

**BIO-PATH HOLDINGS, INC.**

**EMPLOYEE CODE OF BUSINESS CONDUCT AND ETHICS**

**Effective as February 11, 2014**

**Introduction**

The Board of Directors (the “**Board**”) of Bio-Path Holdings, Inc., a corporation organized under the laws of Utah (the “**Company**” or “**we**”, “**us**” or “**our**”), has adopted this Employee Code of Business Conduct and Ethics (the “**Employee Code of Conduct**”). The Employee Code of Conduct applies to all employees, including executive officers (each, an “**Employee**” and together, the “**Employees**”), of the Company and is intended to inform all such individuals of their ethical obligations to the Company. Management is responsible for setting an example by their own conduct and for making sure that proper attention is given to, and controls are in place for, promoting compliance with the Employee Code of Conduct.

The responsibility for creating a culture and environment in which ethical and legal behavior is respected and expected starts with the executive officers of the Company. The Company expects the executive officers of the Company to ensure that their own actions and directions are above reproach. It is imperative that the Company's executive officers emphasize, in both their words and their actions, the importance of ethical decision making, compliance with laws and regulations, and compliance with the Employee Code of Conduct.

The Employee Code of Conduct has been designed to help reduce the risk of unethical and illegal conduct by Employees by providing a clear statement of the standards to be followed in the Company's business activities. In addition to the policies specifically set out in the Employee Code of Conduct and the other policies of the Company, Employees are expected to be familiar with, and comply with, applicable laws, rules, and regulations.

The Employee Code of Conduct sets out the basic policy of the Company in a number of areas, such as conflicts of interest, fraud, securities trading, confidential information, record keeping, and other areas of concern to the Company, its members and the public at large. The Employee Code of Conduct is a product of, and should be read and complied with in the spirit of, the Company's commitment to excellence. Accordingly, the Employee Code of Conduct is intended to promote:

- ◆ honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- ◆ full, fair, accurate, timely, and understandable disclosure in the reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “**Commission**”), and in other public communications made by the Company;
- ◆ compliance with applicable governmental laws, rules, and regulations;
- ◆ prompt internal reporting of violations of the Employee Code of Conduct; and

- ◆ accountability for adherence to the Employee Code of Conduct.

Although the Employee Code of Conduct cannot anticipate every ethical or legal issue that may arise nor is it feasible to attempt to define a course of action for every situation, each Employee should apply to every situation the basic principles of honesty, fairness, integrity, and compliance with the law.

It is important for each Employee to understand that:

- you are personally responsible for your own conduct, for complying with provisions of this Employee Code of Conduct, and for properly reporting known or suspected violations;
- if you are in doubt as to how to handle a specific situation, you should discuss the matter with your supervisor, or another member of management prior to acting;
- if you are a supervisor or manager, you should set an example by your own actions, and use your best efforts to ensure that Employees understand and comply with this Employee Code of Conduct;
- no one has the authority or right to order, request or even influence you to violate this Employee Code of Conduct or the law;
- violations of this Employee Code of Conduct will subject you to disciplinary action, up to and including termination;
- any attempt by any person to have another person violate this Employee Code of Conduct, whether successful or not, is itself a violation of this Employee Code of Conduct and may be a violation of law;
- any retaliation or threat of retaliation against any person for refusing to violate this Employee Code of Conduct or for reporting in good faith a violation or suspected violation of this Employee Code of Conduct is itself a violation of this Employee Code of Conduct and may be a violation of law;
- if you are aware of a violation of this Employee Code of Conduct, you are required to report such violation to your supervisor or the Chief Executive Officer or, if such violation involves the Chief Executive Officer, to the Chairman of the Audit Committee;
- reported violations of this Employee Code of Conduct will be investigated and actual violations will result in disciplinary action concerning the person violating this Employee Code of Conduct, up to and including dismissal, and may result in civil or criminal action against that person; and
- this Employee Code of Conduct is in addition to the rules and policies of the Company.

This Employee Code of Conduct is not a contract of employment and does not change any person's employment status with the Company.

