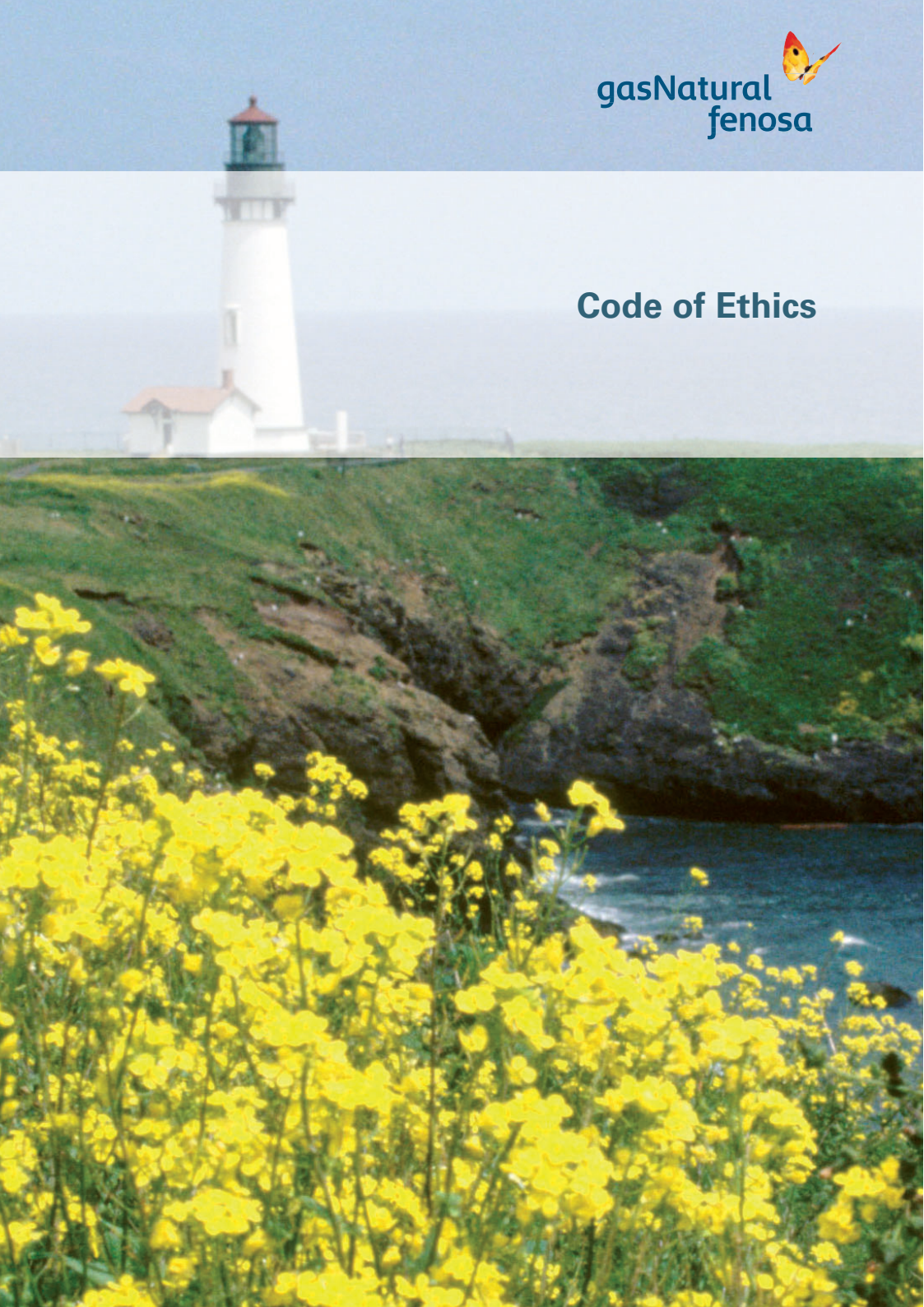


## Code of Ethics







# Code of Ethics of Gas Natural Fenosa

1. Purpose	3
2. Scope of Application	5
3. The main criteria for conduct within Gas Natural Fenosa	6
4. Conduct guidelines	7
5. Acceptance of and compliance with the Code	26
6. Code of Ethics Commission	28
7. Validity	30
Appendix	31



# 1 Purpose

The aim of the Code of Ethics is to establish the guidelines governing ethical behaviour in the daily work of Gas Natural Fenosa employees with regard to the group's relations and interactions with its stakeholders. Stakeholders include employees, customers, suppliers and external collaborators, shareholders, public and private institutions, and society in general.

