

TERNS PHARMACEUTICALS, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

(Effective as of February 4, 2021)

INTRODUCTION

This Code of Business Conduct and Ethics (this “Code”) contains general guidelines for conducting the business of Terns Pharmaceuticals, Inc. (the “Company”) consistent with the highest standards of business ethics. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code applies to all of our directors, officers, employees and consultants. We refer to all officers and other employees covered by this Code as “Company employees” or simply “employees,” unless the context otherwise requires. In this Code, we refer to our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, as our “principal financial officers.”

All directors, officers and employees are expected to be familiar with the Code and to adhere to those principles and procedures set forth below. All directors, officers and employees must conduct themselves accordingly, exhibiting the highest standard of business and professional integrity, and seek to avoid the appearance of improper behavior.

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Company’s General Counsel (or the Chief Financial Officer in the absence of a General Counsel, or, in his or her absence from the office, the Chief Executive Officer), or such other person as the Board of Directors may designate from time to time (the “Compliance Officer”). The Company has also established an Ethics Hotline that is available 24 hours a day, 7 days a week at:

Website: <https://www.whistleblowerservices.com/ternspharma>

Phone Number: (877) 653-4383

Any reports submitted via the Ethics Hotline will be reviewed by the Compliance Officer and subsequently reported to the Audit Committee. You may remain anonymous and will not be required to reveal your identity in calls to the Ethics Hotline, although providing your identity may assist the Company in addressing your questions or concerns.

Reporting Violations of the Code

All employees, consultants and directors have a duty to report any known or suspected violation of this Code, including violations of the laws, rules, regulations or policies that apply to the Company. If you know of or believe there has been a violation of this Code, immediately report the conduct to your supervisor or the Compliance Officer. The Compliance Officer will work with you and your supervisor or other appropriate persons to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Compliance Officer directly.

You may also report known or suspected violations of the Code on the Ethics Hotline that is available 24 hours a day, 7 days a week in accordance with the details set forth above.

Any reports submitted via the Ethics Hotline will be reviewed by the Compliance Officer and subsequently reported to the Audit Committee. You may remain anonymous and will not be required to reveal your identity in calls to the Ethics Hotline, although providing your identity may assist the Company in investigating your concern. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor or the Compliance Officer, as applicable, and the Company will protect your confidentiality to the extent possible, consistent with applicable law and the Company's need to investigate your concern.

It is Company policy that any employee, consultant or director who violates this Code, or who directs or approves a violation of this Code, may be subject to appropriate discipline, which may include termination of employment or the consulting relationship, as appropriate. This determination will be based upon the facts and circumstances of each particular situation. Employees, consultants and directors who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and may incur damage to its reputation and standing in the community.

Policy Against Retaliation

The Company prohibits retaliation against an employee, consultant or director who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee or consultant because the employee or consultant, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment or the consulting relationship, as applicable.

Waivers of the Code

Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by the Board of Directors and will be disclosed to the public as required by law or the rules of the Nasdaq Stock Market. Waivers of this Code for other employees or consultants may be made only by the Company's Chief Executive Officer or Chief Compliance Officer and will be reported to our Audit Committee.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's, consultant's or director's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear cut. The following situations are examples of conflicts of interest:

- Outside Employment. No employee should be employed by, serve as a director of, or provide any services to a company that the individual knows or has reason to believe is a material customer, supplier or competitor of the Company (other than services to be provided as part of an employee's job responsibilities for the Company).
- Improper Personal Benefits. No employee, consultant or director should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. For instance, no employee or consultant should make side deals with the Company's customers in which the employee is separately compensated by the customer or a third party. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- Financial Interests. No employee should have a significant financial interest (ownership or otherwise) in any company that the individual knows or has reason to believe is a material customer, supplier or competitor of the Company. A "significant financial interest" includes (i) ownership of greater than 5% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.
- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that the individual knows or has reason to believe is a material customer, supplier or competitor of the Company. This restriction does not apply to or prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. No employee or director should join, or serve on, a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to materially conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may

influence an employee's objectivity in making decisions on behalf of the Company. For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption.

For purposes of this Code, a company is a "material" customer if the company has made one or more payments to the Company in the past year in the aggregate in excess of \$120,000. A company is a "material" supplier if it has received one or more payments from the Company in the past year in the aggregate in excess of \$120,000. If you are uncertain whether a particular company is a material customer or supplier, please contact the Compliance Officer for assistance.

