

**CODE OF BUSINESS CONDUCT AND ETHICS
OF
VARONIS SYSTEMS, INC.**

Effective as of February 26, 2014

I. INTRODUCTION

Varonis Systems, Inc. (the “Company”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business conduct and to full and accurate financial disclosure in compliance with applicable law. This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, directors and officers of the Company. This Code applies to the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions pursuant to Item 406 of Regulation S-K, as well as directors, officers, employees and service providers (collectively, the “Covered Persons”) pursuant to the listing standards of NASDAQ Marketplace Rule 5610, for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that a registrant files with, or submits to, the Securities and Exchange Commission (the “SEC”) or Nasdaq Global Select Market, and in other public communications made by the Company;
- compliance with applicable laws and governmental rules and regulations;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

All Covered Persons must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code should also be provided to and followed by the Company’s agents and representatives, including service providers and consultants. Covered Persons should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section XV of this Code.*

II. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All Covered Persons must respect and obey the laws of the cities, states and countries in which we operate. Although not all Covered Persons are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

If requested, the Company will hold information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

III. CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes, or appears to interfere, in any way with the interests of the Company. A conflict situation can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a Covered Person, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, Covered Persons and their family members may create conflicts of interest.

It is almost always a conflict of interest for a Covered Person to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Company's Legal Department. Any Covered Person who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section XV of this Code.

IV. INSIDER TRADING

The U.S. federal securities laws are built on the premise that a purchaser and a seller of securities should have equal access to important information regarding the company whose securities they are trading. Consequently, federal securities laws forbid an investor from purchasing or selling securities based upon inside information not available to the other party.

The consequences of insider trading violations can be severe. Covered Persons who trade on inside information, or who communicate (or tip) this information to others so that they may trade on it, may face a civil penalty of up to three times the profit gained (or loss avoided), a substantial criminal fine and a jail term of up to twenty years. Additionally, if we or our senior

officers do not take appropriate steps to prevent a Covered Person from insider trading, we may also face severe legal consequences, including, among other things, substantial criminal penalties.

The following is intended to provide a summary of certain provisions of the Insider Trading Policy adopted by the Company (the “Insider Trading Policy”) and should be read in conjunction with such policy. You are required to familiarize yourself with all terms of the Company’s Insider Trading Policy, in addition to this Code. The summary below touches only on some of the issues presented in the Insider Trading Policy and does not purport to replace such policy nor excuses you from abiding by all its terms and restrictions.

(a) *Policy Statement*

Covered Persons who have material, non-public (*i.e.*, inside) information about the Company must not buy or sell Company’s securities until a reasonable time after the inside information has been publicly disclosed. The Insider Trading Policy only allows you to trade in Company’s securities during certain designated periods, known as “Trading Windows”, and also requires you to obtain prior clearance from the Company’s General Counsel (the “General Counsel”) before engaging in any trades in Company’s securities. You also must not disclose inside information to others outside the Company until a reasonable time after the information has been publicly disclosed.

In addition, it is never appropriate for you to advise others to buy or sell Company’s securities, and you are prohibited from doing so while in possession of any material inside information.

We further prohibit any Covered Person to sell ‘short’ Company’s securities, or engage in other transactions where the person will earn a profit based on a decline in Company’s stock price.

We also prohibit all Covered Persons from engaging in any speculative trading involving Company’s securities, including purchasing or selling ‘put’ option, ‘call’ options or other publicly-traded options or derivatives on Company’s securities.

These rules also apply to the use of material, non-public information about other companies (including, for example, our clients, competitors and potential business partners).

In addition to you, these rules apply to your spouse, children and any other family members living with you in your household.

(b) *Further Explanation*

1. **What is inside information?** Inside information is material information about a company, including the Company, that has not been publicly disclosed.

2. **What information is material?** Information is material if it is information that a reasonable investor might consider important in deciding whether to buy, sell or hold securities. Examples of information that may be material include financial results or forecasts; a significant proposed acquisition or sale of a business; a stock split; significant litigation; changes in customary earnings trends; and information relating to the Company's products, intellectual property or research and development efforts.
3. **What information is non-public?** Information is non-public until the time it has been effectively disclosed to the public. Effective disclosure generally occurs when information is included in a press release, is revealed during a conference call to which the general public has been invited to participate or is included in our public filings with the SEC. Under certain circumstances, effective disclosure may occur by other means.
4. **What is a reasonable waiting period before purchases and sales can be made?** The investing public must have sufficient time to analyze the information that has been disclosed before those possessing previously non-public information can trade. For matters disclosed in a Company's press release or conference call, a good rule of thumb is that purchases and sales can be made beginning two (2) full trading days after the disclosure. In any event, all Covered Persons are prohibited from carrying out any trades in Company's securities (save for certain exempt transactions such as exercise of stock options without sale of the underlying stock) other than within the quarterly Trading Window set out in the Insider Trading Policy, and only after seeking and obtaining pre-clearance for the trade from the General Counsel.
5. **What transactions are prohibited?** A Covered Person who has inside information about the Company or another company is prohibited from: (a) trading in the Company's or the other company's securities (including derivative securities such as put and call options); (b) having others trade in the Company's or the other company's securities for his benefit; and (c) disclosing the inside information to (or tipping) anyone else who might then trade. These prohibitions apply during Trading Windows as well and continue for as long as the information remains material and non-public, including after termination for any reason of the Covered Person's employment or other relationship with the Company.
6. **What transactions are allowed?** A Covered Person who has inside information about the Company may, nonetheless, usually exercise the Company's stock options for cash (but may not sell the option shares he or she receives upon the exercise). These cash option exercises purchases are allowed because the other party to the transactions is the Company itself, and because the option exercise purchase price does not vary with the

market, but, rather, is fixed in advance under the terms of the option plan. You should contact the General Counsel or a member of our legal department with any questions.

(c) *Blackout Period for Trading in the Company's Securities*

In addition to our general Insider Trading Policy, which is summarized above, we may institute from time to time blackout periods during which Covered Persons will be precluded from trading in the Company's securities. The General Counsel will typically be responsible for implementing such practices.

V. CORPORATE OPPORTUNITIES

Covered Persons are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No Covered Person may use corporate property, information or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Covered Persons owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

VI. COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Covered Person should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee, officer or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Covered Person, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and otherwise complies with the Company's Anti-Corruption Compliance Policy and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

VII. DISCRIMINATION AND HARASSMENT

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

VIII. HEALTH AND SAFETY

The Company strives to provide each employee with a safe and healthy work environment. Each Covered Person has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Covered Persons should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

IX. RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.

Many Covered Persons regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to email, internal memos and formal reports. In the event of litigation or governmental investigation, please consult the Company's Legal Department.

X. CONFIDENTIALITY

Covered Persons must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Legal Department or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. In connection with this obligation, every employee should have executed a confidentiality agreement when he or she began his or her employment with the Company.

XI. PROTECTION AND PROPER USE OF COMPANY ASSETS

All Covered Persons should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any

suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of Covered Persons to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

XII. PAYMENTS TO GOVERNMENT PERSONNEL

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

All Covered Persons are subject to the Company's Anti-Corruption Compliance Policy. The terms of this policy provide additional guidance in this area. In addition, the Company's Legal Department can provide you with assistance in this area.

XIII. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed, along with the reasons for the waiver, as required by law or stock exchange regulation.

XIV. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Covered Persons are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by Covered Persons. Covered Persons are expected to cooperate in internal investigations of misconduct.

Any Covered Persons may submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

XV. COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot

anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it locally with your office manager, your Human Resources manager or the Company's Legal Department.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.