This Code of Ethics is based on, and complements, the definition of the Mission, Vision, Values and Principles of Gas Natural Fenosa. It constitutes a guide to ensure the appropriate behaviour of its employees in the performance of their professional duties in accordance with the laws of each of the countries where Gas Natural Fenosa operates, and respecting the values of each particular culture.

The **Mission** of Gas Natural Fenosa is to meet society's energy needs, by providing its customers with quality services and products which do not harm the environment, its shareholders with growing, sustainable profitability, and its employees with the possibility of developing their professional skills.

The group's **Vision** is to be a leading energy and service company with ongoing growth and a multinational presence, which stands out for providing its customers with excellent quality service, its shareholders with sustained profitability, its employees with broader opportunities for personal and professional development, and for making a positive contribution to society, as part of its commitment to global citizenship.

The **Values** shared by all the people that constitute Gas Natural Fenosa are customer service, commitment to **results, sustainability, interest in the individuals, social responsibility and integrity.**

The **Principles** of Gas Natural Fenosa have been defined for each and every stakeholder with the aim of meeting their expectations and formalizing the group's commitments to each of them.

## 2 Scope of Application

This Code of Ethics is addressed to the Chairman and Chief Executive Officer, the Managing Director, the Executives and in general to all the staff of Gas Natural Fenosa (henceforth, the employees), regardless of their position in the organisation or the location they work in.

The conduct guidelines contained in the Code affect all the companies in which Gas Natural Fenosa has a controlling interest.

Additionally, the group will encourage its suppliers and collaborators to adopt the behaviour guidelines set forth in this Code of Ethics.

The Executive Management of Gas Natural Fenosa will implement all the resources available to disseminate the Mission, Vision, Values and Principles of Gas Natural Fenosa and to enforce the conduct guidelines contained in this Code. Furthermore, the Executive Management's behaviour and compliance with the Code will be exemplary.

The conduct criteria contained in this Code have not been designed to cater to all situations and circumstances which Gas Natural Fenosa employees might encounter; rather, the aim is to establish general guidelines that employees should follow when performing their professional activities.

All Gas Natural Fenosa employees may consult their direct superior or the Code of Ethics Commission should they have any doubts as to the interpretation of the conduct guidelines in this Code.

### **3 Guiding principles for conduct within Gas Natural Fenosa**

Gas Natural Fenosa considers that the trust of its shareholders, customers, suppliers, external collaborators and of the social environment in which it operates is based on the integrity and responsibility of each of its employees.

Integrity is understood to be ethical, honourable actions carried out in good faith.

Professional responsibility is understood as taking proactive, efficient actions centred on excellence, quality and good service.

Gas Natural Fenosa expects all its employees to behave with integrity and responsibility in the performance of their functions.

Moreover, Gas Natural Fenosa also expects its suppliers and external collaborators to behave in accordance with the same criteria.

# 4 Conduct guidelines

The Code of Ethics determines specific guidelines for behaviour in the following areas:

- 4.1. Respect for law, human rights and ethical values
- 4.2. Respect for the individual
- 4.3. Professional development and equal opportunities
- 4.4. Cooperation and dedication
- 4.5. Health and safety in the workplace
- 4.6. Use and protection of assets
- 4.7. Corruption and bribery
- 4.8. Irregular payments and money laundering
- 4.9. Corporate image and reputation
- 4.10. Loyalty to the company and conflicts of interest
- 4.11. Treatment of information and knowledge
- 4.12. Customer relations
- 4.13. Relations with collaborators and suppliers
- 4.14. Respect for the environment

## 4.1. Respect for law, human rights and ethical values

Gas Natural Fenosa is committed to acting at all times in accordance with applicable legislation and internationally accepted ethical practices, with total respect for Human Rights and public liberties.