Conflict of interest issues concerning the Company's directors will be addressed by the Company's Audit Committee.

Disclosure of Conflicts of Interest

The Company requires that employees, consultants and directors disclose any situation that reasonably would be expected to give rise to a conflict of interest. If you reasonably believe that you have a conflict of interest, or something that others would reasonably perceive as a conflict of interest, you must report it in writing to your supervisor or the Compliance Officer. Your supervisor and the Compliance Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in "Waivers of the Code" above.

HONEST AND ETHICAL CONDUCT AND FAIR DEALING

Employees, officers and directors should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's product candidates 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.

CORPORATE OPPORTUNITIES

As an employee, consultant or director of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property or information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee, consultant or director may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company while employed by us or while serving as a director or consultant to us.

If you are an employee, you should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity.

If you are a director, you should disclose to the Board of Directors the terms and conditions of the opportunity, and you may only pursue such opportunity if the Board of Directors declines to pursue such opportunity.

If you are a consultant, you should disclose to your supervisor at the Company the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor at the Company will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity.

If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code; *provided* that any pursuit of such business opportunity shall not interfere in any way with or otherwise interrupt your work, duties and responsibilities as an employee, consultant or director of the Company.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. Gifts and entertainment, however, should not compromise, or appear to compromise, your ability to make objective and fair business decisions. In addition, it is important to note that the giving and receiving of gifts are subject to a variety of laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering the marketing of products, bribery and kickbacks. You are expected to understand and comply with all laws, rules and regulations that apply to your job position.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from collaborators, customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
 - The items are of reasonable value;
 - A primary purpose of attending the meal or entertainment is business related; and
 - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other collaborators, customers, suppliers or vendors.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.

- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

If you conduct business in other countries, you must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See “The Foreign Corrupt Practices Act” section of this Code for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions in other countries.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Chief Financial Officer, who may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or a principal financial officer for additional guidance.

Note: Gifts and entertainment may not be offered or exchanged under any circumstances to or with any employees of the U.S. government or state or local governments. If you have any questions about this policy, contact your supervisor or the Company’s Chief Financial Officer for additional guidance. For a more detailed discussion of special considerations applicable to dealing with the U.S. government, state and local governments and the governments of other countries.

INTERACTING WITH HEALTHCARE PROFESSIONALS

The ideal place to discuss and promote the Company’s services and products is in a physician’s office, a hospital, or a clinical setting. Local laws and industry codes may allow for discussion to occur outside of these three locations in certain circumstances, but always follow the Company policy that is applicable to your position and to the activity. Strict laws and regulations, such as the Federal Food, Drug, and Cosmetic Act, the Anti- Kickback Statute, the False Claims Act, and other applicable laws, prevent the risk of healthcare provider’s treatment recommendation being based and motivated by personal gain or enrichment. Given potential risks generated from interactions, you must ensure that all meetings are transparent, reflect our commitment to integrity, and comply with applicable laws and regulations that are set on the local, state, national and international level. Factors to Remember When Promoting Products

- Do not make negative remarks or comments on a competitor’s products that undermine their company.
- Only use promotional materials that comply with applicable regulatory and local standards, such as accurate, approved labels that can be supported with scientific evidence.

- Do not promote the use of product beyond authorization and the approved labeling.
- A summary of safety concerns and a full image of the product should be provided at the time of discussion.

CONFIDENTIAL INFORMATION

Employees, consultants and directors have access to a variety of confidential information regarding the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Employees, consultants and directors have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated. An employee's or consultant's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Compliance Officer.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and many other aspects of our business and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files, personnel records, records relating to our intellectual property, product development and collaborations and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Each employee, consultant and director must follow any formal document retention policy of the Company with respect to Company records within such employee's, consultant's or director's control. A request for a copy of any such document retention policy or questions concerning any such policy should be directed to your supervisor or the Compliance Officer.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee, consultant and director has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

CONCLUSION

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics and in compliance with all applicable laws. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer or the Ethics Hotline that is available 24 hours a day, 7 days a week at:

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Phone Number: (877) 653-4383

The Company expects all of its employees, consultants and directors to adhere to these standards. This Code, as applied to the Company's principal financial officers, shall be the Company's "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time. The most current version of this Code is available on the Company's website.