

# QAD INC.

## CODE OF BUSINESS CONDUCT

### 1.0 PURPOSE

1.1 The Code of Business Conduct of QAD Inc. contains the specific Corporate Policies adopted by the Board of Directors that relate to the legal and ethical standards of conduct of directors, employees and agents of the Company. The Corporate Policies listed in the index set forth in Exhibit A attached hereto constitute the Code of Business Conduct and govern the conduct of business by the Company.

1.2 The purpose of this General Policy Regarding Laws and Business Conduct is to provide a general statement regarding the Company's expectations as to the legal and ethical nature of conduct of the Company's directors, employees and agents while acting on the Company's behalf and to provide for the administration of the Company's Code of Business Conduct.

1.3 Moreover, this Corporate Policy is intended to enhance the qualifications of the Code of Business Conduct as a program that, under the United States Sentencing Guidelines, is reasonably designed, implemented and enforced so as to be generally effective in preventing and detecting criminal conduct.

### 2.0 DEFINITIONS (as used in the Code of Business Conduct)

2.1. "*Board of Directors*" means the board of directors of QAD Inc.

2.2 "*Company*" means QAD Inc., a Delaware corporation, its divisions, subsidiaries and successors.

2.3 "*directors*", except where indicated otherwise, means the corporate directors of QAD Inc. and each of its subsidiaries.

2.4 "*Executive Committee*" or "*E-Com*" means the Executive Committee of the Company.

2.5 "*High Level Personnel*" means individuals who have substantial control over the Company or who have a substantial role in policy-making within the Company, including directors, executive officers and individuals in charge of a major business or functional unit of the Company, such as sales, administration or finance.

2.6 "*Law Department*" means the principal in-house legal representative of the Company, together with such outside counsel as such principal representative shall determine is reasonable and appropriate.

2.7 "*Laws*" means laws and rules and regulations of governmental agencies and authorities.

### 3.0 POLICY

#### 3.1 Standards of Conduct

3.1.1 It is the Company's policy to observe and comply with all Laws applicable to it or the conduct of its business wherever located. In some situations the applicable Law of the United States may conflict with the applicable Law of another country. In such cases the Company will endeavor to resolve such conflict following the guidance of its Law Department. Where such a conflict cannot be resolved, the applicable Law of the United States will be observed and complied with by the Company.

3.1.2 The Code of Business Conduct applies to directors and agents of the Company as well as its employees. For purposes of this Code of Business Conduct, agents includes consultants, contractors and others performing work on behalf of the Company. However, in the case of agents whose activities are wholly outside the United States, Corporate Policy No. 1-007 establishes the policies and procedures to be observed with respect to such agents.

3.1.3 The Code of Business Conduct sets forth specific Corporate Policies governing the conduct of the business of the Company. These policies were developed and are intended to be applied in good faith with reasonable business judgment to enable the Company to achieve its operating and financial goals within the framework of the Law.

3.1.4 It is the personal responsibility of each director, employee and agent of the Company to adhere to the standards and restrictions, whether imposed by Law or the Code of Business Conduct, applicable to his or her assigned duties and responsibilities and to conduct himself or herself accordingly. Such standards and restrictions require each director, employee and agent to avoid any activities that would involve the Company in any practice that is not in compliance with the Code of Business Conduct. Any director, employee or agent who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

3.1.5 Beyond legal compliance, all Company directors, employees and agents are expected to observe high standards of business and personal ethics in the discharge of their assigned duties and responsibilities. This requires the practice of honesty and integrity in every aspect of dealing with other Company employees, the public, the business community, stockholders, customers, suppliers and governmental and regulatory authorities. It is the policy of the Company not to discriminate against employees, stockholders, directors, officers, customers, suppliers or anyone else doing business with or for the Company on account of race, color, age, sex, gender, sexual orientation, religion, national origin, disability or any other classification protected by Law.

3.2 **Administration of Code of Business Conduct.** The Code of Business Conduct of the Company shall be administered as follows:

3.2.1 ***Scope of Code of Business Conduct*** - The Board of Directors shall, periodically, in light of the experience of the Company, review the Code of Business Conduct and, when necessary or desirable, make changes (i) to ensure its continued conformance to applicable Law, (ii) to ensure that it meets or exceeds industry standards and (iii) to ensure that any weaknesses revealed through monitoring, auditing and reporting systems are eliminated or corrected.

