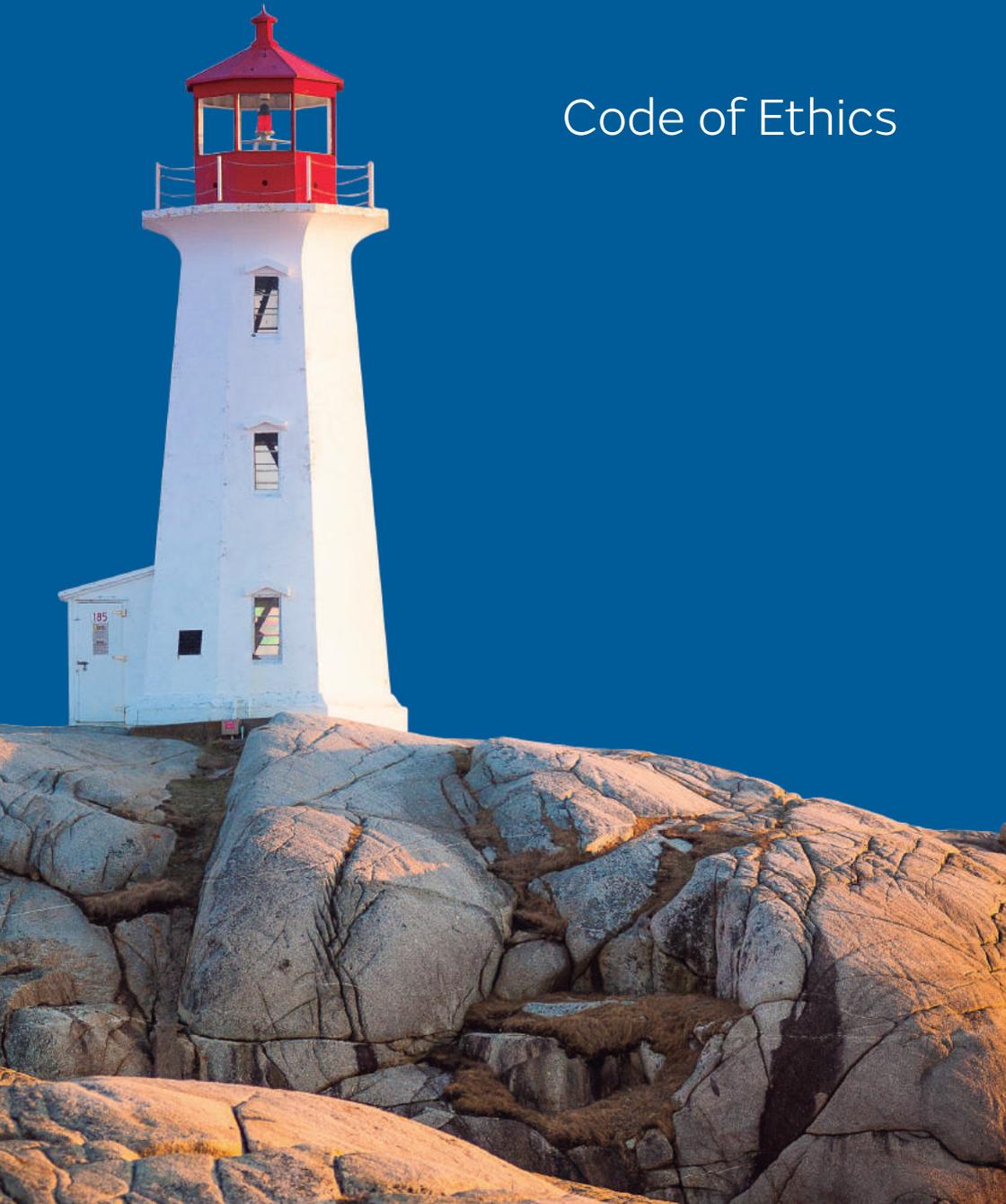


Naturgy 

Code of Ethics



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1.

Purpose

The aim of the Code of Ethics of Naturgy is to establish the standards that govern the ethical behaviour of all its directors and employees in their daily work with regard to the group's relations and interactions with its stakeholders. The stakeholders are the employees themselves, customers, suppliers, 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 Naturgy. It constitutes a guide to ensure the appropriate behaviour of its employees as they perform their professional duties, in accordance with both the laws of each of the countries where Naturgy operates and the established Regulatory System, thereby respecting the values of each particular culture.

