

QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY		Revision Level n/a	Policy No. CBP-0116
Title <i>Code of Business Conduct:</i> International Business Relationships 1-007	Original Date Jun 30, 1998	Revision Date Dec 13, 2016	Page 1 of 4

1.0 PURPOSE

1.1 This policy provides guidelines for business relationships entered into outside the United States ("International Business Relationships"). While International Business Relationships are ordinarily a customary means of conducting operations in a particular country, such arrangements, if not adequately subjected to a corporation's system of internal controls, may be used to disburse a corporation's assets for purposes not authorized by management. Moreover, the Company may be held accountable for actions taken by agents and others on its behalf. Please review this policy in conjunction with Corporate Policy CBP-0114, Bribes, Kickbacks, Other Unlawful Payments and Sensitive Transactions 1-005 as that policy governs Company conduct once a relationship has been entered into with a third party outside the United States.

2.0 POLICY

2.1 The selection of persons with whom the Company may join in an International Business Relationship shall be subject to careful consideration by appropriate management of the Company after reasonable due diligence is conducted with respect to such persons and the proposed arrangements with such persons.

2.2 The terms and provisions of all proposed agreements with respect to International Business Relationships, including all proposed material amendments thereto, shall be subject to careful review by the Legal Department, and the head of the business unit or their designees prior to execution and delivery of such agreements or material amendments. It is the responsibility of management of the Company, working with the Legal Department, to provide in such agreements for compliance with the local applicable law and United States Laws described in Procedure paragraph 3.4, hereof, with respect to the Company, its employees and others acting on the Company's behalf.

2.3 The Company may find it necessary or desirable to enter into International Business Relationships to assist the Company to obtain business, sales, personnel visas, import licenses, facilities and other matters routinely necessary for effective operations.

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2.4 International Business Relationships include the following:

2.4.1 The employment of an agent, consultant, sponsor or any other third party (individual, partnership, corporation or unincorporated entity) to assist the Company in obtaining work or projects, personnel visas, import licenses, facilities or other matters routinely necessary for effective operation within a country or region;

2.4.2 Entering into a joint venture, consortium or shareholder agreement, or any other agreement or arrangement pursuant to which a third party obtains an equity interest in the business of an entity which the Company also owns an interest in or a share of the profits from any work, project or projects performed by the Company;

2.4.3 Entering into a distribution, marketing, sales representation or licensing agreement pursuant to which any third party or parties distributes, markets, sells or licenses others to use the services, products or technology of the Company; or

2.4.4 Entering into a contract or subcontract (including a purchase order) pursuant to which a third party or third parties will perform a majority of the work or services to be provided under the Company's contract.

International Business Relationships generally do not include entering into a purchase order for goods or routine services in the regular course of business as may be necessary for the performance of work, provided the supplier provides appropriate representations and warranties regarding the legitimacy of payments to customs agents and the supplier's lack of a relationship with any foreign official as the Law Department may deem necessary or appropriate.

2.5 In carrying out the policies set forth in Policy paragraphs 2.1 and 2.2, above, the Company shall give consideration to such matters as the reputation of the proposed parties to an International Business Relationship, their familial or other connections with the local government, the necessity of the services to be rendered by such persons, the reasonableness of their fees or other compensation in light of those services and the fees paid to other persons in the area for similar services, any local legal requirements to utilize an agent for such services, the employment of such persons by other corporations operating in the area, the employment of such persons by affiliates of the Company, the location at which, and the currency in which, fees or other compensation are to be paid to such persons, any local legal requirements, including taxes and foreign currency exchange controls, regarding the payment of fees or other compensation to such persons, and the business and cultural environment in which such persons will render such services.

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2.6 Attention must be paid to any factors indicating that an International Business Relationship does not meet the Company's criteria for such relationships, whether these factors or "*red flags*" appear during the initial investigation process or thereafter. Some of the factors that may indicate that a party may expose the Company to legal liability are:

2.6.1 The country involved has a widespread history of corruption.

2.6.2 The party's refusal or failure to agree in writing to adhere to the provisions of applicable local and United States laws including the Foreign Corrupt Practices Act and where applicable, the UK Bribery Act.

2.6.3 The party has family ties or business ties with government officials of the foreign government.

2.6.4 The party has a bad reputation in the business community.

2.6.5 The party requires that its identity not be revealed.

2.6.6 The party is recommended by a potential government customer or authorizing agency.

2.6.7 The party appears to lack sufficient personnel to perform the services offered.

2.6.8 The party has no relevant business experience or cannot provide references to confirm the experience.

2.6.9 The party requests that invoices be backdated or altered or the like.

2.6.10 The party requests payment be made by unusual or convoluted means, such as to a bank in a country other than the one in which the services are offered.

2.6.11 The party requests over-invoicing.

2.6.12 The party requests payment in cash or by check made payable to "*bearer*" or to "*cash*," or some other anonymous form of payment.

2.6.13 The party requests an unusually large line of credit for a customer.

2.6.14 The party requests unusually large bonuses or similar payments.

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2.6.15 The party requests substantial advance payments that are not typical for that type of business in that geographic area.

2.6.16 The party requests payment be made in a country that is neither where the party is located or where the work is to be performed.

2.7 The presence of any of the foregoing or similar signs call for further investigation at the very least.

3.0 PROCEDURES

3.1 Once the Company decides to pursue an International Business Relationship, and prior to entering into any significant negotiations in a material amount, the Legal Department shall be informed and be provided a description of the parties involved, the recommended relationship, the geographic location or limits, and such other factors deemed relevant, including any pertinent information relating to the factors described in Policy paragraph 2.5, above.

3.2 The officer in charge of legal matters or his designee will determine if any inappropriate agreement or arrangement exists, and inform the head of the business unit for review and decision.

3.3 If approval is granted, the business manager may proceed with negotiations, obtaining necessary input from the Legal, Human Resources and Finance Departments, as appropriate.

3.4 If negotiations are brought to a successful conclusion, the definitive agreement shall either be prepared by, or approved by, the Legal Department. In preparing or reviewing the definitive agreement emphasis will be placed upon compliance with applicable Laws, the Code of Business Conduct for International Business Relationships, and the Code of Business Conduct.

4.0 OTHER REFERENCES

4.1 Corporate Policy CBP-0114, Bribes, Kickbacks, Other Unlawful Payments and Sensitive Transactions 1-005, should be consulted.