This Employee Code of Conduct includes a process for reporting violations of the Company's policies to an Employee's supervisor and/or to the Chief Executive Officer. In the event the violation involves the Chief Executive Officer, the Employee should report the violation directly to the Chairman of the Audit Committee. Each Employee has the responsibility of reporting such violations, and failure to do so may result in disciplinary action. No Employee will be retaliated against in any way for reporting in good faith an actual or suspected violation.

### **Conflicts of Interest**

As an Employee, you should always perform your job duties on the basis of the Company's best interests, independent of any personal considerations or relationships. Therefore, you must avoid any financial interest or other business relationship (such as with a competitor, supplier, or customer of the Company) that might interfere with effective performance of your job or be adverse to the interests of the Company. You should avoid any activity, association, or financial relationship that creates even the appearance of conflicting loyalties or interests. If you have any interest or relationship that might compromise or appear to compromise your duty of loyalty to the Company, you must disclose it to your supervisor.

***Investments.*** Employees are prohibited from investing in any of the Company's customers, suppliers or competitors without the prior written approval of the Chief Executive Officer or President. Such prior approval, however, is not required if the investment involves (i) securities that are publicly traded, (ii) does not involve a significant amount of securities (*i.e.*, less than 1% of the outstanding securities) and is not significant to the Employee's overall investment portfolio, (iii) the investment is on the same terms available to the general public, and (iv) the investment is not based on any "inside information." These restrictions apply to all forms of investments and to all Employees and their immediate family members. In general, Employees should not have any financial interest in a customer, supplier or competitor that could cause divided loyalty, or even the appearance of divided loyalty.

***Family Relationships.*** Except as set forth below, an Employee wishing to do business on behalf of the Company with a member of that Employee's family or with a company of which the Employee's relative is an officer, director, or principal must first disclose the relationship and obtain the prior written approval of the Chief Executive Officer or the President.

***Outside Directorships.*** Outside directorships can create a conflict of interest situation for an Employee. Employees are prohibited from being a director or officer of any customer, supplier or competitor without the prior written consent of the Chief Executive Officer or the President. In addition, prior approval of a director or officer position is required if such position is with a not-for-profit entity and the Company has a business relationship with the entity or there is an expectation of financial or other support from the Company. Employees shall not render their services to any outside entity if such services interfere

with their obligations to the Company. Any questions regarding these provisions should be directed to the Chief Executive Officer.

**Corporate Opportunities.** No Employee may (i) take for himself or herself personally opportunities that are discovered through the use of Company property, information or position, (ii) use Company property, information or position for personal gain, or (iii) compete with the Company. Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

**Bribes.** At times it may be respectful and appropriate to offer gifts, favors or entertainment to business associates. However, all of us must remember to exhibit high standards of integrity and fairness in our daily decisions. Bribes are improper payments designed to influence another's behavior. A bribe could take the form of direct cash payments or other forms of payment, such as kickbacks, unexplained rebates, advertising or other disguised allowances or invoices for advertising or other disguised expense. Bribes and other forms of payment that are designed to improperly influence others are never acceptable.

Many countries have laws or rules about giving gifts to people who are employed by the government of that country. Some countries have laws that limit the gifts that can be given to people who are employed by the government of other countries. It is the Company's policy to fully comply with all those laws and rules. In addition, a U.S. federal law, the Foreign Corrupt Practices Act ("FCPA"), prohibits the Company, or anyone acting on behalf of the Company, from making a payment or giving a gift to a non-U.S. government official for purposes of obtaining or retaining business. The FCPA applies to the Company everywhere in the world we do business. The FCPA applies to you even if you are not a U.S. citizen.

A violation of the FCPA occurs when a payment is made or gift is given to a non-U.S. government official while "knowing" that the payment or gift will be used to unlawfully get or keep business or direct business to anyone else. Under the FCPA, "knowing" includes situations where the circumstances make it fairly obvious that an illegal payment or gift will occur, even if the Company representative did not actually know the payment or gift would be made.

We are required by the FCPA to keep books, records and accounts that accurately and fairly show Company assets and how the Company's monies have been spent. A system of internal accounting controls must be maintained to provide reasonable assurances of adequate corporate supervision over the accounting and reporting activities at all levels.

