

MIDATECH PHARMA PLC

Code of Business Conduct and Ethics

This Code of Business Conduct and Ethics ("**Code**") sets out the legal and ethical standards of business conduct expected of the Midatech Pharma PLC ("**Company**") directors and employees together with those of its subsidiary undertakings ("**Group**"). This Code is intended to deter wrongdoing and to promote the conduct of all Group business in accordance with high standards of integrity and in compliance with all applicable laws and regulations in any jurisdiction in which the Group operates. Accordingly, except as otherwise required by applicable local law, this Code applies to the Group worldwide and a reference to the Company shall be construed as a reference to the Company and the Group (as the case may be).

This Code is intended to qualify as a *code of ethics* within the meaning of section 406 of the Sarbanes – Oxley Act of 2002 and the rules promulgated thereunder.

If you have any questions regarding this Code, or its application to you in any situation, you should contact the Company's Finance Director Nick Robbins-Cherry who is the **Ethics Officer** for the Group.

1. Compliance with Laws, Rules and Regulations

The Company requires that all employees and directors comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its employees, directors, or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your line manager in the first instance or as regards serious matters to the Ethics Officer. You may also report the matter anonymously through the Company's Compliance Hotline at confidential@midatechpharma.com. You are strongly encouraged to report any potential violations of the law directly to the Company so that we may address matters appropriately internally; however, nothing in this Code prohibits you from reporting any illegal activity, including any violation of the law, rules or relevant regulation, to the appropriate regulatory authority. Employees and directors shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against an employee or director because he or she reports any such violation in good faith. However, if the report was made with the knowledge that it was in fact false, the Company may take appropriate disciplinary action including termination of that individual. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any administrative, judicial or legislative proceeding or investigation.

Every employee and director is expected to comply with all Company policies and rules as in effect from time to time. You are expected to familiarise yourself with such policies.

The Company's policy is to deal honestly and fairly with government representatives and agents and to comply with lawful governmental requests and processes. If you are approached by any governmental agent or receive an order to turn over, or provide access to, property or documents, you should immediately contact the Ethics Officer prior to providing any information to the agent. The Ethics Officer will ensure that all information being requested is pursuant to a lawful order and will coordinate the appropriate response. In coordination with the Ethics Officer, you should always be truthful and straightforward in your dealings with governmental representatives and do not direct or encourage another employee (or someone else) to provide false or

misleading information to any government agent or representative. Do not direct or encourage anyone to destroy records relevant to a fact-finding process.

2. Conflicts of Interest

Employees and directors must act in the best interests of the Company. You must refrain from engaging in any activity or having a personal interest that presents a *conflict of interest* and should seek to avoid even the appearance of a conflict of interest. A conflict of interest occurs when your personal interest interferes with the interests of the Company. A conflict of interest can arise whenever you, as an employee or director, take action or have an interest that prevents you from performing your Company duties and responsibilities honestly, objectively and effectively.

All employees and directors should fully and promptly disclose all circumstances that could reasonably be construed or perceived as a conflict of interest to the Ethics Officer. Full disclosure creates an opportunity to resolve unclear situations and deal with conflicting interests before any difficulty can arise.

3. Dealing in the Company's Shares

The Company has in existence a specific share dealing code. This share dealing code imposes restrictions on dealing in the Company's securities beyond those imposed by law. Its purpose is to ensure that directors and applicable employees of the Company and their families do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of the Company's results. However nothing in the share dealing code would sanction a breach of section 118 of the Financial Services and Markets Act 2000, the insider dealing provisions of the Criminal Justice Act 1993 or any other relevant legal or regulatory requirements, including Rule 21 of the AIM Rules.

Additionally, under U.S. federal securities laws, employees and directors who have material non-public information about the Company are prohibited by law from trading in securities of the Company as well as from communicating such information to others who might trade on the basis of that information. These prohibitions apply equally to the trading in securities of other companies, including the Company's collaborators, licensors, licensees, business partners, suppliers and customers, on the basis of material non-public information of such other companies that the employee or director obtained as a result of his or her position with the Company. The Company's securities here are quoted on the AIM Market of the London Stock Exchange and on NASDAQ (as ADRs). Under the AIM Rules for Companies, directors and other key employees are prohibited from dealing in the Company's securities when they are in possession of unpublished price sensitive information on considerations of a short term nature or during close periods.

