

## **CALLIDUS SOFTWARE INC.**

a Delaware corporation,  
together with its subsidiaries globally (the “Company”)

### **Code of Business Conduct and Ethics**

Revised as of April 30, 2013

#### **Introduction**

This Code of Business Conduct and Ethics (“Code”) has been adopted by our Board of Directors and summarizes the standards that must guide our actions. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent Company policies and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company’s business activities including, but not limited to, relationships with employees, customers, suppliers, competitors, the government and the public, including our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well-intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our Company’s most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

#### **Compliance with Laws, Rules and Regulations**

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason. It is the policy of the Company at the time of hiring to screen all officers, directors and employees who, within the scope of their authority, exercise a substantial measure of discretion in acting on behalf of the Company concerning their past educational and business experience as well as for criminal and regulatory convictions.

If you believe that any practice raises questions as to compliance with this Code or applicable law, rule or regulation or if you otherwise have questions regarding any law, rule or regulation, please contact the Legal Department. The Company also holds information and training sessions to promote compliance with the laws, rules and regulations that affect our business.

#### **Trading on Inside Information**

Using non-public, Company information to trade in securities, or providing a family member, friend or any other person with a “tip”, is illegal. All such non-public information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company’s policy against insider trading, copies of which are distributed to all employees, officers and directors and are available from the Legal Department. You should contact the Legal Department with any questions about your ability to buy or sell securities.

## **Protection of Confidential Proprietary Information**

Confidential proprietary information generated and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information violates Company policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

### **1. Corporate Record Keeping**

We create, retain and dispose of our Company records as part of our normal course of business in compliance with all policies and guidelines of the Company, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with the Company's and other applicable accounting principles.

We must not improperly influence, manipulate or mislead any authorized audit, nor interfere with any auditor engaged to perform an internal or independent audit of the Company books, records, processes or internal records.

### **2. Conflicts of Interest**

Our employees, officers and directors have an obligation to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company.

"Related party transactions" often involve conflicts of interest. A "related party transaction" is any transaction in which the Company is or will be a participant and in which any related party has or will have a direct or indirect material interest.

A "related party" means:

- Any director or executive officer of the Company;
- Any nominee for director;
- Any person who beneficially owns (within the meaning of the rules of the Securities and Exchange Commission) 5% or more of any class of securities of the Company; and
- Any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such person, and any person (other than a tenant or employee) sharing the household of such person.

A “transaction” includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are additional examples of situations which may constitute a conflict of interest:

Working, in any capacity, for a competitor, customer or supplier while employed by the Company.

Accepting gifts of more than modest value or receiving personal discounts or other benefits as a result of your position in the Company from a competitor, customer or supplier.

Competing with the Company for the purchase or sale of property, services or other interests.

Having an interest in a transaction involving the Company, a customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).

Receiving a loan or guarantee of an obligation as a result of your position with the Company.

Conducting business with a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report any circumstance involving you, or that you are aware of, that may involve a conflict of interest to the Legal Department.

In order to ensure that conflicts of interest are dealt with appropriately, each of the executive officers and directors must disclose to the Principal Legal Officer when they are involved in or otherwise become aware of any related party transaction or conflict of interest or any circumstance, transaction or relationship that reasonably could be expected to give rise to such a conflict. If the matter reported involves a related party, the Principal Legal Officer shall refer the matter, along with such facts or other relevant context regarding such matter as are known to or discovered by the Principal Legal Officer, to the Audit Committee for its review, *provided* that if such matter involves the Chairman of the Board or Chief Executive Officer, then the Principal Legal Officer shall refer such matter to the full board for its review.

Conflicts of interests involving the Principal Legal Officer shall be disclosed directly to the Audit Committee for its review.

Conflicts of interest not involving a related party shall be reviewed and acted on by the Principal Legal Officer in consultation with other senior management and/or the board of directors to the extent the Principal Legal Officer deems such consultation advisable.

### **3. Protection and Proper Use of Company Assets**

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Loss, theft and misuse of Company assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to a manager/supervisor or the Legal Department.

