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| QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY | | Revision Level n/a | Policy No. CBP-0114 |
| Title Code of Business Conduct: Bribes, Kickbacks, Other Unlawful Payments and Sensitive Transactions 1-005 | Original Date Jun 30, 1998 | Revision Date Dec 13, 2016 | Page 1 of 3 |

1.0 PURPOSE

1.1 The Company is committed to maintaining an ethical workplace in compliance with applicable Law. This policy establishes and communicates the Company's position regarding bribes, kickbacks, other unlawful payments and sensitive transactions. This policy should be read in conjunction with the Company's Corporate Policy on International Business Relationships 1-007.

1.2 The Company is publicly-owned and its common stock is registered and traded in accordance with United States federal securities Laws and with rules and regulations promulgated by the United States Securities and Exchange Commission (the "SEC"). Therefore, the Company is subject to strict disclosure requirements and must disclose to the public all material information relating to its business affairs, financial condition and conduct which is deemed to reflect on the integrity of its management.

2.0 POLICY

2.1 Definition

2.1.1 The term "*sensitive transactions*" is commonly used to describe a broad range of corporate dealings that are generally considered to be illegal, unethical, immoral or to reflect adversely on the integrity of management. The transactions are usually in the nature of providing kickbacks, bribes, payoffs or anything else of value made in order to influence favorably some decision affecting a company's business or for the personal gain of an individual. Extravagant entertainment or gifts of significant value, for the express purpose of obtaining or retaining business or unduly influencing some matter in favor of the Company could be considered a "sensitive transaction" and may be considered to be bribes in violation of applicable Law.

2.2 Standards of Conduct

2.2.1 The Company's personnel, its agents and anyone else working on its behalf are strictly prohibited from paying or offering any bribe, kickback or other similar unlawful payment to, or otherwise entering into a sensitive transaction with, any public official, political party or official, candidate for public office or any other individual, public or non-public, in any country, to secure any contract, concession or other favorable treatment for the Company. Company personnel who make such payments are subject to appropriate action by the Company, as well as the legal consequences of applicable Law.

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2.2.2 Sensitive transactions may result in violation of United States federal Laws such as domestic anti-bribery Laws, mail fraud and wire fraud statutes, anti-racketeering statutes and the Foreign Corrupt Practices Act (the "FCPA"), as well as state Laws or Laws of other countries. If a violation occurs, the Company and its officers and directors as well as employees directly involved may be subject to disciplinary measures, fines, imprisonment and civil litigation.

2.2.3 Sensitive payments may violate the FCPA which prohibits a company from corruptly offering or giving anything of value to: a foreign official, including any person acting in an official capacity for a foreign government; a foreign political party official or political party; or a candidate for foreign political office, in any such case, for the purpose of influencing any act or decision of these officials in their official capacity or in violation of their lawful duties in order to help a company obtain or retain business or gain some other improper advantage such as, for example, a favorable tax or customs assessment. "Anything of value" is not just cash. It can be providing a contract, business opportunity or employment to a relative of or at the request of a foreign official. The FCPA also prohibits the offering or paying of anything of value to any person if it is known that all or part of the payment will be used for the above prohibited actions.

2.2.4 For purposes of compliance with this policy, employees of government-owned or certain partially government-owned corporations are to be considered "foreign officials" and, subject to Policy paragraphs 2.4.1, and 2.4.2 below. For guidance on whether an employee of a partially government owned-entity qualifies as a "foreign official" consult with the Legal Department. Factors to be considered include whether: (i) the government owns a majority interest in the entity, (ii) the entity is financed through government appropriations, (iii) the services provided are those historically provided by the government and (iv) the country in which the entity is operating deems the entity to be part of the government.

2.3 Penalties

2.3.1 Criminal penalties may be imposed for violations of the FCPA's anti-bribery provisions. The United States Corporate Sentencing Guidelines provide stiff penalties for corporations that fail to take voluntary action to redress apparent misconduct by senior employees. A company may be fined up to \$2 million or twice the gain per violation of the FCPA Bribery provisions and up to \$25 million or twice the gain for willful violations of the FCPA internal/controls books and records provisions. Individuals who are officers, directors, stockholders, employees or agents can be imprisoned for up to five years for violating the bribery provisions and up to 20 years for willfully violating the internal controls/books and records provisions in addition to being fined up to \$100,000 and five million

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dollars respectively or twice the gain per violation. Fines imposed on individuals may not be paid by a company. The SEC can impose other fines as well and can enter a cease-and-desist order that would effectively prevent a company from operating. In addition, other countries have promulgated and enforce their own anti-bribery laws and can impose fines and imprisonment for the very same conduct prosecuted in the United States. For example, under the UK Bribery Act, a corporation's failure to prevent bribery is a crime and additional penalties could be imposed.

2.4 Exceptions

2.4.1 The Company may be required to make facilitating or expediting payments to an official or employee of a government outside the United States, the purpose of which is to expedite or to secure the performance of routine governmental action by such government official or employee. Such facilitating payments may not be illegal under the FCPA. Nevertheless, it may be difficult to distinguish a legal facilitating payment from an illegal bribe, kickback or payoff. Furthermore, under the law of certain countries, such as the UK, facilitation payments are illegal. Accordingly, facilitating payments must be strictly controlled and every effort must be made to eliminate or minimize such payments. Facilitating payments, if required, will be made only in accordance with the advance guidance of the Legal Department. Any facilitating payments must be recorded as such in the accounting records of the Company.

2.4.2 Although it is prohibited to provide anything of value to a foreign official to improperly influence that official in rendering an official decision to benefit the Company, from time to time the Company may need to provide travel or lodging to such an official in conjunction with a contract with a government entity or to promote the Company's products. Such travel and lodging may be permitted provided it is necessary, modest, and cleared with the Legal Department in advance. Payment should always be made directly to the travel or lodging service providers.

3.0 OTHER REFERENCES

3.1 Corporate Policy Commercial Bribery 1-006.

3.2 Corporate Policy General Policy Regarding Laws and Business Conduct 1-001