

QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY		Revision Level n/a	Policy No. CBP-0141
Title Code of Business Conduct: Fraud, Embezzlement, Misappropriation and Similar Conduct 1-014	Original Date Jun 30, 1998	Revision Date Dec 13, 2016	Page 1 of 3

1.0 PURPOSE

1.1 This policy establishes and communicates the Company's policy regarding the prohibition, recognition, reporting and investigation of suspected fraud, embezzlement, misappropriation and other similar conduct.

2.0 POLICY

2.1 Company policy prohibits all fraudulent activity, including any fraud, embezzlement, misappropriation or other similar conduct ("Fraud"). Examples of Fraud include, but are not limited to:

- Dishonest or fraudulent act;
- Embezzlement;
- Forgery or alteration of negotiable instruments such as Company checks and drafts;
- Misappropriation of Company, employee, customer, partner or supplier assets;
- Conversion to personal use of cash, securities, supplies or any other Company asset;
- Unauthorized handling or reporting of Company transactions;
- Falsification of Company records or financial statements for any reason, whether personal or on behalf of the Company; and
- Knowing provision of any false information or knowing omission of material information about the Company or its financial statements to third parties or shareholders.

2.2 Prohibited Fraud includes actions committed by any person which injure employees, agents, suppliers and customers, as well as those which injure the Company. All employees of the Company will conduct their duties and responsibilities in a manner which is compatible with achieving these goals and carrying out this policy.

3.0 PROCEDURE

3.1 This Company Policy shall be implemented by the Company under the oversight of the Audit Committee of the Board of Directors. Under the direction of the Audit Committee the responsibility for detecting Fraud in the Company is that of management. The Chief Financial Officer is the member of management who shall bear the primary responsibility for detecting Fraud in the Company.

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3.2 Company management shall establish controls to facilitate the detection of fraudulent activity within their areas of responsibility, which are subject to review as part of the annual risk assessment presented to the Audit Committee by the Internal Audit Department. The Internal Audit Department will provide additional monitoring of such controls.

3.3 Any employee or agent who suspects that any fraudulent activity may have occurred is required to report such concern to the Corporate Controller, the Chief Financial Officer, the legal department or through the whistleblower hotline.

3.4 Any Fraud investigation will be conducted under the authorization and direction of the Legal Department and communicated to the Chief Financial Officer.

3.5 The Company's Internal Audit staff shall be notified of suspected significant Fraud (more than \$10,000 of estimated loss), and, without regard to amount of loss, any Fraud involving an officer of the Company.

3.6 Fraud involving more than \$10,000 of estimated loss and any Fraud, without regard to amount of loss, involving an officer of the Company shall be reported to the Audit Committee of the Board of Directors.

3.7 The Company's Internal Audit staff, the officer in charge of legal matters and the Chief Financial Officer will maintain close liaison with each other and will participate in joint investigations as deemed appropriate under the circumstances.

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4.0 OTHER REFERENCES

4.1 Corporate Policy CBP-0109, General Policy Regarding Laws and Business Conduct 1-001.