The sole purpose of the Company's equipment, vehicles and supplies is the conduct of our business. They may only be used for Company business consistent with Company guidelines.

### **4. Corporate Opportunities**

Employees, officers and directors are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the employee, officer or director takes away from the Company opportunities for sales or purchases of products, services or interests.

### **5. Fair Dealing and Anti-Bribery**

Each employee, officer and director of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing or practice. No bribes, kickbacks or other similar payments or things of value in any form shall be made, offered, received or solicited, directly or indirectly to, for or from anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. The Company and the employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to and entertainment of non-government employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

Practices that are acceptable in commercial business environments may be against the law or the policies governing federal, state or local government employees. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of the Legal Department.

You are required to familiarize yourself and comply with the Company's policy against bribery, copies of which are posted on the Callidus intranet and are also available from the Legal Department. You should contact the Legal Department with any questions.

### **6. Special Ethics Obligations**

The Board of Directors, Chief Executive Officer and the Chief Financial Officer each have special roles both to adhere to and also ensure that a culture exists throughout the Company as a whole that ensures the fair and timely reporting of the Company's financial results and condition.

In connection with their special roles, the Board of Directors, Chief Executive Officer and the Chief Financial Officer have determined that all employees should be bound by the following ethical obligations and that, each agrees that he or she will, in his or her capacity as an employee of the Company:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships
- Provide information that is accurate, complete, objective, relevant, timely, and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, government agencies and in other public communications
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing his or her independent judgment to be subordinated
- Respect the confidentiality of information acquired in the course of his or her work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of his or her work will not be used for personal advantage
- Share knowledge and maintain skills important and relevant to shareholder's needs only as appropriate for their role within the Company or as may be authorized by the Board of Directors, Chief Executive Officer and/or Chief Financial Officer
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community
- Achieve responsible use of and control over all assets and resources employed or entrusted
- Promptly report to the Principal Legal Officer and/or the Chairperson of the Audit Committee any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict

## **7. Quality of Public Disclosures**

The Company has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

## **8. Compliance with This Code and Reporting of Any Illegal or Unethical Behavior**

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced throughout the Company and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

In particular, in matters of accounting and auditing, the Company seeks to ensure that all transactions and corporate assets are properly accounted for, and that all audits are thorough and complete. Likewise, it is each employee's responsibility to make known any concerns regarding fraudulent, illegal or improper conduct and questionable accounting and internal controls. All employees are encouraged to report and, if necessary, escalate concerns about such conduct. Examples of such conduct include, but are not limited to:

- Forgery or alteration of documents or records
- Fraudulent or questionable accounting and financial reporting
- Problems with internal controls or auditing
- Unauthorized alteration or manipulation of computer files
- Failure of certain employees to fulfill their fiduciary responsibility to shareholders
- Violation of laws, rules and regulations
- Misappropriation or misuse of Company resources, such as cash, supplies, or other assets
- Authorizing or receiving compensation for goods not received or services not performed

Situations which may involve a violation of ethics, laws or this Code may not always be clear and may require difficult judgment. The Company is committed to establishing and maintaining a process that facilitates and encourages employees to come forward with any concerns regarding corporate conduct, or regarding accounting or auditing matters with respect to any employee, and in particular, any senior executive officer or director. Please note that the Company will use its best efforts to protect employees from retaliation and that each employee will have the right to escalate concerns in an anonymous and confidential manner if they so desire.

For those who wish to remain anonymous, you can submit your concern:

- A. In writing to either:
  - (i) The Company's Principal Legal Officer at 6200 Stoneridge Mall Road, Suite 500, Pleasanton, CA 94588; or
  - (ii) Chairperson of the Company's Audit Committee, at 6200 Stoneridge Mall Road, Suite 500, Pleasanton, CA 94588.
- B. By leaving a voicemail message toll free from within the United States at: (866) 205-8413 or from outside the United States at: (925) 251-2216. The Company's Principal Legal Officer and the Chairperson of the Audit Committee of the Board of Directors will be the only people who can retrieve voicemails from this number. Please note that in order to protect and ensure your anonymity, you should call the above number from an outside line – use of your office phone may result in your identity being revealed.
- C. By sending an email through the SOX Hotline accessible via the Company's intranet which goes directly to a protected email which is accessible only by the Company's Principal Legal Officer who will then forward a copy to the Chairperson of the Audit Committee of the Board of Directors for review.

