

## **Policy and Procedures for the Handling of Ethics Complaints**

### **A. Purpose**

The Audit Committee of the Datawatch Corporation (“Datawatch” or the “Company”) Board of Directors has adopted this policy to establish the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting or auditing matters and ethics violations.

### **B. Complaints Covered**

The procedures set forth in this policy relate to complaints and concerns received from Datawatch employees regarding questionable accounting and auditing matters including: (i) fraud or deliberate error in the preparation, evaluation, review or audit of any Datawatch financial statement, (ii) fraud or deliberate error in the recording and maintaining of Datawatch’s financial records, (iii) deficiencies in or noncompliance with Datawatch’s internal accounting controls, (iv) misrepresentations or false statements to or by a senior officer of Datawatch regarding a matter contained in the financial reports and audit reports of Datawatch, and (v) deviation from full and fair reporting of Datawatch’s financial position, as well as violations of the Company’s Code of Ethics.

### **C. Confidentiality**

Confidentiality is a priority and all complaints received under the procedures set forth in this policy shall be treated as confidential, unless confidentiality is not requested. Submissions of complaints or concerns will not be traced and submissions may be made anonymously. Datawatch will not discharge, demote, suspend, harass or discriminate against any employee based upon any lawful actions of such employee with respect to good faith reporting of complaints.

### **D. Receipt of Complaints**

Complaints or concerns about Datawatch’s accounting or auditing matters or ethics violations may be submitted to the Audit Committee by mailing a written description of the complaint or concern to:

Datawatch Corporation  
271 Mill Road  
Chelmsford, MA 01824  
Attn: Confidential Submission to the Audit Committee  
**In Care Of: Human Resources**

## **E. Procedure for Handling Complaints**

The receipt of all complaints and concerns received under this policy (“Complaint”) will be administered by the Company’s VP of Human Resources (“Administrator”) in accordance with the following:

- a. Upon receipt of a complaint or concern, the Administrator will log the Complaint and determine whether the matter pertains to accounting or auditing matters or an ethics violation.
- b. Within five (5) business days of receipt of a Complaint, the Administrator will forward the original copy of the Complaint to the Chairman of the Audit Committee (the “Chairman”) by overnight courier. (The Administrator shall make a copy of all Complaints prior to forwarding them to the Chairman and maintain a complete and confidential file of all Complaints received.)
- c. The Chairman will take action, as he determines is appropriate, to bring the Complaint to the attention of the entire Audit Committee by calling a special meeting of the Audit Committee or at the next regularly scheduled meeting.
- d. The Audit Committee will take prompt and appropriate action as warranted in the judgment of the Audit Committee.
- e. In connection with the investigation of a Complaint, the Audit Committee may contact, and obtain the assistance of, any member of Datawatch management who is not subject to the Complaint, and retain legal, accounting or other advisors as may be necessary and appropriate.
- f. Unless the Complaint is made anonymously, once the Audit Committee has completed its investigation into a complaint, the Chairman will contact, to the extent appropriate, the Datawatch employee who filed the complaint to inform him or her of the results of the investigation.

## **Quarterly Reporting and Records Retention**

The Administrator shall submit to the Chairman, a list of all complaints received in the previous quarter prior to each regularly scheduled meeting of the Audit Committee. Further, the Administrator will retain copies of the logs of Complaints and copies of Complaints for an indefinite period.