanctions**

Upon discovering a violation of our Policy, the Company may impose such sanctions as it deems appropriate, including, among other things, a letter of censure or suspension or termination of the employment or services of the violator.

**6. Compliance Procedures**

A copy of this Policy will be furnished to all current and newly hired employees and will also be available on the Company's website.

If you have any questions or concerns regarding the Policy, you should speak to your manager or the General Counsel. The Policy cannot and is not intended to cover every aspect of governing anti-corruption laws or provide answers to all questions that might arise. Accordingly, we encourage each employee to seek guidance from the General Counsel on the appropriate course of conduct regarding issues arising under the Policy.