The Code of Ethics of Naturgy reflects the principle of due diligence applied by Naturgy for preventing, detecting and eradicating irregularities related to breaches of the Code and of the established internal Standards, including those that refer to criminal acts. The company understands that diligence in these matters requires, among other things, the design and implementation of control models that regularly analyse the risks in the matters contemplated in this Code, assure knowledge of standards at the organisation, define responsibilities and establish procedures that allow the confidential notification of irregularities and of the resolution thereof. The company understands that the procedures that it has implemented, including the Criminal Prevention Model, allow it to respond to the aforementioned elements.

2. Scope of Application

The Code of Ethics of Naturgy is targeted at directors, executives and, in general, all personnel of Naturgy (hereinafter, they are all referred to as employees), regardless of the position they hold or the place where they work.

The standards of conduct contained in this Code must be complied with and affect all the investee companies in which Naturgy has a controlling interest.

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

When the circumstances make it advisable, the company may request that its suppliers, collaborator companies and counterparties formalise their commitment through compliance with the Code or with the guidelines it establishes. Likewise, application

of the Code may be extended to any person or organisation linked to Naturgy whenever the company may deem it to be appropriate and the nature of the relationship makes it possible.

The Board of Directors and the Senior Management Level of Naturgy will implement all the resources within their reach to disseminate the Mission, Vision, Values and Principles of Naturgy and to enforce the standards of conduct contained in this Code. Furthermore, Senior Management's behaviour and compliance with the Code will be exemplary.

The standards of conduct included in this Code have not been designed to contemplate all the situations and circumstances that Naturgy employees might encounter; rather the aim is to establish general guidelines for employees to apply as they perform their professional activities.

3.

Governing principles of conduct at Naturgy

Naturgy considers that the trust of its shareholders, customers, suppliers and external collaborators and of the social environment in which it conducts its business activity, is based on the integrity and responsibility of each one of its employees.

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

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

Naturgy expects all its employees to behave with integrity and responsibility in the performance of their duties.

Likewise, Naturgy also expects its suppliers and external collaborators to behave in accordance with these principles.

All employees of Naturgy can consult any doubt about the interpretation of the standards of conduct appearing in this Code, and they should report, in good faith and without fear of reprisals, any breach of the Code's standards that they may observe in their professional work to their hierarchical superior or to the Code of Ethics Committee using the e-mail address, codigoetico@naturgy.com, or through postal mail or internal mail.

Communications made to the Code of Ethics Committee will be treated as confidential and in accordance with the provisions set forth in the Organic Law on Data Protection.

4.

Standards of conduct

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

- 4.1. Respect for the law, human rights and ethical values.
- 4.2. Respect for people.
- 4.3. Professional development and equal opportunities.
- 4.4. Cooperation and dedication.
- 4.5. Occupational health and safety.
- 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 shareholders.
- 4.14. Relations with collaborator companies and suppliers.
- 4.15. Respect for the environment

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

Naturgy is committed to acting at all times in accordance with applicable legislation, with the internal Regulatory System established with internationally accepted ethical practices, with complete respect for human rights and public liberties.

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

References for ethical behaviour at Naturgy include the Universal Declaration of Human Rights, the Tripartite Declaration of the International Labour Organisation (ILO), the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD) and the regulatory instruments to which

the company adheres in its Human Rights Policy, especially the United Nations Governing Principles on Business and Human Rights.

Specifically, Naturgy respects the freedom of association and collective bargaining. Likewise, it recognises the rights of ethnic minorities in the countries where it develops its operations, it rejects child labour and generally any form of exploitation, and it is diligent in complying with the principles set forth in the aforementioned Regulations.

All employees of the Group must comply with the laws in force in the countries where they conduct their activities, thereby heeding the spirit and objectives of the laws and behaving ethically in all their actions.

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

The employees of Naturgy must act with honour and integrity in all relations and transactions with the authorities and civil servants of the various governments and administrations, and they must ensure 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, if applicable, they should request the necessary information from their superiors or from the corresponding authorities.

No employee will consciously collaborate with third parties in the violation of a law or participate in any action that might compromise respect for the principle of legality.

In turn, the company will provide the necessary means so that its employees know, at all times, the relevant external and internal regulations for the duties they perform, and it will establish the necessary models of internal control that ensure compliance with the law and ethical values.

In any situation of lack of respect for the law, human rights and ethical values, employees must inform the company through their superiors or through the Code of Ethics Committee.

4.2. **Respect for people**

Naturgy rejects any manifestation of physical, psychological or moral harassment, abuses of authority and any other conduct that could generate an intimidating or offensive environment in relation to the rights of individuals.

Employees of Naturgy must treat each with respect, thereby favouring cordial relations and a pleasant, healthy and safe working environment.