3.2.2 ***Allocations of Responsibility*** - The Executive Committee shall be responsible for the administration of the Code of Business Conduct. The Executive Committee shall establish such procedures as it shall deem necessary or desirable in order to discharge this responsibility. Such procedures shall provide for obtaining advice of legal counsel where appropriate. In discharging these responsibilities, the Executive Committee may delegate authority to such committees, officers and other employees and may engage such agents and advisors as it shall deem necessary or desirable. Notwithstanding the foregoing, any waiver of any of the provisions of the Company's Code of Business Conduct for executive officers or directors may be approved only by the Board of Directors and must be promptly disclosed to the Company's stockholders as required by law, along with the reasons for the waiver.

3.2.2.1 The officer in charge of legal matters shall serve as the Company's Director of Business Conduct. It shall be the responsibility of the Director of Business Conduct to act as the principal representative of the Company under the Code of Business Conduct.

3.2.3 ***Delegation of Substantial Discretionary Authority*** - No employee of the Company shall delegate substantial discretionary authority to any individual who such employee knows, or through the exercise of due diligence should know, has a propensity to engage in illegal activities.

3.2.3.1 For this purpose, persons with "substantial discretionary authority" include (i) High-Level Personnel, (ii) individuals who exercise substantial supervisory authority, such as a country manager or a sales manager, and (iii) any other individuals who, although not a part of the Company's management, nevertheless exercise substantial discretion when acting within the scope of their authority (for example, an individual with authority to negotiate or set price levels or an individual authorized to negotiate or approve significant contracts).

3.2.3.2 The Executive Committee, in administering the Code of Business Conduct, shall consider, adopt and promulgate guidelines regarding procedures to ascertain a "propensity to engage in illegal activities."

3.2.4 ***Communication of Policies*** - To ensure the continued dissemination and communication of the Code of Business Conduct, the Executive Committee shall take, or cause to be taken, reasonable steps to communicate effectively the standards and procedures included in the Code of Business Conduct to directors, employees and agents of the Company.

3.2.5 ***Monitoring and Auditing*** - The Executive Committee shall take reasonable steps to monitor and audit compliance with the Code of Business Conduct, including the establishment of monitoring and auditing systems that are reasonably designed to detect conduct in violation of the Code of Business Conduct by directors, employees and agents of the Company.

3.2.5.1 To the extent so directed by the Executive Committee, the information developed by the Company's independent accountants in performing their engagement by the Company and by its internal auditors in the performance of their assigned responsibilities shall be made available to the Executive Committee in its capacity as administrator of the Code of Business Conduct as a means of monitoring and auditing compliance with the Code of Business Conduct.

3.2.5.2 To the extent so directed by the Executive Committee, the results of the periodic health, safety and environmental audits and export administration audits of the Company's facilities shall be made available to the Executive Committee in its capacity as the administrator of the Code of Business Conduct as a means to monitor and audit compliance with the Code of Business Conduct.

Executive Committee - The officer in charge of legal matters shall report to the Audit Committee of the Board of Directors, at least once each year, regarding the general effectiveness of the Code of Business Conduct. The Human Resources Department shall report to the Board of Directors at least once each year regarding the environmental, health and safety performance of the Company as it relates to the Code of Business Conduct.

### **3.3 *Reporting System***

3.3.1 The Executive Committee shall establish a reporting system that will allow violations of the Code of Business Conduct to be reported and acted upon by officers or other employees of the Company with sufficient authority to deal objectively with the reported matters. The existence and nature of the reporting system shall be communicated to all directors and employees and, to the extent appropriate, to agents of the Company. It shall be a violation of this Policy to intimidate or impose any form of retribution on any director, employee or agent who utilizes such reporting system in good faith to report suspected violations (except that appropriate action may be taken against such director, employee or agent if such individual is one of the wrongdoers).

3.3.2 Employees are encouraged to report violations to their supervisors. Supervisors may seek the advice of appropriate line and staff personnel, including representatives of the Law, Human Resources or Finance Departments. Employees may also report violations directly to the Company's Director of Business Conduct, particularly in instances where no corrective action has been taken following a previously reported violation or when a violation continues. Reports of violations may also be made to the Law Department or the highest ranking officer of your division. These reports will be handled in confidence to the extent permitted by legal or regulatory requirements, and no person will suffer retaliation as provided above. Reports also may be made anonymously in countries that allow anonymous reporting and such anonymity will be honored and protected to the extent possible.

