

<b>QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY</b>		Revision Level n/a	Policy No. CBP-0112
Title <b><i>Code of Business Conduct:</i> Conflicts of Interest 1-003</b>	Original Date Jun 30, 1998	Revision Date Dec 13, 2016	Page 1 of 3

## 1.0 PURPOSE

1.1 This policy establishes guidelines and procedures regarding timely and proper disclosure of possible conflicts of interests which any of our directors, officers or employees may have in connection with their respective duties and responsibilities in order that management may review and approve each situation as necessary to protect the best interests of the Company and its responsibilities as a public company.

## 2.0 POLICY

2.1 The Company prohibits conflicts of interest and the appearance of conflicts of interest unless specifically approved by the Executive Committee or its designee as provided below.

2.2 The Company is concerned with outside business interests of its officers, directors and employees that might conflict with the interests of the Company. The minimum standard of what constitutes a conflict of interest is that required by Law, but the Company retains the right to regulate and prohibit any behavior that gives rise to a conflict of interest or the appearance of a conflict whether or not required by Law. There are certain situations which the Company will always consider to be conflicts of interest. These occur if the officer, director or employee or any other person having a close personal relationship with the officer, director or employee:

2.2.1 Obtains a significant financial or other beneficial interest in one of the Company's partners, suppliers, customers or competitors without first notifying the Company and obtaining written approval from the Executive Committee or its designee;

2.2.2 Engages in a significant personal business transaction involving the Company for profit or gain, unless such transaction has first been approved in writing by the Executive Committee or its designee;

2.2.3 Accepts money, gifts of other than nominal value, excessive hospitality, loans or other special treatment from any partner, supplier, customer or competitor of the Company (loans from lending institutions at prevailing interest rates are excluded);

2.2.4 Participates in any sale, loan or gift of Company property without obtaining written approval from the Executive Committee or its designee; or

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2.2.5 Learns of a Company business opportunity through association with the Company and discloses it to a third party or invests in the opportunity without first offering it to the Company.

*"Person having a close personal relationship with the officer, director or employee"* refers to the officer, director or employee's spouse, domestic partner, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, any person living in the same home with the officer, director or employee or any of their respective business associates.

2.3 Outside directorships of Company executive officers may create a conflict of interest situation. All outside directorships of Company executive officers shall first be approved by the officer in charge of legal matters.

2.4 The use of Company property or obtaining of Company services for personal benefit may also create a conflict of interest situation. All activities involving a material use of Company property for personal benefit or obtaining Company services for personal benefit shall first be approved by Company management with authority over such Company property or services.

2.5 The Company shall have on file a certificate of compliance from each officer who can direct or influence the use or disposition of any significant amount of funds or other assets of the Company. The disclosure of a financial or other beneficial interest does not mean that the Company will deem it significant or substantial enough to be prohibited. Each case will be decided on an individual basis.

2.6 The Internal Audit Department of the Company will be responsible for obtaining annually a completed copy of a certificate of compliance from all officers subject to this requirement. The Internal Audit Department will also be responsible for notifying the Executive Committee and the Audit Committee of the Board of Directors that such certificates are on file as well as for notifying the Committees when significant exceptions are reported.

### **3.0 PROCEDURE**

3.1 A completed certificate of compliance will be obtained annually from all officers, directors and employees subject to this requirement. In any instance where the number of key employees makes this requirement burdensome, certificates may be obtained from key employees during the months which include their employment anniversary dates or on such other schedule as may be approved in writing by the Executive Committee.

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3.2 The completed certificates will, subject to the Company's policy on document retention, be retained on file in hard copy, electronic format, microfilm or other media by the Internal Audit Department and a written report setting forth any exceptions included in such reports will be furnished to the Executive Committee no later than the first Audit Committee meeting date each year.

3.3 Certificates of compliance will be completed by all officers upon becoming subject to the standard stated in Policy paragraph 2.2 above. Supplemental and annual reports for such employees will be obtained as set forth in Procedure paragraph 3.1 above.

3.4 The certificate of compliance selection and reporting process will be reviewed annually by the Internal Audit Department for adequacy and compliance with this policy.

3.5 Results of the reporting process and the nature of significant exceptions, if any, will be communicated annually to the Executive Committee and to the Audit Committee of the Board of Directors.

#### **4.0 RELATED PARTY TRANSACTION POLICY**

4.1 The Board of Directors has adopted a Related Party Transaction Policy (the "RPT Policy"), which was recommended for approval by the Audit Committee. The RPT Policy supplements this Conflicts of Interest Policy.

4.2 The RPT Policy applies to all "Related Parties" which includes (i) any person who is, or at any time since the beginning of the Company's last fiscal year, was a director or executive officer of the Company or a nominee to become a director of the Company (ii) any person who is the beneficial owner of more than 5% of any class of the Company's voting securities and (iii) any immediate family member of any person listed in (i) or (ii) above, 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 the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner and (iv) any entity that is owned or controlled by someone listed in (i), (ii) or (iii) above, or an entity in which someone listed in (i), (ii) or (iii) above is employed or has a substantial ownership interest or control of such entity.