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

Naturgy considers the comprehensive development of individuals to be of great importance, wherefore it will facilitate the necessary balance between professional life and personal life.

4.3. Professional development and equal opportunities

Naturgy promotes the professional and personal development of all its employees and ensures equal opportunities through the implementation of its action policies.

It does not accept any type of employment or professional discrimination for reasons of age, race, colour, sex, religion, political opinion, nationality, social origin or disability.

Moreover, Naturgy supports and is committed to the application of public policies that are established to promote greater equal opportunities and foster a corporate culture based on merit.

Naturgy hires and promotes employees based on skills and the performance of professional duties and on the criteria of merit and ability defined in the requirements of the job position.

All employees must actively participate in the training plans that the Group places at their disposal, thereby 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 customers, shareholders and society in general.

Managers must act as facilitators of the professional development of their collaborators, thereby fostering their professional growth at the company.

4.4. Cooperation and dedication

Naturgy fosters an environment of cooperation and teamwork in order to make the best use of all capabilities and resources.

All employees of the Group must act within the spirit of collaboration, thereby placing knowledge or resources that might facilitate the achievement of the Group's objectives and interests at the disposal of the other organisational units and people comprised in the Group. However, this obligation will not contravene legal limitations set forth in legislation on the separation of activities related to participating in third-party organisational structures and facilitating commercially sensitive information. Likewise, whenever it may be established in legislation, the capacity of those who are responsible for the daily management of certain activities to make effective decisions will be fostered, without prejudice to the appropriate supervision by the Group.

Employees must work efficiently during the work day, thereby making the 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. Occupational health and safety

Naturgy promotes the adoption of occupational health and safety policies and adopts the preventive measures established in the applicable legislation in force of each country, always ensuring regulatory compliance in this area.

Furthermore, it promotes and encourages the application of its occupational health and safety rules and policies by the collaborating companies and suppliers with which it works.

Naturgy deems safety to be an individual responsibility and a condition of employment, which is why it will not permit unsafe behaviours that may cause serious injury to persons and/or serious damage to facilities.

In order to prevent these unsafe behaviours, there are a series of red lines that must not be crossed by employees of the Group, which are the lines stated below:

- Concealing occupational accidents or very serious incidents, or inducing third parties to do so, which may have occurred while executing activities for the company, whether by the company's own personnel or by any external collaborator who provides services.
- Falsifying safety records.
- Ordering breaches of safety rules.

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

In turn, Naturgy will provide its employees with the resources and knowledge they need to be able to perform their duties safely and in a healthy environment.

4.6. Use and protection of assets

Naturgy places at the disposal of its employees all the resources they require to perform their professional activity, and it undertakes to facilitate the means for protecting and safeguarding employees.

All employees must use the company's resources responsibly, efficiently and appropriately in their professional activity. They must also protect those resources and keep them from any inappropriate use that could harm the interests of the company.

The company does not permit the use of the equipment that it places at its employees disposal for using computer programs or applications

that may be illegal to use or may harm the company's image or reputation or for accessing, downloading or distributing illegal or offensive content.

With respect to the internal and external personnel who are responsible for asset security at Naturgy, the Voluntary Principles on Security and Human Rights will be used 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.

Naturgy has an Anti-Corruption Policy that defines the principles to be followed for preventing this type of risk.

The employees of Naturgy, in their relations with third parties and, in particular, with the public authorities and institutions of the different countries where it develops its business activities, will act in

accordance with the Group's Anti-Corruption Policy and with national and international provisions on the prevention of corruption and bribery, including the provisions of the Criminal Code of Spain and of the countries where Naturgy operates and including the Guidelines for Multinational Enterprises of the OECD.

Naturgy states that it is against influencing the will of third parties in order to obtain a benefit through the use of unethical practices. It also will not permit other people or entities to use these practices with their employees.

Employees of the Group may not directly or indirectly accept gifts or compensation of any kind whose purpose is to improperly influence 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.

The third parties that Naturgy may resort to for the company's commercial development must assume, in their relations with public and private organisations, commitments that are similar to those included in this Code.

Moreover, employees will, in the development of their professional duties, ensure compliance with the internal control that is established to prevent irregularities and undue advantages in the company's relationship with third parties.

4.8. Irregular payments and money laundering

Naturgy establishes policies to prevent and avoid, in the course of its operations, irregular payments or money laundering that may arise 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 blank cheques and all payments made to entities with bank accounts in tax havens indentifying, in all cases, the holder of the account.

Employees of Naturgy will be alert to cases in which there might be signs of a lack of integrity on the part of the people or entities with which the Group maintains relations.