An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, we will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

For those who do not choose to remain anonymous, please:

- (i) Initially address your concern with either your direct manager or a member of the Human Resources department.
- (ii) If at any time you are not satisfied that your concern is being adequately addressed, you should bring the matter to the attention of the Company's Principal Legal Officer.
- (iii) If you are still unsatisfied with the resolution of, or attention to, the matter, you should contact the Chairperson of the Audit Committee.

Your matter will be addressed confidentially to the extent practicable and with anonymity to the extent you desire and to the extent practicable.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The Principal Legal Officer of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Nominating and Corporate Governance Committee, or in the case of accounting, internal accounting controls or auditing matters, the Audit Committee, of the Board of Directors, and the Company will devote the necessary resources to enable the Principal Legal Officer to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with the Code. Questions concerning this Code should be directed to the Legal Department.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behavior.

## **9. Waivers and Amendments**

Any waivers of the provisions in this Code for executive officers or directors may only be granted by the Board of Directors and will be promptly disclosed to the Company's shareholders. Any waivers of this Code for other employees may only be granted by the Legal Department. Amendments to this Code must be approved by the Board of Directors and amendments of the provisions in this Code applicable to the CEO and the senior financial officers will also be promptly disclosed to the Company's shareholders.

## **10. Equal Opportunity, Non-Discrimination and Fair Employment**

The Company's policies for recruitment, advancement and retention of employees forbid discrimination on the basis of any criteria prohibited by law, including but not limited to race, sex and age. Our policies are designed to ensure that employees are treated, and treat each other, fairly and with respect and dignity. In keeping with this objective, conduct involving discrimination or harassment of others will not be tolerated. All employees are required to comply with the Company's policy on equal opportunity, non-discrimination and fair employment, copies of which were distributed and are available from the Legal Department.

#### **11. Compliance with Antitrust Laws**

The antitrust laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and allocating markets or customers. Antitrust laws can be very complex, and violations may subject the Company and its employees to criminal sanctions, including fines, jail time and civil liability. If you have any questions, consult the Principal Legal Officer.

#### **12. Political Contributions and Activities**

Any political contributions made by or on behalf of the Company and any solicitations for political contributions of any kind must be lawful and in compliance with Company policies. This policy applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

#### **13. Environment, Health and Safety**

The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for our employees and to avoid adverse impact and injury to the environment and communities in which we conduct our business. Achieving this goal is the responsibility of all officers, directors and employees.

#### **14. Certification**

As part of its new hire practices, the Company shall provide a copy of this Code to each new employee, and shall require such employee to exercise a certificate using the form of "Certification" attached hereto as **Attachment A** to this Code no later than 10 business days following the commencement of their association with the Company. In addition, the Company shall on no less than an annual basis distribute a copy of this Code (as supplemented, amended or restated, if applicable) either in paper or electronically, to each director, officer and employee of the Company (the "**Supervised Persons**") accompanied by a notice stating that such Supervised Persons are required to read, understand and comply with all requirements of the Code.



**Attachment A**

**Code of Business Conduct and Ethics  
Certification**

To the Principal Legal Officer of Callidus Software Inc. (the “**Company**”):

I hereby acknowledge receipt of a copy of the Company’s Code of Business Conduct and Ethics, as supplemented, amended or restated through the date hereof (the “**Code**”).

I have read in its entirety and understand the Company’s Code and recognize that I am subject thereto. I confirm that I have not violated the Code, that I know of no violations of the Code, and that I will continue to comply with the Code.

Date Submitted: \_\_\_\_\_

Print Name of Certifying Person: \_\_\_\_\_

Signature: \_\_\_\_\_