The activities and operations of Gas Natural Fenosa are carried out in accordance with its Mission, Vision, Values and Principles and its adhesion to the United Nations Global Compact (Appendix 1), the objective of which is the adoption of universal principles in the fields of human rights, employment regulations and environment.

Furthermore, Gas Natural Fenosa ethical behaviour is in line with the Universal Declaration of Human Rights, the International Labour Organisation's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Specifically, Gas Natural Fenosa respects freedom of association and collective bargaining. Moreover, it recognises the rights of ethnic minorities in the countries where it operates, rejects child labour and, in general, any form of exploitation.

All employees of the group must comply with the laws applicable in the countries where they operate, heeding the spirit and objectives of the laws and behaving ethically.

Furthermore, they must avoid any conduct that, although not illegal, might damage the reputation of the group with the community, the government of the country and other organisations, and might negatively affect the group's interests.

Gas Natural Fenosa employees must act with honour and integrity in all relations and transactions with the authorities and civil servants of the different governments and administrations, ensuring that all the information and certificates they present and all the statements they make are true.

All employees must be familiar with the laws that affect their work and, where applicable, they should request information from their superiors or from the corresponding authorities.

No employee should consciously collaborate with third parties in the infringement of a law or participate in any action that would jeopardize respect for the principle of legality.

When in doubt or when encountering behaviour that does not respect law, human rights or ethical values, employees should inform the company through their direct superior or the Code of Ethics Commission.

## 4.2. Respect for the individual

Gas Natural Fenosa rejects all manifestations of physical, psychological and moral harassment, abuse of authority and any other conduct that could generate an intimidating or offensive environment in relation to the individual's rights.

Gas Natural Fenosa employees must treat each other with respect, favouring cordial relations and a pleasant, healthy and safe work environment.

All employees must treat their colleagues, superiors and subordinates fairly and respectfully. Similarly, relations between employees of the group and those of external collaborating companies or entities must be based on professional respect and mutual collaboration.

Gas Natural Fenosa considers individual's all-round development of great importance, it facilitates the necessary balance between professional and personal life.

### **4.3. Professional development and equal opportunities**

Gas Natural Fenosa promotes the professional and personal development of all employees, ensuring equal opportunities through the implementation of its policies.

It prohibits employment or professional discrimination for reasons of age, race, colour, sex, religion, political opinion, nationality, social origin or disability.

Moreover, Gas Natural Fenosa supports and is committed to the application of public policies established to promote greater equality and to foster a merit based corporate culture.

Gas Natural Fenosa selection and promotion of employees is based on skills and the performance of professional functions and on the criteria of merit and ability defined in the requirements of the post.

All employees must actively participate in the training plans that the group places at their disposal, involving themselves in their own development and committing themselves to updating their knowledge and skills, with the aim of facilitating their own professional advancement and contributing value to the customers, the shareholders and society in general.

Managers must act as the facilitators of the professional development of their collaborators in such a way as to enable them to determine their own professional growth within the company.

## 4.4. Cooperation and dedication

Gas Natural Fenosa facilitates an environment of cooperation and teamwork in order to make best use of all capacities and resources.

All group employees must act within the spirit of collaboration, placing at the disposal of the other organisational units and people that make up the group the knowledge or resources that might facilitate the achievement of the objectives and interests of the group. Notwithstanding, this obligation will not contravene the legal limitations on the separation of activities related to the participation in third-party organisational structures and the supply with commercially sensitive information that are set forth in the legislation, and neither will it be applicable to the relations between group employees and the company Union Fenosa Gas SA and its subsidiaries concerning their activities related to natural gas sale to third parties within Spain (this last mandate regarding Union Fenosa Gas SA and its subsidiaries will end on March 19, 2011).

Furthermore, when the legislation so provides, steps will be taken to enable those responsible for the daily management of certain activities to have the capacity to make effective decisions in these areas, without prejudice to the appropriate supervision by the group.

Employees must work efficiently during the working day, making best use of their time and the resources that the company places at their disposal and making an effort to add maximum value to all the processes in which they participate.

## 4.5. Health and safety in the workplace

Gas Natural Fenosa promotes the adoption of health and safety policies in the workplace and adopts the preventive measures established in the applicable legislation of each country.