"close period" means any of the following periods when a director of the Company is prohibited from dealing:

- (a) *the period of two months immediately preceding the publication of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to and including the time of publication; and*
- (i) *if the Company reports on a half-yearly basis, the period of two months immediately preceding the notification of the Company's half-yearly report or, if shorter, the period from the end of the relevant financial period up to and including the time of the notification; or*

- (ii) *if the Company reports on a quarterly basis, the period of one month immediately preceding the notification of the Company's quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the notification;*
- (b) *any other period when the Company is in possession of unpublished price-sensitive information; and*
- (c) *any period during which it is reasonably probable that unpublished price-sensitive information will be required to be notified by the Company under the AIM Rules;*

4. General Confidentiality and Employee privacy

Employees and directors must maintain the confidentiality of confidential information entrusted to them by the Company, except when disclosure is authorised by a line manager or legally permitted in connection with reporting illegal activity to the appropriate regulatory authority. The confidentiality obligation of the Company's employees and directors also extend to the confidential information entrusted to them by our collaborators, licensors, licensees, business partners, suppliers and customers. Unauthorised disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to persons who have a need to know such information to perform their responsibilities for the Company.

Confidential information includes, among other things, any trade secret or other confidential information or knowledge relating to the business or financial affairs, accounts, prospects, research, inventions, designs, process and any data bases, data surveys, list of customers, contacts or suppliers, records, reports, or other documents or information in any form concerning the Company or third parties.

Everyone who works with the Company's computer-based resources is responsible for their appropriate use and protection from theft, damage or loss. Employees should take care to understand the risks and protect and ensure that the security features of the computer-based resources are not compromised. Information created, transmitted or accessed on Company networks is Company property and the Company reserves the right to monitor or restrict access to it. Computer software used in connection with the Company's business must be properly licensed and used only in accordance with that license. The same level of care should be taken when using Company e-mail, internet and voice mail systems as is used in written documents. Third parties may ask you for information concerning the Company. Subject to exceptions noted in the first paragraph of this subsection, employees and directors (other than the Company's authorised spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and, if appropriate, after a confidentiality agreement is in place. Additionally, no Company employee or director may post messages (whether through use of a Company-provided computer or otherwise) containing Company information or concerning the Company to Internet chat rooms, message boards, social media websites, news groups or any other similar forums (other than in the case of Company-sponsored and approved postings). The prohibition on sharing Company information with third parties applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. If you receive any direct media enquiry about the Company, you must decline to comment and refer the inquirer to your line manager. The Company's policies with respect to public disclosure of internal matters are described more fully in the Company's Disclosure Policy.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations. Personal information about employees, directors and others is treated with the strictest confidentiality and will be shared on a need to know basis internally and externally with relevant authorities as required by law. Personal information includes information which identifies an individual, or from which an individual's identity can be ascertained, and includes sensitive information. Sensitive information includes information about an individual's racial or ethnic origin, political opinions, philosophical or religious beliefs or affiliations, membership of a political, trade or professional association, sexual preferences or practices, criminal record or health information. Employees and directors who are responsible for maintaining personal information must ensure that the information is not disclosed inappropriately or misused.

5. Honest and Ethical Conduct and Fair Dealing

Employees and directors should endeavour to deal honestly, ethically and fairly with the Company's collaborators, regulators, licensors, licensees, business partners, suppliers, customers, competitors and employees. Statements regarding the Company's Intellectual Property and other technologies must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Employees and directors are required to select and deal with service providers, suppliers and others doing or seeking to do business with the Company in an impartial manner and should be perceived by others to be acting impartially, without preference based upon any considerations other than the best interests of the Company.

Employees and directors should seek to protect the Company's assets, including Intellectual Property and other proprietary information. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

Employees and directors must advance the Company's legitimate interests when the opportunity to do so arises. You must not take for yourself personal opportunities that are discovered through your position with the Company or the use of property or information of the Company.

6. Gifts, Gratuities and possible bribing

The use of Company funds or assets or personal funds expended on the Company's behalf, for gifts, entertaining and hospitality, gratuities to any third party (including customers and suppliers) is prohibited, except to the extent such gifts, gratuities, entertaining and hospitality are in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient. The use of Company funds or assets for gifts to any customer, supplier, or other person doing or seeking to do business with the Company is prohibited, except to the extent such gifts are in compliance with the policies of both the Company and the recipient and are in compliance with applicable law.

Employees and directors must not give or accept, or permit any member of his or her immediate family to give or accept, any gifts, gratuities, entertainment or other hospitality to or from any customer,

supplier or other person doing or seeking to do business with the Company. This shall be other than genuine hospitality or reasonable and proportionate business expenditure or gifts, gratuities, of an insignificant value. Any hospitality which is disproportionate or otherwise not in accordance with applicable laws should never be given or accepted. Gifts and gratuities that are not of insignificant value should never be given and, in the case of those received, should be returned immediately and reported to your line manager or the person within the Company to whom you report. If an immediate return is not practical, they should be given to the Company for charitable disposition or such other disposition as the Company, in its sole discretion, believes appropriate.

In particular, common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Employees and directors should only provide, (or accept), business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest, intended to serve legitimate business goals and in compliance with applicable law.