Finally, employees of Naturgy will pay special attention to extraordinary payments that are not provided for in the corresponding agreements and contracts.

4.9. Corporate image and reputation

Naturgy considers that one of the basic elements that contribute to its good corporate image and reputation is the establishment of relations of responsible citizenry in the communities where it conducts its business activities.

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 protect 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 particularly careful in any public event and must have the required authorisation to interact with the media, to participate in professional seminars and to participate any other event that may be publicised (including comments on social networks) whenever they appear as employees of Naturgy.

Naturgy does not finance political parties or their representatives or candidates in those countries where it conducts its business activities.

Any link or collaboration by employees with political parties will be personal and will be entirely unrelated to the company's business activities.

The company will apply the due diligence to ensure the respectability of the organisations and causes that it is supporting, thereby complying with established internal regulations. This includes the counterparty Due Diligence process, which analyses reputational risk, among others. The company will regularly publish the names of the main organisations that it supports through its social activities.

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 contrary to or conflict with the interests of the company, interfere with the honest fulfilment of their professional duties and responsibilities or personally involve the employees in one of the company's financial operations or transactions.

Naturgy 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, as long as they are legal and do not represent unfair competition or conflict with their responsibilities as employees of Naturgy. Similarly, employees should heed the limitations on holding shares in companies as established in applicable legislation. Employees must inform the company in the event that they or their direct family members sit or are going to sit on the governing bodies of other companies that could conflict with the interests of Naturgy.

During 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.

Therefore, employees of Naturgy must abstain from representing the company and participating in or influencing decisions in any situation in which they directly or indirectly have a personal interest.

4.11. Treatment of information and knowledge

Naturgy considers information and knowledge to be one of its main assets and to be essential for business management, and as such they must be given special protection.

It declares the veracity of its information to be the basic principle in all its actions, wherefore employees must truthfully transmit information, both internally and externally, and in no case should they knowingly provide incorrect or inaccurate information that might induce the recipient to obtain an erroneous impression.

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

In particular, all financial transactions of the Group must be shown clearly and accurately in the corresponding records, through the corresponding Accounting Accounts, and in all operations that are conducted, including all income and incurred expenses.

Employees of Naturgy will abstain from any practices that contravene the commitment to clearly and accurately reflect all the financial transactions in the Group's Accounts.

All employees of the Group must treat as strictly confidential all reserved information to which they may have access as a result of their professional activity.

Employees who 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 that it cannot be used inappropriately, and they must refrain from using it unduly for their own benefit or the benefit of third parties.

Behaviour and actions related to the Stock Market are included in the "Internal Code of Conduct for matters pertaining to the Stock Market," as approved by the Board of Directors.

When in doubt regarding the nature of information, employees should consider it to be reserved until they are told otherwise.

Naturgy takes steps to ensure the appropriate flow of the information and knowledge generated at the company among its employees and organisational units in order to facilitate the management of activities and foster the development of individuals.

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

Naturgy complies with applicable legislation in each one of the countries where 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, external collaborators, candidates in hiring processes and other individuals.

The employees of Naturgy protect the intellectual property of the Group and of third parties, which includes, among others, patents, trademarks, domain names, reproduction rights (including software reproduction rights), design rights, database extraction rights and rights over specialised technical knowledge. Employees, in their relations with third parties, will scrupulously follow the rules and procedures on this subject to prevent infringing the rights of third parties.

4.12. **Customer relations**

Naturgy assumes, leads and fosters a commitment to quality, wherefore it facilitates the resources required to reach excellence and establishes the appropriate measures to ensure that the quality policy is put into practice by all employees in accordance with these principles.

Naturgy competes in the market fairly, and it does not admit deceitful, fraudulent or malicious conduct that leads the company to obtain undue advantages.

All employees of the Group must act with integrity in dealing with the company's external and internal customers, 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 making incorrect decisions.

4.13. Relations with shareholders

The purpose of Naturgy is to continuously create value for its shareholders, wherefore it undertakes to provide objective, transparent, adequate and appropriate information about the company's evolution, under equal conditions for all its shareholders. Likewise, Naturgy undertakes to develop the necessary bases for the participation of its shareholders in the corresponding decisions.

4.14. Relations with collaborator companies and suppliers

Naturgy considers its suppliers and collaborator companies to be essential to achieving its growth and service quality improvement objectives, and it seeks to establish relationships with them that are based on trust and mutual benefit.

Naturgy is committed to fostering, among its suppliers and external collaborators, practices that are in line with the guidelines of conduct that are contained in this Code of Ethics, without prejudice to compliance with contractual conditions and under the premise of respect for management authority.