Furthermore, it ensures that collaborating companies and suppliers apply its health and safety regulations and policies.

All group employees must be aware of and comply with the health and safety protection regulations and ensure their own safety, the safety of other employees, customers, suppliers, collaborators and, in general, of all people that might be affected by their activities.

For its part, Gas Natural Fenosa will provide its employees with the resources and knowledge they require to be able to safely perform their duties in a healthy environment.

## 4.6. Use and protection of assets

Gas Natural Fenosa places at the disposal of its employees all the resources required for the performance of their professional activity, and undertakes to facilitate the resources needed to protect and safeguard them.

All employees must make responsible, efficient and appropriate use of the company's resources in their professional activity. They must also protect them from any inappropriate use that could harm the interests of the company.

With respect to the internal and external personnel responsible for Gas Natural Fenosa assets, the Voluntary Principles on Security and Human Rights will be taken as the benchmark in all countries.

## 4.7. Corruption and bribery

Corruption and bribery appear when employees make use of unethical practices to obtain a benefit for the company or for themselves. Corruption and bribery are categorised as fraud.

Gas Natural Fenosa is opposed to influencing the will of third parties in order to obtain a benefit through the use of unethical practices. Neither will it allow other people or entities to use these practices with its employees.

Group employees may not directly or indirectly accept gifts or compensation of any kind given with the intention of improperly influencing their commercial, professional or administrative relations with both public and private entities.

Similarly, employees are not permitted to directly or indirectly give payments, gifts or compensation of any kind not considered to be appropriate within the normal context of business in order to improperly influence commercial, professional or administrative relations with both public and private entities.

When in doubt or when encountering cases of corruption or bribery, employees should inform the company through their direct superior or the Code of Ethics Commission.

## 4.8. Irregular payments and money laundering

Gas Natural Fenosa establishes policies to prevent and avoid irregular payments and money laundering arising from illicit or criminal activities.

The aforementioned policies establish specific controls on financial transactions (incoming and outgoing) that show an unusual amount in cash or bearer cheques and all payments made to entities with bank accounts in tax havens, in all cases identifying the holder of the account.

Gas Natural Fenosa employees will be vigilant with regard to cases in which there might be signs of a lack of integrity on the part of the people or entities that collaborate with the group.

Finally, Gas Natural Fenosa employees will pay special attention to extraordinary payments, not provided for in the corresponding agreements and contracts.

When in doubt or when encountering cases of irregular payments or money laundering, employees should inform the company through their direct superior or the Code of Ethics Commission.

## 4.9. Corporate image and reputation

Gas Natural Fenosa considers that one of the basic elements that contribute to its good corporate image and reputation is the establishment of responsible relations with the communities in which the company operates.

In the course of their activities all employees must consider the interests of local communities.

The group considers its corporate image and reputation to be among its most valuable assets for maintaining the trust of its shareholders, customers, employees, suppliers, authorities and society in general.

All employees must take care to preserve the image and reputation of the company in the course of their professional activities.

They must also ensure that the group's corporate image and reputation are respected and used correctly and appropriately by contracted companies and collaborators.

Employees must be especially vigilant when talking in public and must have the authorisation required to interact with the media, participate in professional seminars and any other public events, provided that they appear as employees of Gas Natural Fenosa.

Gas Natural Fenosa does not interfere in the political processes of the countries and communities where it operates.