However, in some instances where a reporting party chooses to maintain anonymity, it may not be possible to resolve the matter completely.

### **3.4 *Investigation of Alleged Violations***

3.4.1 If, through operation of the Company's compliance monitoring and auditing systems or its violation reporting systems or otherwise, the Company receives information regarding an alleged violation of the Code of Business Conduct, the person or persons authorized by the Executive Committee to investigate alleged violations of the Code of Business Conduct shall, as appropriate, in accordance with procedures established by the Executive Committee:

3.4.1.1 Evaluate such information as to gravity and credibility;

3.4.1.2 Initiate an informal inquiry or a formal investigation with respect thereto;

3.4.1.3 Prepare a report of the results of such inquiry or investigation, including recommendations as to the disposition of such matter;

3.4.1.4 Make the results of such inquiry or investigation available to the Board of Directors or the Executive Committee for action (including disciplinary action by the Executive Committee); and

3.4.1.5 Recommend changes in the Code of Business Conduct necessary or desirable to prevent further similar violations.

3.4.2 The Company may disclose the results of investigations to law enforcement agencies while maintaining attorney client privilege and work product immunity.

### **3.5 *Disciplinary or Other Enforcement Measures***

3.5.1 The Company shall consistently enforce its Code of Business Conduct through appropriate means of discipline, as well as other appropriate means. Pursuant to procedures adopted by it, the Executive Committee shall determine whether violations of the Code of Business Conduct have occurred and, if so, shall determine the disciplinary measures to be taken against any director, employee or agent of the Company who has so violated the Code of Business Conduct. The Company shall take such other action as may be appropriate to halt such violations of the Code of Business Conduct as may be determined to exist.

3.5.2 The disciplinary measures, which may be invoked at the discretion of the Executive Committee, include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, termination of employment and restitution.

3.5.3 Persons subject to disciplinary measures shall include, in addition to the violator, others involved in the wrongdoing such as (i) persons who fail to use reasonable care to detect a violation (ii) persons who if requested to divulge information withhold material information regarding a violation, and (iii) supervisors who approve or condone the violations or attempt to retaliate against employees or agents for reporting violations or violators or for otherwise participating in or cooperating with any Company investigation.

### **3.6 *Documentation***

3.6.1 Subject to the applicable document retention program, the Company shall document its compliance efforts and results to evidence its commitment to comply with the standards and procedures set forth above.

**Exhibit A**

**INDEX**

**QAD INC. AND SUBSIDIARY COMPANIES  
CORPORATE POLICY**

- 1-001 General Policy Regarding Laws and Business Conduct
- 1-002 Equal Employment Opportunity – United States Operations
- 1-003 Conflicts of Interest
- 1-004 Internal Auditing Controls, Procedures and Records
- 1-005 Unlawful Payments and Sensitive Transactions
- 1-006 Commercial Bribery
- 1-007 International Business Relationships
- 1-008 Use and Public Disclosure of Inside Information
- 1-009 Information of a Confidential or Proprietary Nature
- 1-010 Export Administration and International Economic Sanctions
- 1-011 Boycotts Outside the United States
- 1-012 Political Contributions
- 1-013 Antitrust Laws
- 1-014 Health, Safety and Environment
- 1-015 Defalcation Misappropriation and Similar Irregularities (Fraud)
- 1-016 Sexual Harassment – United States Operations
- 1-017 United States Federal Government Contracting

Document Revision History

<b>Reason for Change</b>	<b>Document Author</b>	<b>Date</b>
Initial release	Board of Directors	6/30/98
Approved by Board of Directors – format changes only	Roland Desilets	12/12/01
Added applicability of Code to “directors”	Roland Desilets	9/ /04
Approved by Board of Directors	Roland Desilets	9/9/04
Changed reference from ‘General Counsel’ to “officer in charge of legal matters”	Daniel Lender	4/2/09
Approved by Board of Directors	Daniel Lender	4/8/09
Approved by Board of Directors	Daniel Lender	12/11/12