Whenever circumstances may make it advisable, the company may require that its suppliers and collaborator companies make the commitment and expressly comply with the provisions of this Code.

All employees of the Group who participate in the selection processes of suppliers and external collaborators have the obligation to act with impartiality and objectiveness, therefore applying transparent criteria and complying, strictly and without exception, with internal regulations on the subject, including the counterparty Due Diligence procedure, which analyses and assesses the risk of operations with third parties and quality and cost criteria, thereby avoiding a conflict between their personal interests and those of the company.

Similarly, Naturgy offers its contractors, suppliers and external collaborators the possibility of approaching the Code of Ethics Committee in confidence and good faith without fear of reprisals, should they perceive that practices by the Group's employees are not in line with the provisions established in this Code.

The agreements established between Naturgy and its suppliers and collaborator companies include clauses in relation to compliance with certain ethical, social and environmental standards.

4.15. Respect for the environment

Environmental conservation is one of the basic principles of action of Naturgy. Accordingly, it has defined an environmental policy and implemented an environmental management system.

Employees of the Group must be familiar with and assume this policy and act at all times in accordance with the underlying criteria of respect and sustainability, 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 placed at their disposal, therefore endeavouring to use those items efficiently.

In their relations with contractors and external collaborators, employees of the Group will transmit these principles and demand compliance with the environmental procedures and requisites that are applicable in each case.

5. Acceptance of and compliance with the Code

Compliance with this Code of Ethics is mandatory for all employees of Naturgy and for those third parties who have voluntarily committed to complying with the same.

The company will communicate the content of this Code of Ethics and will disseminate it among all its employees and among those third parties for whom it is relevant. Employees must formally undertake to comply with the Code at the time when they are hired at the company, whenever their contracts are modified and in all other circumstances in which the company deems it appropriate. Moreover, the company will periodically require that its directors and employees formally state that they know and comply

with the guidelines of conduct that are established by the Code, and it will conduct training sessions on the various aspects of the Code.

Naturgy expects a high level of commitment among its employees to achieve compliance with its Code of Ethics. 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 in force, and the appropriate penalties will be applied, if applicable.

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 Committee.

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

Breaches of the Code of Ethics endanger the reputation of Naturgy and could compromise its strength. Therefore, all employees of the Group have the obligation to inform their direct superior or the Code of Ethics Committee of any breaches or improper practices observed in the performance of their professional activities.

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

6.

Code of Ethics Committee

The Code of Ethics Committee is a consultation and recommendation body whose purpose is to:

- Foster the dissemination, knowledge and compliance of the Code of Ethics.
- Interpret the Code of Ethics and provide guidance in the event of doubts.
- Facilitate the resolution of conflicts related to application of the Code of Ethics.
- Facilitate and manage a communication channel so that all employees, suppliers and collaborator companies, in good faith and without fear of reprisals, may ask questions and report breaches of the provisions of this Code or with regard to any related information.

- Produce reports for the Governing Bodies of Naturgy on the dissemination of and compliance with the Code of Ethics, in addition to the activities of the Committee, including recommendations and proposals for updating the Code, improving its content and facilitating the application of all aspects that require special consideration.

The Committee will be formed by six members designated by the Management Committee. These members themselves will elect the Committee's president.

In the countries where Naturgy operates, the possibility of constituting Local Committees will be assessed. These Local Committees will carry out the same functions as the Code of Ethics Committee in their respective areas. The Local Committees will report to the Code of Ethics Committee.

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

7.

Validity

The Code of Ethics will take effect as from the date when it is published for all employees, and will remain in force until it is annulled. It will be periodically reviewed and updated by the Management Committee, based on the proposals of the Code of Ethics Committee, which will take into account the suggestions and proposals put forward by employees and the commitments assumed by Naturgy 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 Naturgy Energy Group, S.A.

Approved by the Board of Directors in the meeting held on 31 March 2005 and modified in the meetings held on 25 January 2008, 27 February 2009, 19 May 2009 and 27 June 2014.

Appendix.

United Nations Global Compact



Red Pacto Mundial España
WE SUPPORT

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

Human rights:

1. Support and respect the protection of internationally proclaimed, fundamental human rights, within its area of influence.
2. Ensure that they are not complicit in Human Rights abuses.

Labour Standards:

3. Uphold the freedom of affiliation and the effective recognition of the right to collective bargaining.
4. Support the elimination of all forms of forced and compulsory labour.
5. Support the effective abolition of child labour.
6. Support the elimination of discrimination in respect of employment and occupation.

Environment:

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

Corruption:

10. Businesses should take action to prevent corruption in all its forms, including extortion and bribery.

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