## 4.10. Loyalty to the company and conflicts of interest

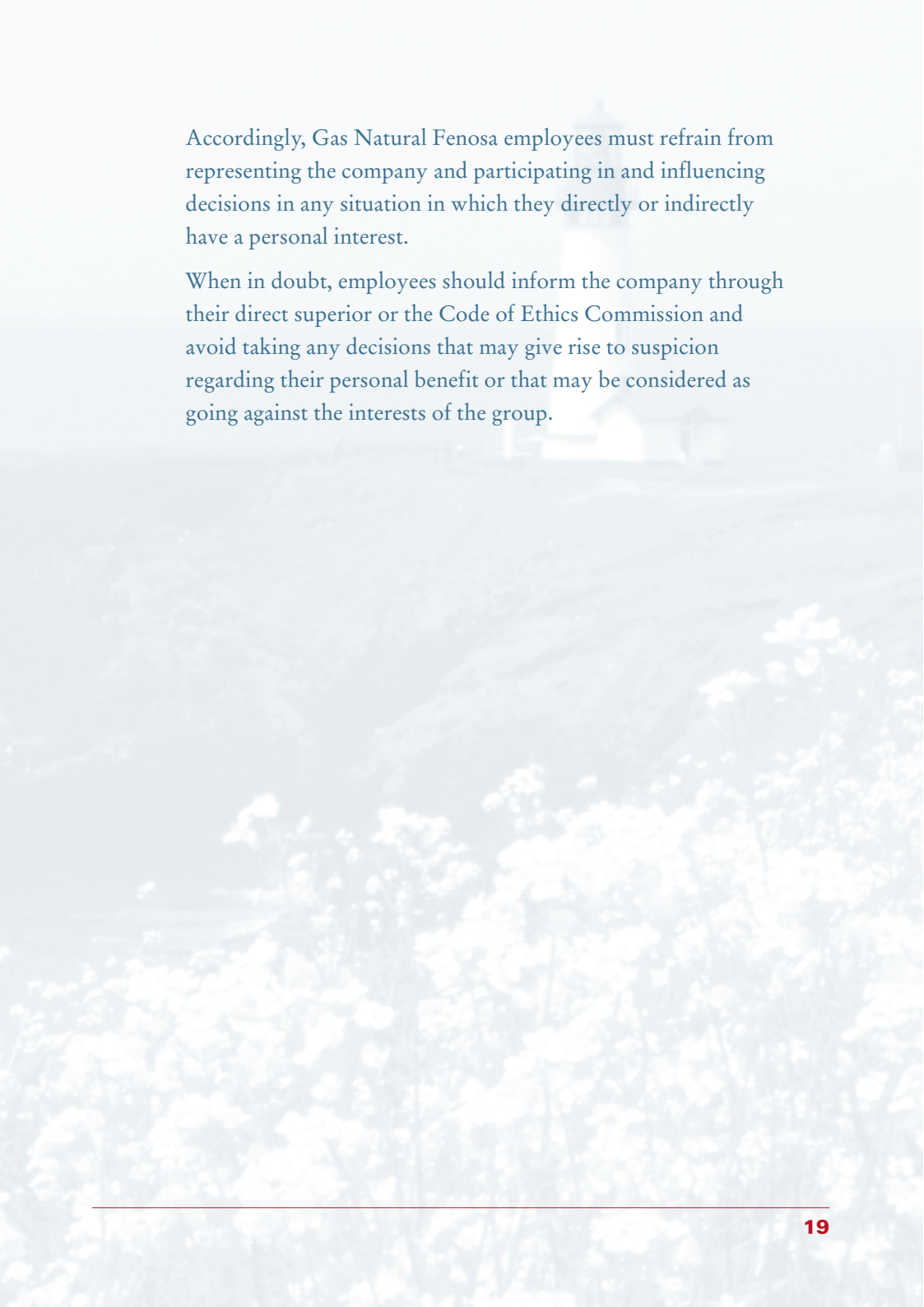
Conflicts of interest arise in circumstances in which the personal interests of the employees are directly or indirectly in opposition to or clash with the interests of the company, interfere with the honest fulfilment of their professional duties and responsibilities or personally involve them in one of the company's operations or transactions.

Gas Natural Fenosa considers that relations with its employees must be based on loyalty arising from common interests.

Accordingly, it respects the participation of its employees in other financial or business activities, provided that they are legal and do not present unfair competition or clash with their responsibilities as employees of Gas Natural Fenosa. Similarly, employees should heed the limitations on holding shares in companies as established in the applicable legislation.

Employees must inform the company in the event that they or their direct family sit or are going to sit on the governing bodies of other companies that could clash with the interests of Gas Natural Fenosa.

In the performance of their professional responsibilities, employees must act with loyalty and defend the interests of the group. Furthermore, they must avoid situations that may give rise to a conflict between personal interests and the interests of the company.



Accordingly, Gas Natural Fenosa employees must refrain from representing the company and participating in and influencing decisions in any situation in which they directly or indirectly have a personal interest.

