

**ENAGAS, S.A.**

**INTERNAL CODE OF CONDUCT IN  
MATTERS RELATING TO STOCK  
MARKETS**

Approved on 24 July 2003

This Internal Code of Conduct is drawn up for the purposes laid down in article 1 of Royal Decree 629/1993, 3 May and in the Fourth Additional Provision of Act 44/2002, 22 November.

## **1.- OBJECTIVE AND SUBJECTIVE AREAS OF APPLICATION:**

1.1 The aim of this Internal Code of Conduct is to establish a set of rules directed both at Enagás S.A. and individuals included in its area of application. It covers the following aspects:

- The conduct to be followed in situations concerning privileged and important information;
- The framework for action for acquiring or disposing of shares in Enagás S.A. or companies in the Group;
- Regulating and handling conflicts of interest that might emerge concerning Enagás S.A.
- The company's relationship with its related parties;
- The price regulation policy followed by Enagás and its subsidiaries;
- General compliance with Stock Market regulations.

For the purposes of the provisions of this Code, stocks in Enagás S.A. or in Group companies are considered to include shares, options and futures on shares or related to the value of shares, warrants, convertible or exchangeable liabilities and any other stocks or public securities issued by the Company or by a company in the Group which grant their holder the right to subscribe to or acquire shares.

1.2 This Internal Code applies to the following people:

- Members of the Board.
- Managing Directors and members of the Management Committee.
- Board members and, in the appropriate cases, members of the Management Committee of subsidiary or partially owned companies in which Enagás S.A. has operational control;
- People concerned with Stock Market activities.

- In general, everyone who has access to the Company's privileged or reserved information.

- 1.3 The Board Secretary will maintain an up-to-date relationship with those subject to this Internal Code and will send a copy of this Code to each of them. These people will send the Board Secretary a letter confirming they have received the Code and declaring that they are aware of the obligations they are subject to.

When circumstances so require, the Chairman of Enagás S.A. will be able to decide whether to include Group staff temporarily in this group of people, whether or not they are managers, if, because of taking part in a special operation, they have information that may have a financial value. Inclusion in or exclusion from the affected group will be communicated to the person involved in writing and to the Board Secretary.

In addition, external advisers to the company may be included in this group whenever they have access to privileged information, when compliance with the obligations included in this Code will be required of them.

## **2. OPERATIONS WITH COMPANY OR GROUP STOCKS BY THOSE INVOLVED:**

- 2.1 Investment by people subject to the Internal Code of Conduct in Enagás S.A. shares (or shares in Group companies quoted on the Stock Market) is desirable as it strengthens interest and motivation concerning the results of Enagás S.A.'s consolidated operations, although it is considered that this investment must be stable and not speculative in nature.

This investment must comply with the rules laid down in this Internal Code, without prejudice to strict compliance with the provisions of the Stock Market Regulations, in particular those concerning the use of privileged information (art. 81 and 83 (two) of the Stock Market Act).

- 2.2 Any transaction or operation with shares or share options in Enagás S.A. or Group companies must be communicated by the person

involved to the Board Secretariat within ten days after it is carried out.

2.3 Those subject to this Code must include in these communications acquisitions or disposals carried out:

a) By their spouse, unless the disposal or acquisition affects only the spouse's private property and is carried out without the involvement of the person subject to the code.

b) By children under parental authority.

c) By companies over which they have effective control.

d) Through intermediaries.

e) By people with whom they carry out concerted actions.

2.4 It will not be necessary to declare operations ordered by institutions to which those coming under this Code have entrusted the management of their stock portfolios on a stable basis without involvement by the person, when these operations are carried out exclusively under the judgement of the professional to whom the management of the portfolio has been entrusted.

Despite the above, people who agree a portfolio management contract will be obliged to report to the Board Secretariat: (a) its existence and (b) to order the manager to inform the Board, if it so requires, of any operation carried out concerning shares in Enagás S.A. or its group companies in the course of the portfolio management contract.

2.5 The Enagás S.A. Board Secretariat will keep an updated register of shares and share options in Enagás S.A. and its group companies controlled by people obliged to comply with this Internal Code of Conduct. The data entered in the Register will be kept strictly confidential. At least once a year the figures in this register will be confirmed through a circular sent to all those involved.

As for the Boards and Management Committees of the main subsidiary companies, the Board Secretaries will be in charge of collecting this information and sending it to the Enagás S.A. Board Secretariat.

The functions which the Enagás S.A. Board Secretary is responsible for by virtue of this code may be delegated temporarily or permanently to the Vice-secretary.

- 2.6 Without prejudice to compliance with the above rules, when those subject to the application of this Code have privileged information they must act according to the provisions in section 3 below, in particular refraining from carrying out any operation with Enagás S.A. stocks or those of its subsidiaries.