**Vendor Gift Policy.** Our business requires that we deal with a wide range of vendors, many of whom may consider it standard practice to provide gifts and entertainment to us as a gesture of appreciation. While in general these gifts may seem consistent with doing business, the receipt of these gifts by an Employee acting in his or her capacity as an employee of the Company can create the appearance of a conflict of interest for the Employee because such gifts may be construed as attempts to influence the performance of his or her duties.

The Company's policy requires that our vendors be chosen on the basis of merit without favoritism. Employees who approve vendors should not be involved with the vendor in a way that would appear to influence impartial judgment. Accordingly, except as set forth below, Employees and/or members of their immediate family may not request or accept gifts, entertainment or other benefits of value received directly or indirectly from an existing or potential vendor. Such gifts should never include cash. Gifts, gratuities, entertainment or other items of token or nominal monetary value, such as an occasional meal or outing with a vendor motivated by commonly accepted business courtesies, is permissible. However, gifts, gratuities, entertainment or other items in excess of nominal or token value must be approved (electronically or otherwise) by the Chief Executive Officer, the President or the Chief Executive Officer's designee. Employees should never accept gifts, services, travel or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties.

This policy does not apply to events or promotions sponsored by the Company at which vendors from time to time provide merchandise, provided that the Employee receiving the particular item of merchandise was selected by the Company, by lot or otherwise, and not by the vendor or at such vendor's request.

The Company expects that its Employees will use their best judgment when it comes to business gifts, gratuities, favors or entertainment.

### **Fraud**

It is the Company's policy that fraud will not be tolerated. Fraud is a dishonest, and in many cases illegal, action. Examples of fraud include:

- knowingly submitting a false expense report;
- falsifying company, employee and/or customer records; taking cash from the company for personal use; forging or altering checks;
- misappropriating assets or misusing Company property;
- influencing, coercing, manipulating or misleading the Company's auditor for the purpose of making financial statements misleading;
- knowingly falsifying the Company's financial results; and
- improperly changing Company financial records or financial statements.

The Company understands that everyone is human, and sometimes mistakes do happen. However, fraud, including theft of money or property, is no mistake and will not be tolerated.

### **Securities Trading**

It is both illegal and against this Employee Code of Conduct for you to profit from undisclosed non-public material information relating to the Company, any company with which

we do business or any information obtained about any other company by virtue of your employment by the Company. If you are in possession of material inside information of the Company, any company with which we do business or any other company if such information was obtained by virtue of your employment, and such information has not yet been disclosed to the public, you may not purchase or sell any of the securities of the Company or of such other company or "tip" others to trade in such securities. Material inside information is defined as facts that have not been disclosed to the public that could influence a reasonable investor's decision to buy or sell a security. Examples of inside material information include, but are not limited to:

- a stock split;
- a change in the dividend policy;
- potential mergers, acquisitions or other business opportunities;
- financial and operating results for the month, quarter or year; and
- major litigation, legislative or other legal developments.

The restrictions of this policy also apply to your family members and others living in your household. You are responsible for the compliance of such persons with securities laws and Company policy. Even the appearance of improper conduct must be avoided. Accordingly, you should never make a recommendation to anyone to buy, sell or hold Company securities.

#### **Confidential and Proprietary Information**

Employees have an ethical and, in many cases, a legal duty not to disclose confidential, non-public, proprietary information about the Company, customers, co-workers, business partners, suppliers, distributors and others with whom we do business. You may have access to such information during the course of your work and you are responsible for ensuring that it is not made available to unauthorized persons. You should remember that unauthorized persons may include your co-worker. Accordingly, you should discuss confidential, non-public and proprietary information only with those persons you know to be authorized to receive, and that have a need to know, the information. Protection of the Company's confidential business information is vital to our success and growth in the competitive industry in which we work. In addition, disclosure of certain confidential information, such as competitive information or personnel information, may be illegal.

Business information that has not been made public shall not be released to private individuals, organizations, or governmental bodies unless authorized by the Company. Disclosure of any such information demanded by legal process, such as a subpoena or court order, should be processed, reviewed and approved by the Company's outside legal counsel. Employees shall not use confidential information obtained in the course of their employment for the purpose of advancing any private interest or otherwise for personal gain. Employees should refer any requests for information (reference checks, credit reporting, etc.) about present or former Employees of the Company to the Chief Executive Officer.