When in doubt, employees should inform the company through their direct superior or the Code of Ethics Commission and avoid taking any decisions that may give rise to suspicion regarding their personal benefit or that may be considered as going against the interests of the group.

## 4.11. Treatment of information and knowledge

Gas Natural Fenosa considers information and knowledge to be among its main assets and essential for business management, and as such they should be afforded special protection.

The group declares veracity of information as the basic principle in all its actions and so employees must truthfully transmit information, both internally and externally, and in no case should they knowingly provide incorrect or inexact information that might induce the recipient to get an erroneous impression on the matter.

All employees that enter information of any type into the group's computer systems must ensure its rigour and reliability.

This is of particular importance with regard to the group's financial transactions, which must be reflected with clarity and precision in the corresponding records. All the Accounts, operations, income and expenditure must be correctly reflected in the records.

Gas Natural Fenosa employees will refrain from any practices that contravene the commitment to clearly and precisely reflect all the group's financial transactions in the group's Accounts.

All group employees must treat all reserved information to which they have access as a result of their professional activity in strict confidence.

Employees that have access to reserved information about the company or about important aspects of the company's strategy, policies, plans or assets must preserve it so it cannot be used inappropriately and abstain from using it unduly for their own benefit or the benefit of third parties.

Behaviour and actions related to the Stock Market are collated in the “Internal Code of Ethics for matters pertaining to the Stock Market”, as approved by the Board of Directors.

When in doubt with regard to the nature of information, employees should consider it to be reserved unless authorised to the contrary.

Gas Natural Fenosa takes steps to ensure the appropriate flow of the information and knowledge generated in the company among its employees and organisational units in order to facilitate the management of activities and foster the development of the individual.

All the information and knowledge - understood to be the conceptual result of the integration of diverse information - that is generated within the scope of the company is the property of the group in accordance with the applicable legislation.

Employees have the duty to preserve the company’s knowledge by facilitating its dissemination to other employees of the group and placing it at the disposal of knowledge management systems within the company.

Employees must guarantee that they do not share commercially sensitive information with other companies in the group in accordance with the provisions of the applicable legislation. Employees must also guarantee that they do not share with the company Union Fenosa Gas SA and its subsidiaries commercially sensitive information about natural gas sale to third parties within Spain.

Gas Natural Fenosa complies with the applicable legislation in each one of the countries in which it operates in terms of data protection and respects the right to privacy and protects the personal data entrusted to it by customers, employees, suppliers and external collaborators, candidates in the selection process and other individuals.

## 4.12. Customer relations

Gas Natural Fenosa assumes, leads and fosters commitment to quality, facilitating the resources required to reach excellence and establishing the appropriate measures to ensure that the quality policy is put into practice by its whole staff in accordance with these principles.

All group employees must act with integrity in dealing with both their customers and colleagues, in order to secure the highest levels of quality, excellence in the provision of services and the long-term development of relationships based on trust and mutual respect.

Information or advice provided to customers must always be sufficient, true, timely, and appropriate. Under no circumstances may customers be provided with incorrect, ambiguous or careless information that could lead to errors or to the taking of incorrect decisions.

Employees must ensure they comply with all undertakings made to customers.

## 4.13. Relations with collaborators and suppliers

Gas Natural Fenosa considers its suppliers and collaborators to be essential to the achievement of its growth and service quality improvement objectives and seeks to establish relationships with them that are based on trust and mutual benefit.

Gas Natural Fenosa is committed to fostering practices that are in line with the conduct guidelines contained in this Code among its suppliers and collaborators, without prejudice to compliance with the contractual conditions and the premise of respect for management capacities.

All employees of the group that participate in the processes of selecting suppliers and collaborators must act impartially and objectively, applying quality and cost criteria and avoiding conflicts between their personal interests and the interests of the company.

Similarly, Gas Natural Fenosa offers its contractors, suppliers and collaborators the possibility of approaching the Code of Ethics Commission in confidence and good faith without fear of reprisals, should they perceive the practices of the group's employees not to be in line with the provisions established in this Code.

The agreements established between Gas Natural Fenosa and its suppliers and collaborators include clauses requiring compliance with certain ethical, social and environmental standards.