Bribes or “kickbacks” are criminal acts, strictly prohibited under the UK Bribery Act 2010 and also under the laws of the USA. These laws must be considered whenever something of value is given or received by the Company or its representatives or affiliates that is in any way connected to work performed for, or paid by, a government. You must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world. The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business; foreign officials include officers and employees of a foreign government or a department or agency thereof, including physicians who work for state-run hospitals. Because the Company is an issuer of securities that have been registered in the United States, this law applies to the Company, its employees, directors and any third party agents of the Company.

7. Accuracy of Books and Records and Public Reports

Employees and directors must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company's ability to meet its legal and regulatory obligations.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to International Financial Reporting Standards and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and the London Stock Exchange and in other public communications.

8. Accounting or Auditing Matters

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns or complaints in writing to the Ethics Officer or through the anonymous hotline. All such concerns and complaints will be forwarded to the Audit Committee of the Board of Directors,

unless they are determined to be without merit by the Ethics Officer. In any event, a record of all complaints and concerns received will be provided to the Audit Committee each fiscal quarter. Any such concerns or complaints may also be communicated, confidentially and, if you desire, anonymously, directly to any member of the Audit Committee of the Board of Directors. The Audit Committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, (if any), that it deems necessary or appropriate to address the substance of the concern.

The Company will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, unless it is determined that the report was made with knowledge that it was false.

No employee or director shall, directly or indirectly, make or cause to be made a materially false or misleading statement to an accountant in connection with (or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to, an accountant in connection with) any audit, review or examination of the Company's financial statements or the preparation or filing of any document or report with the SEC. No employee or director shall, directly or indirectly, take any action to coerce, manipulate, mislead or fraudulently influence any independent accountant engaged in the performance of an audit or review of the Company's financial statements.

9. Waivers of this Code of Business Conduct and Ethics

While some of the policies contained in this Code must be strictly adhered to and no exceptions can be allowed, in other cases exceptions may be appropriate. Any employee or director who believes that a waiver of any of these policies is appropriate in his or her case should first contact his or her immediate line manager or the person within the Company to whom they report. If the line manager agrees that a waiver is appropriate, the approval of the Ethics Officer must be obtained. The Ethics Officer shall be responsible for maintaining a record of all requests by employees or directors for waivers of any of these policies and the disposition of such requests. Any waiver of this Code for employees or directors or any change to this Code that applies to employees or directors may be made only by the Board of Directors of the Company and will be disclosed as required by law or the rules of AIM or of NASDAQ.

10. Compliance Procedures

Every employee and director has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Code to his or her line manager or to the Ethics Officer or through the anonymous reporting hotline. Any employee or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her line manager or to the Ethics Officer. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any employee or director who reports such conduct, unless it is determined that the report was made with knowledge that it was false. Details on how to report concerns is set out below under "**How to Report Concerns**".

We prefer that you identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information. However, you may make such reports anonymously if you also wish.

11. Operational Issues of Code Compliance

If the Ethics Officer receives information regarding an alleged violation of this Code, he or she shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an officer or a director, inform the Chief Executive Officer and Board of Directors of the alleged violation, (c) determine whether it is necessary to conduct an informal enquiry or a formal investigation and, if so, initiate such enquiry or investigation and (d) report the results of any such enquiry or investigation, together with a recommendation as to disposition of the matter, to the Chief Executive Officer for action. Employees and directors are required to cooperate fully with any enquiry or investigation by the Company regarding an alleged violation of this Code. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including termination of employment.

The Company shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee who has violated this Code. In the event that the alleged violation involves an officer or a director, the Chief Executive Officer and the Board of Directors, respectively, shall determine whether a violation of this Code has occurred. If it has they shall determine the disciplinary measures to be taken against such officer or director. If the allegations concern potentially violative actions on the part of the Chief Executive Officer then the foregoing actions shall be taken solely by the Board of Directors.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary or fees, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any line manager who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to the foregoing disciplinary actions.

12. Distribution and any Amendment

This Code shall be distributed to each new employee and director of the Company upon commencement of his or her employment or other relationship with the Company. It shall also be distributed annually to each employee and director of the Company, and each employee and director shall certify that he or she has received, read and understood the Code and has complied with its terms in the previous year.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason.

This document is not an employment contract between the Company and any of its employees, officers or directors.

Midatech Pharma PLC
Adopted 1 December 2015

How to Report Concerns

You can report concerns about any aspect of this Code or other concerns about the integrity of the Group or your position within it to:

*Nick Robbins-Cherry
Ethics Officer
Midatech Pharma PLC
65 Innovation Drive
Milton Park
Abingdon
Oxfordshire
OX14 4RQ*

*or you can write to a confidential email only accessible by the Ethics Officer:
confidential@midatechpharma.com*