

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
VARONIS SYSTEMS, INC.**

Effective as of February 17, 2014

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**I. PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Varonis Systems, Inc., a Delaware corporation (the "Corporation"), is to oversee the accounting and financial reporting processes of the Corporation and its subsidiaries and the audits of the financial statements of the Corporation.

**II. COMPOSITION OF THE COMMITTEE**

The Committee shall consist of three or more directors, as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the NASDAQ Stock Market, Inc. ("NASDAQ"), Securities and Exchange Commission ("SEC") rules and regulations and any additional requirements that the Board deems appropriate.

Each member of the Committee must meet the following criteria (as well as any criteria required by NASDAQ or the SEC or any additional requirement that the Board deems appropriate):

(a) be an "independent director" as defined under the applicable NASDAQ rules, regulations and listing requirements, except as may otherwise be permitted by the NASDAQ rules;

(b) be "independent" as defined in Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10A-3 and any other rules and regulations promulgated by the SEC under the Exchange Act, except as may otherwise be permitted by the SEC rules;

(c) not have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years;

(d) have the ability to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement, and cash flow statement; and

(e) meet any other requirements imposed by applicable law, regulations or rules, subject to any applicable exemptions and transition provisions, as well as any additional requirements that the Board may deem appropriate.

Members of the Committee may have advantage of the phase-in schedules for compliance with the committee composition requirements for initial public offerings pursuant to NASDAQ and SEC rules and regulations

In addition, at least one member of the Committee must be designated by the Board to be the "audit committee financial expert," as defined by the SEC pursuant to the Sarbanes-Oxley Act of 2002.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

### **III. MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The Committee may establish its own meeting schedule, which it shall provide to the Board. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) management, (ii) the Chief Financial Officer or another person responsible for the internal audit function and (iii) the Corporation's independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believes warrant Committee attention.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members (or such minimum number required by NASDAQ or SEC rules); and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

### **IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The primary responsibilities of the Committee are (i) to oversee the Corporation's financial reporting process on behalf of the Board and report the results of their activities to the Board and (ii) to oversee the Corporation's legal and accounting compliance

activities. Management is responsible for preparing the Corporation's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to establish or reinforce the overall corporate environment for quality financial reporting, sound business risk practices, legal compliance and ethical behavior.

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions.

The following duties and responsibilities are within the authority of the Committee and the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by NASDAQ, the SEC or any other applicable regulatory authority:

**A. *Selection, Evaluation, and Oversight of the Auditors***

(a) *Engagement of Independent Auditors.* The Committee shall directly appoint, retain, determine the compensation of, evaluate and terminate the Corporation's independent auditors. The Committee shall have the sole authority to approve all engagement fees to be paid to the independent auditors. The independent auditors shall report directly to the Committee.

(b) *Determination as to Independence and Performance of Independent Auditors.* The Committee shall assess the independent auditor's qualifications, performance and independence annually. In connection with this assessment, the Committee will review, on an annual basis, all relationships between the independent auditor and the Corporation, including those described in the formal written statement that the Committee obtains annually from the independent auditor under applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB").

(c) *Determination as to Performance of Internal Auditors.* With respect to any internal audit services that may be outsourced, the Committee shall be responsible for the engagement, evaluation and termination of the internal audit service providers and shall approve fees to be paid to the internal audit service providers. The Committee shall annually review the experience and qualifications of the senior members of the internal audit function and the quality control procedures of the internal auditors. The Committee shall obtain and review an annual report from the independent auditors describing (i) the independent auditors' internal quality control procedures and (ii) any material issues raised by any recent internal quality control review, peer review or PCAOB review of the independent auditors, and steps taken to deal with any such issues.

(d) *Pre-Approval of Audit and Non-Audit Services.* The Committee shall establish and maintain guidelines for the retention of the independent auditors for any

non-audit service and the fee for such service and shall determine procedures for the approval of audit and non-audit services in advance. The Committee shall, in accordance with such procedures, approve in advance any audit or non-audit service provided to the Corporation by the independent auditors, all as required by applicable law or listing standards.

**B. *Oversight of Annual Audit and Quarterly Reviews***

(a) *Audits by Independent and Internal Auditors.* The Committee shall discuss with the independent auditors, any internal auditors and any internal audit service providers (as may be engaged from time to time) the overall scope, plans and budget for their respective audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits. In this connection, the Committee shall, if applicable, discuss with financial management, the independent auditors and any internal audit service providers the Corporation's major risk exposures (whether financial, operating or otherwise), the adequacy and effectiveness of the accounting and financial controls and the steps financial management has taken to monitor and control such exposures and manage legal compliance programs, among other considerations that may be relevant to their respective audits.