## 4.14. Respect for the environment

Environmental conservation is one of the basic principles of Gas Natural Fenosa. Accordingly, the organisation has defined an environmental policy and implemented an environmental management system.

Group employees must be familiar with and assume this policy and act at all times in accordance with its Respect and Sustainability criteria, adopt habits and behaviour related to good environmental practices and positively and effectively contribute to achieving the established objectives.

Moreover, employees must also make an effort to minimise the environmental impact of their activities and of the use of the facilities, equipment and work resources at their disposal, and ensure their efficient use.

In their relations with contractors and external collaborators, group employees will transmit these principles and require them to comply with the environmental procedures and requisites applicable in each case.

## **5 Acceptance of and compliance with the Code**

This Code of Ethics must be complied with by the whole staff of Gas Natural Fenosa.

Gas Natural Fenosa will ensure that all its employees are familiar with the content of this Code of Ethics. All new employees will expressly accept the Values and Principles and the regulations established in this Code.

Gas Natural Fenosa expects a high level of commitment to achieve compliance with its Code of Ethics from all its employees. All employees may be evaluated in accordance with their compliance with this Code. Breaches of the Code will be analysed in accordance with the applicable internal procedures, legal regulations and agreements.

Any doubts that employees may have with regard to the interpretation or application of this Code of Ethics should be addressed to their direct superiors or, when necessary, to the Code of Ethics Commission.

Nobody, regardless of level or position, is authorised to ask an employee to contravene the provisions of this Code of Ethics. No employee may justify improper behaviour by citing orders from a superior or ignorance of this Code as justification.

Breaches of the Code of Ethics endanger the reputation of Gas Natural Fenosa and could compromise its solidity. Accordingly, all group employees are obliged to inform their direct superior or the Code of Ethics Commission of any breaches or improper practices observed in the performance of their professional activities.

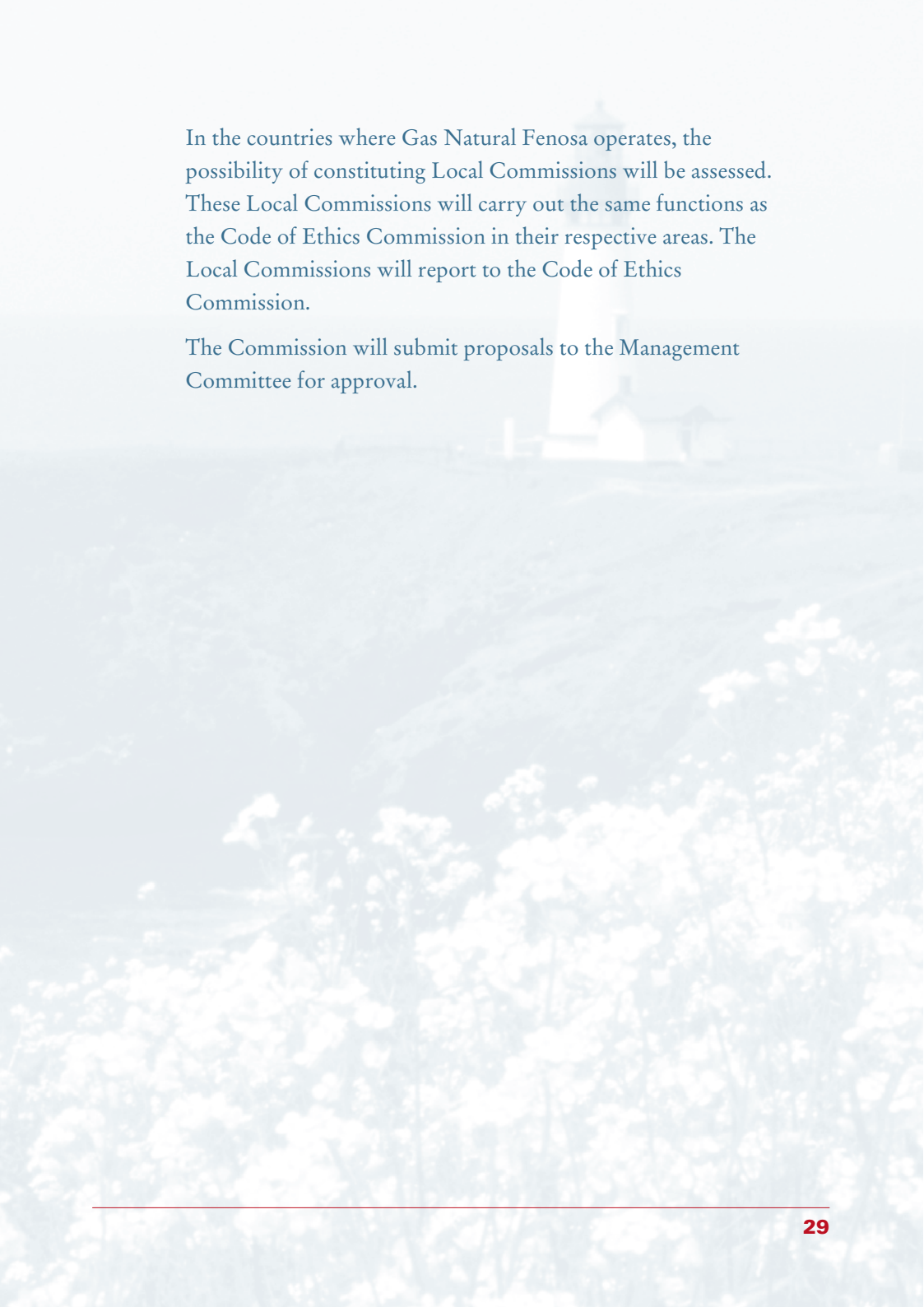
Gas Natural Fenosa has established formal channels supervised by the Code of Ethics Commission through which all employees may ask questions and report breaches of the provisions of this Code in good faith without fear of reprisals.