### **3. PRIVILEGED INFORMATION AND IMPORTANT INFORMATION:**

#### **3.1. PRIVILEGED INFORMATION AND RULES FOR CONDUCT CONCERNING IT.**

- 3.1.1. All information of a definite nature referring directly or indirectly to one or more tradable stocks or financial instruments or to one or more issuers of these stocks which has not been made public and which, if it should be or had been made public, might appreciably influence or might have appreciably influenced the share price in a market or organised contract system will be considered as privileged information.
- 3.1.2. The following will be considered as periods of restricted action for those with access to privileged information:
- From advance knowledge of quarterly results until their general publication.
  - From the time of decisions on distribution of dividends, expansion of capital or issue of convertible liabilities until their publication.
  - From the time of decisions on strategic agreements, mergers, acquisitions or significant sales of material or financial assets until their publication.
  - For those temporarily included in this group, the time elapsing between the written communication of their inclusion and their exclusion.

3.1.3. Anyone who has privileged information during periods of restricted action must abstain from carrying out, either themselves or through others, directly or indirectly, any of the following actions:

- a) Preparing or carrying out any kind of operation with the tradable stocks to which the information refers, except preparing and carrying out operations whose existence goes to form part of the privileged information or operations carried out to meet an obligation already due to acquire or disposing of tradable stocks when this obligation is included in an agreement made before the person involved was in possession of the privileged information, or other operations carried out in accordance with the applicable regulations.
- b) Communicating the information to third parties, except in the normal course of their job, profession or responsibility.
- c) Recommending to a third party that they acquire or dispose of tradable stocks or financial instruments or getting others to acquire or dispose of them based on this information.

For the purposes of the provisions of this section, these actions will be understood as being carried out indirectly when they are carried out through or in the name of a spouse or of underage, dependent children, or through controlled companies, or if they are carried out by intermediaries. These are understood as people who, under their own name, acquire, transmit or possess stocks or acquire or dispose of share options on behalf of people obliged not to do so.

3.1.4. Enagás S.A. and people who have privileged information are obliged to keep it secure, without prejudice to their duty to communicate and co-operate with the judicial and administrative authorities. They must adopt suitable measures to prevent such information being wrongfully or unfairly used and, if necessary, take the measures required to correct consequences that might result from this.

3.1.5. Privileged information referring only to the study or negotiation phases of any kind of legal or financial operation that might appreciably affect the value of stocks or financial instruments

involved must be handled by the company taking into account the following obligations:

- a) Limiting knowledge of the information strictly to essential people, whether they are internal or external.
- b) Keeping a documentary register for each operation including the names of the people referred to in the previous section and the date when each of them first was first aware of the information.
- c) Warning these people about their duty of confidentiality and the prohibition on using the information.
- d) Establishing security measures covering the custody, storage, reproduction and distribution of the information and access to it.
- e) Watching developments on the stock market and news put out by the broadcasting media.
- f) If there is an abnormal development of volumes traded or prices negotiated and reasonable indications that such a development is being caused as a consequence of premature, partial or distorted publicity about the operation, issuing an immediate communiqué with relevant information clearly and precisely reporting the situation of the operation or containing advance information of the operation to be carried out.

### **3.2. IMPORTANT INFORMATION AND RULES FOR CONDUCT CONCERNING IT:**

- 3.2.1. Important information is considered as that which might reasonably influence an investor to acquire or dispose of stocks or financial instruments and may therefore have a noticeable effect on their value in a secondary market.

- 3.2.2. Enagás S.A., through its Chairman, or through the Investor Relations Director, the Board Secretary, the Financial Director or the Legal Affairs Director, must immediately publish to the market all important information, through a communiqué to the CNMV, within the periods and in accordance with the procedures laid down in the relevant provisions.

Important information must be reported to the CNMV before it is reported by any other media and as soon as the facts are known, the decision adopted or the agreement or contract involved is signed.

The contents of a communiqué must be truthful, clear and complete and figures must be given when the nature of the operation so requires, so it is not misleading or confusing.

- 3.2.3. When Enagás S.A. considers that the information must not be made public because it affects its own legitimate interests, it will immediately inform the CNMV, requesting that it is released from its obligation in this respect.

### **3.3. COMMON RULES CONCERNING THE FREE MOVEMENT OF PRICES:**

- 3.3.1. Enagás S.A. must refrain from preparing or carrying out practices that distort the free movement of prices, these being understood as the following:
- a) Operations or orders that provide or might provide false or dishonest indications regarding the offer, demand or price of tradable stocks or those ensuring, by means of one or several people acting in concert, the price of one or several financial instruments at an abnormal or artificial level, unless the person who has carried out the operations or issued the orders shows the legitimacy of his or her reasons and that these conform to market practices.
  - b) Operations or orders which employ fictitious devices or any form of dishonesty or machination.