### **Record Keeping**

Certain documents and other records pertaining to the Company's business must be maintained for specific periods of time for possible review by regulatory authorities and in connection with pending or threatened litigation. Company documents (such as contracts, agreements, licenses, accounting records, correspondence and memoranda), including e-mails and other forms of electronic documents, should be discarded or destroyed only in accordance with Company policy. If you have any question about the propriety of discarding or destroying a document, please check with the Chief Executive Officer prior to discarding or destroying such documents.

Additionally, the Company is engaged from time to time in litigation pursuant to which the Company may receive requests from third parties for documents relating to our business. Once the Company is engaged in such litigation or litigation is specifically threatened against the Company, the Company is prohibited by law from destroying any document that would be relevant to the dispute or responsive to such request. If you become aware that we have been threatened with legal action or have received a legal claim, you must not discard or destroy any related documents until you have been advised in writing by the Chief Executive Officer that you are permitted to do so.

### **Use and Care of Company Resources / Assets**

All equipment, supplies, software and other assets used in the Company's business must be treated with due care and are to be used for business purposes only. You are responsible for ensuring that all equipment and supplies issued to you are properly used and maintained. Any unauthorized use of Company equipment, supplies or software (including any use that is not a business use) is prohibited by Company policy. You must never make unauthorized copies of any Company software or remove any Company equipment or other Company assets from the Company's premises without specific written authorization from your supervisor.

### **Political Activities**

The Company respects your right to participate in political activities on your own behalf or on behalf of any cause or candidate you favor. However, the Company's policy is that you may not engage in political activities of any nature on Company time or property, or during any other time in which you are acting on the Company's behalf. The use of the Company's time, equipment, property or other assets in the conduct of political activities of any nature is also expressly prohibited.

The Company participates in the political process by expressing its views on local and national issues that affect its business and operations. This section of the Employee Code of Conduct does not apply to Employees specifically authorized by the Company's Chief Executive Officer or President to engage in political activities on behalf of the Company.

### **Non-Discrimination Policy**

It is the Company's policy to select, develop and promote Employees and applicants for employment based on the individual's ability, experience and job performance. It has been, and

shall continue to be, the policy of the Company to provide equal opportunity to all personnel in all aspects of employer/coworker relations without discrimination because of gender, race, color, religious creed, sexual preference, national origin, marital status, age, disability, veteran, worker's compensation or FMLA status (except where such characteristic is an appropriate bona fide occupational qualification). This policy affects decisions including, but not limited to: hiring, placement, promotion, transfer or demotion; recruiting, advertising or solicitation for employment; terms and conditions of employment; rates of pay and other forms of compensation; selection for training and development and layoff or termination.

With respect to the Company's policy on gender discrimination, the Company is firmly committed to (i) further developing and maintaining a no-tolerance policy concerning sexual harassment, sex discrimination or harassment on the basis of gender, and retaliation against individuals who report harassment in the Company's workplace; (ii) swiftly and firmly responding to any acts of sexual discrimination or harassment on the basis of sex or retaliation of which the Company becomes aware; (iii) implementing a disciplinary system that is designed to strongly deter future acts of sexual discrimination or harassment on the basis of sex, or retaliation; (iv) eradicating vestiges, if any, of a work environment that is hostile to women; and (v) actively monitoring its workplace in order to ensure tolerance, respect and dignity for all people.

#### **Corporate Compliance and Procedures for Reporting Violations**

It is the Company's policy to prevent the occurrence of unethical or unlawful behavior, to stop any such behavior that may occur as soon as is reasonably possible after its discovery and to discipline those who engage in such behavior. Failure to comply with the standards contained in the Employee Code of Conduct can have severe consequences for both the individuals involved and the Company. In addition to potentially damaging the Company's good name, consumer relations and its business opportunities, conduct that violates the Employee Code of Conduct may also violate federal, state and local laws. These violations can subject the individuals involved to prosecution, imprisonment and fines. The Company may also be subject to prosecution, fines and penalties for the improper conduct of its Employees. Violation of the Employee Code of Conduct could subject an Employee to discipline up to and including termination of employment.