(b) *Consultation with Independent Auditors.* The Committee shall review with the independent auditors any difficulties the auditors may have encountered in connection with the annual audit or otherwise, any management letters provided to the Committee and the Corporation's responses. Such review shall address any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed," regardless of materiality.

(c) *Review of Annual SEC Filings.* The Committee shall review with management and the independent auditors the financial information to be included in the Corporation's Annual Report on Form 10-K, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls. The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. Based on such review and discussion, the Committee shall make a determination whether to recommend to the Board that the audited financial statements be included in the Corporation's Form 10-K.

(d) *Review of Quarterly SEC Filings and Other Communications.* The Committee shall review and, as appropriate, discuss with management and the independent auditors the quarterly financial information to be included in the

Corporation's Quarterly Reports on Form 10-Q, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and shall discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. As appropriate, the Committee shall also review and discuss the Corporation's earnings press releases and other communications of financial information to outside parties.

(e) *Preparation of Report for Proxy Statement.* The Committee shall prepare any report of the Committee required to be included in the Corporation's annual proxy statement or other filings, all in accordance with applicable rules and regulations.

**C. *Oversight of Financial Reporting Process and Internal Controls***

(a) *Review of Disclosure Controls and Procedures.* The Committee shall review with management, the Chief Financial Officer or another person responsible for the internal audit function and the Corporation's disclosure controls and procedures and shall review periodically management's conclusions about the effectiveness of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.

(b) *Review of Certain Matters with Independent and Internal Auditors.* The Committee shall review periodically with management, the independent auditors and the internal auditors the effect of new or proposed regulatory and accounting standards or regulations on the Corporation's financial statements and other public disclosures.

(c) *Review of Internal Controls.* The Committee shall review with management and the independent auditors management's annual internal control report, if applicable, including any attestation of same by the independent auditors. The internal audit service providers or management shall report periodically to the Committee regarding any significant deficiencies in the design or operation of the Corporation's internal controls, material weaknesses in internal controls and any fraud (regardless of materiality) involving persons having a significant role in the internal controls, as well as any significant changes in internal controls implemented by management during the most recent reporting period of the Corporation.

(d) *Employment of Former Audit Staff.* The Committee shall establish and maintain guidelines for the Corporation's hiring of former employees of the independent auditors, which shall meet the requirements of applicable law and listing standards.

**D. *Miscellaneous***

(a) *"Whistleblowing" Procedures.* The Committee shall review the procedures established for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(b) *Review of Legal and Regulatory Compliance.* The Committee shall periodically review with management, including the independent auditors, any correspondence with, or other action by, regulators or governmental agencies and any employee complaints or published reports that raise concerns regarding the Corporation's financial statements, accounting or auditing matters or compliance with the Corporation's Code of Business Conduct and Ethics. The Committee shall also meet periodically, and may request to meet separately, with appropriate legal staff of the Corporation to review material legal affairs of the Corporation and the Corporation's compliance with applicable law and listing standards.

(c) *Review of Certain Transactions with Directors and Related Parties.* The Committee shall establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K).

(d) *Review of Compliance with Code of Business Conduct and Ethics.* The Committee shall review the Corporation's program to monitor compliance with the Corporation's Code of Business Conduct and Ethics, and meet periodically with the Corporation's Nominating and Corporate Governance Committee to discuss compliance with the Code of Business Conduct and Ethics.

(e) *Access to Records, Consultants and Others.* The Committee shall have the full resources and authority (i) to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation, (ii) to retain outside legal, accounting or other consultants to advise the Committee, and (iii) to request any officer of the Corporation, the Corporation's outside counsel, internal auditor, internal audit service providers or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

(f) *Delegation.* The Committee may form and delegate authority to subcommittees when appropriate.

(g) *Funding.* As determined by the Committee, in its capacity as a committee of the Board, the Corporation shall provide for appropriate funding for the payment of (i) compensation to the Corporation's independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit or non-audit services for the Corporation, (ii) compensation to any advisers employed by the Committee pursuant to Section V below, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(h) *Charter Review.* At least annually, review and assess the adequacy of this Charter and recommend to the Board for approval any changes that the Committee believes are appropriate.

(i) *Other Powers and Duties.* Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein or as may from time to time be delegated to the Committee.

(j) *Other Required Duties.* To perform such other functions as assigned by applicable law, the Corporation's certificate of incorporation, bylaws or charters or the NASDAQ and SEC rules and regulations, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

## **V. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary.

## **VI. COMPENSATION**

Members of the Committee will receive such fees or other compensation, if any, for their service as Committee members as may be determined by the Board, which may include additional compensation for the chairperson. Such fees may include retainers or per meeting fees and will be paid in such form of consideration as is determined by the Board in accordance with applicable law and NASDAQ and SEC rules and regulations.

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While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Corporation, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.