## 6 Code of Ethics Commission

The aims of the Code of Ethics Commission are to:

- Foster the dissemination and knowledge of the Code of Ethics and ensure compliance with its provisions.
- Interpret the Code and Conduct and provide guidance in the event of doubts.
- Facilitate the resolution of conflicts arising from the application of the Code of Ethics.
- Facilitate and manage a communication channel to enable all employees, suppliers and collaborators to ask questions and report breaches of the provisions of this Code or related information in good faith and without fear of reprisals.
- Produce reports for the Governing Bodies of Gas Natural Fenosa on the dissemination of and compliance with the Code of Ethics, in addition to the activities of the Commission, including recommendations and proposals for updating the Code, improving its content and facilitating the application of all aspects that require special consideration.

The Commission will be formed by five members designated by the Management Committee. The members will elect a Chairman from amongst their number.

A lighthouse stands on a grassy hill, with a field of white flowers in the foreground. The scene is captured in a soft, slightly hazy light, suggesting a calm, early morning or late afternoon atmosphere. The lighthouse is white with a dark top section, and the surrounding landscape is lush and green.

In the countries where Gas Natural Fenosa operates, the possibility of constituting Local Commissions will be assessed. These Local Commissions will carry out the same functions as the Code of Ethics Commission in their respective areas. The Local Commissions will report to the Code of Ethics Commission.

The Commission will submit proposals to the Management Committee for approval.

## 7 Validity

The Code of Ethics will take effect from the date on which it is notified to all employees, and will remain in force until it is revoked.

It will be periodically reviewed and updated by the Management Committee, based on the proposals of the Code of Ethics Commission, which will take into account the suggestions and proposals put forward by employees and the commitments assumed by Gas Natural Fenosa in terms of social responsibility and good governance.

The definitive approval of each one of the updates of the Code of Ethics will be given by the Board of Directors of Gas Natural SDG, S.A.

Approved by the Board of Directors on  
March 31, 2005 and modified on  
January 25, 2008, February 27, 2009 and May 19, 2009.

# Appendix

## United Nations Global Compact

Universal Principles in the areas of human rights, labour standards and the environment.

### Human Rights:

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
2. Make sure that they are not complicit in human rights abuses.

### Labour:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

### Environment:

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

### Anti-corruption:

10. Businesses should work against corruption in all its forms, including extortion and bribery.







[www.gasnaturalfenosa.com](http://www.gasnaturalfenosa.com)