It is each Employee's responsibility to report actual and suspected violations of the Employee Code of Conduct or civil and criminal laws or regulations to their supervisor or to the Chief Executive Officer or, in situations where the violation involves the Chief Executive Officer, to the Chairman of the Audit Committee. While reports of possible or suspected violations should typically be made to your supervisor, in those circumstances where that is not practical, you should report such violation to the Chief Executive Officer (or, in the circumstances described above, to the Chairman of the Audit Committee). If you believe the supervisor to whom you have reported the violation, or possible violation, has not taken appropriate action, you must contact the Chief Executive Officer or, in situations where the violation involves the Chief Executive Officer, the Chairman of the Audit Committee.

Reports of a violation, or possible violation, should include a sufficiently detailed description of the factual basis for the allegation in order to allow for an appropriate

investigation. The Company understands that there may be cases when an Employee might want to report concerns about the Employee Code of Conduct anonymously or with confidentiality. To the extent practical, the Company will keep reports confidential. If the Employee does not identify himself or herself, however, the Company might not be able to respond appropriately to the Employee's concern. Further, there may come a time when the Company cannot proceed with the investigation without obtaining additional information from the reporting person or others.

Employees who report in good faith an actual or suspected violation of the Employee Code of Conduct or who ask questions about the Employee Code of Conduct will not be subject to retaliation for doing so. "Good faith" does not mean that a reported concern must be correct, but it does require that an Employee be truthful when reporting a concern or asking a question. Retaliation, retribution or harassment against any Employee who in good faith asks any questions or raises any concerns regarding the Employee Code of Conduct is prohibited. Retaliatory or related conduct is grounds for discipline, up to and including termination.

The Chief Executive Officer will have responsibility for overseeing compliance with applicable laws, the Employee Code of Conduct and related Company policies and procedures. The Chief Executive Officer is responsible for investigating all reported violations and confirming whether or not a violation of the Employee Code of Conduct has actually occurred, except in circumstances where the reported violation involves the Chief Executive Officer, in which case the Chairman of the Audit Committee or his or her designee shall investigate the reported violation and confirm whether or not a violation of the Employee Code of Conduct has actually occurred. The Company will provide appropriate resources to permit such investigations to be carried out in a thorough and timely manner. Receiving a complaint does not mean a violation has occurred. The Company will investigate each complaint, and each Employee will be presumed innocent unless the investigation reveals a violation has occurred. If a violation of the Employee Code of Conduct by an Employee who is not an executive officer has occurred, the Chief Executive Officer, together with appropriate Company management as determined at the discretion of the Chief Executive Officer, the supervisor and department head of the violator, will determine what, if any, disciplinary action is appropriate. The Chief Executive Officer, together with any executive officers of the Company deemed appropriate by the Chief Executive Officer, will also determine what, if any, corrective actions are necessary to mitigate or prevent any harm done by the violation and to prevent any future violations of a similar nature. The Chief Executive Officer must immediately report any violation by an executive officer of the Company to the Chairman of the Audit Committee, who, in consultation with the Board, will determine what, if any, disciplinary action and corrective actions are appropriate.

The Chief Executive Officer will provide a quarterly report to the Audit Committee listing the types and numbers of violations and any other detail requested by the Audit Committee. The Audit Committee may, at any time, require that certain specified violations be reported immediately to the Audit Committee to be dealt with by such Committee, rather than by the Chief Executive Officer. In addition, the Audit Committee will investigate, or delegate to another executive officer of the Company the investigation of any reported violations for which an investigation by the Chief Executive Officer is not appropriate.

### **Special Ethics Obligations for Employees with Financial Reporting Responsibilities**

As a company that files reports with the Commission, it is critical that the Company's filings with the Commission be accurate and timely. Depending on their position with the Company, Employees may be called upon to provide information to assure that the Company's public disclosures are complete, fair, timely filed and understandable. The Company expects its Employees to take this responsibility very seriously and to provide prompt and accurate answers to inquiries by management related to the Company's public disclosure requirements.

The Company's policy is to record and report factual information honestly and accurately. Conduct violating this policy is a serious offense and will subject an individual to severe discipline by the Company, including termination and/or possible criminal and civil penalties.

Investors count on the Company to provide accurate information about its businesses and to make responsible business decisions based on reliable records. Every individual involved in creating, transmitting or entering information into the Company's financial and operational records is responsible for doing so fully, accurately and with appropriate supporting documentation. No Employee may make any entry that intentionally hides or disguises the true nature of any transaction. For example, no individual may understate or overstate known liabilities and assets, record false transactions and/or revenue or record them early, defer or accelerate the proper period for recording items that should be expensed, or process and submit false or inaccurate invoices.

Compliance with established accounting procedures, the Company's system of internal controls, and generally accepted accounting principles is necessary at all times. In order to achieve such compliance, the Company's records, books, and documents must accurately reflect all transactions and provide a full account of the Company's assets, liabilities, revenues and expenses. Knowingly entering inaccurate or fraudulent information, or failing to enter material information, into the Company's accounting system is unacceptable and may be illegal. In addition, it is the responsibility of all Employees to give their full cooperation to the Company's internal auditors and its independent auditors.

The Company's principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions (collectively, the "***Executive, Finance and Accounting Officers***") bear a special responsibility for promoting integrity throughout the Company, with responsibilities to stakeholders both inside and outside the Company. The Executive, Finance and Accounting Officers have the responsibility to adhere to these principles themselves and also to promote a culture throughout the Company as a whole that ensures the fair and timely reporting of the Company's financial results and condition. Because of this special role, the Executive, Finance and Accounting Officers are bound by the following Executive Officer Code of Business Conduct and Ethics ("***Executive Officer Code of Conduct***") and must acknowledge in writing that he or she will:

- act with honesty and integrity, and avoid actual or apparent conflicts of interest in personal and professional relationships;
- provide information that is full, fair, accurate, timely and understandable to ensure full, fair, accurate, timely and understandable disclosure in reports and documents

that the Company files with, or submits to, the Commission and in other public communications made by the Company;

- comply with laws, rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies, including insider trading laws;
- act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing his or her independent judgment to be compromised;
- uphold the confidentiality of information acquired in the course of his or her work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of his or her work will not be used for personal advantage;
- proactively promote and be an example of ethical behavior in the work environment and the community;
- achieve responsible use of, and control over, all assets and resources employed or entrusted to him or her;
- share knowledge and maintain skills important and relevant to his or her constituents' needs;
- not (a) take for himself or herself personally opportunities that are discovered through the use of corporate property, information, and position, (b) use corporate property, information or position for personal gain or (c) compete with the Company;
- endeavor to deal fairly with the Company's customers, suppliers, competitors and employees; and
- promptly report known violations of this Executive Officer Code of Conduct to the Chief Executive Officer or Chairman of the Audit Committee and any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Executive Officer Code of Conduct, including any transaction or relationship that reasonably could be expected to give rise to such conflict.

This Executive Officer Code of Conduct shall constitute the "code of ethics" referred to in Item 406(b) of Regulation S-K of the federal securities laws. Violations of this Executive Officer Code of Conduct, including failures to report potential violations by others, will be viewed as a severe disciplinary matter. Reported violations of this Executive Officer Code of Conduct will be investigated and actual violations will result in disciplinary action concerning the person violating this Executive Officer Code of Conduct, up to and including dismissal, and may result in civil or criminal action against that person. Reports of a violation, or possible violation, of this Executive Officer Code of Conduct may be made to the Chief Executive Officer, or in situations where the violation involves the Chief Executive Officer, to the Chairman of the Audit Committee.

### **Amendments and Waivers**

The Company will publicly disclose any amendments or waivers, including any implicit waivers, of the Executive Officer Code of Conduct applicable to the Company's Executive, Finance and Accounting Officers in accordance with the requirements of the Commission and, as applicable, the stock exchange on which the Company's stock is listed or such other organization on which the Board may direct that the Company's securities be listed or traded. The Employee Code of Conduct and Executive Officer Code of Conduct may only be amended or waived with the approval of the Board (or a committee thereof that has been delegated such authority).