- c) Publishing information through the communications media, including the Internet, which provides or might provide false or dishonest indications relating to financial instruments, including the spreading of rumours and false or dishonest news items when the person spreading them knows or must have known that the information was false or dishonest.

#### **4. RELATED PARTIES AND CONFLICTS OF INTEREST:**

4.1 For the purposes of this Code, parties related to the company are:

- Companies belonging to the same Group.

In the light of article 4 of the Stock Market Act, bodies which make up a decision-making unit are considered as such when any of them enjoys, or may enjoy, directly or indirectly, control over the others or when such control lies with one or more individuals who are acting systematically in concert.

In any case, it will be understood that control of a company dominated by Enagás exists when at least one of the following circumstances occurs:

- When Enagás S.A. has the majority of the voting rights of the dominated company either directly or through agreements with other partners in the latter company.
  - When Enagás S.A. has the right to name or dismiss the majority of the members of the governing bodies of the dominated company, either directly or through agreements with other partners in the latter.
  - When at least half the board members of the dominated company plus one are board members or senior managers of Enagás S.A. or another organisation dominated by it.
- Significant Enagás shareholders.

These are considered to be individuals or organisations who have a share in Enagás S.A.'s capital equal to or above 5%, by virtue of article 1 or Royal Decree 377/1991, 15 March, covering reporting of significant holdings in quoted companies.

Companies belonging to the groups of significant shareholders in Enagás S.A. will also be included.

- Shareholders who, although not significant ones, have exercised the right to propose a member of the Enagás S.A. Board.
- The Board members of Enagás S.A. and its subsidiary or partially owned companies.
- The Managing Directors or similar, and managers who carry out top management functions reporting directly to the administrative bodies or to the Chairman.
- In general, anyone who meets the conditions or requirements established by law or regulation to be considered as a related party.

For the purposes of calculating and determining the percentage shareholdings giving rise to consideration as a related party, and for the purposes of perceiving a possible conflict of interest, both direct shareholdings and indirect shareholdings in Enagás S.A. will be taken into account together with the criteria for concerted action laid down in article 34 of Royal Decree 6/2000, 23 June.

4.2 Concerning operations carried out with related parties, the company must adopt the following measures:

- a) Report them twice a year to the CNMV and include them in the Annual Report in the Corporate Governance section.
- b) Submit them to the Board for formal information purposes and for prior authorisation before they are finalised, which, following a report from the Appointment and Remuneration Committee, must judge their appropriateness taking into account market criteria.

- 4.3 All those described as being subject to this Internal Code of Conduct must inform the Board, through its Secretariat, of any possible conflicts of interest which may result from their family relationships, personal property or any other cause. These people must also keep the information updated, taking into account any modification or cessation of previously reported situations as well as the emergence of new conflicts of interest.

Communications must be made within a fortnight and, in any case, before the decision that may be affected by the potential conflict of interest is taken.

All those subject to this Internal Code must pass on any query they have about the possible existence of a conflict of interest to the Board Secretary.

- 4.4 Those involved must refrain from participating in the adoption of any decision that may be affected by the conflict of interest with the company.

## **5.- PRICE REGULATION STOCK TRANSACTIONS**

### **5.1. POLICY CONCERNING PRICE REGULATION**

- 5.1.1. Within the authorisation granted by the General Meeting, it is the duty of the Board of each of the companies making up the Enagás Group to decide on any specific schemes for acquiring or disposing of shares in the company or the parent company.
- 5.1.2. Regardless of the schemes mentioned in the above paragraph and always within the authorisation granted by the General Shareholders' Meeting, transactions in stocks carried out by the Company will have the aim of contributing to liquidity of stocks in the market or reducing anomalous short-term price fluctuations and will not involve intervention in the free process of price

movement or favour particular shareholders in the companies making up the Enagás Group.

- 5.1.3. Treatment discriminating between shareholders must be avoided, as must carrying out operations with significant shareholders in the company or with parties related to them, except in exceptional circumstances when this is advisable in the interests of the Company or of the other shareholders. In these cases, it must always be done on the basis of a transaction between independent parties.
- 5.1.4. Price regulation operations must respect the principles of impartiality and good faith demanded of stock issuing bodies operating in organised markets and must avoid giving rise to artificial price movement going against the trend that would result from free play in the market or raising stock trading volumes, leading to errors concerning liquidity.
- 5.1.5. It will be the duty of the Enagás S.A. Investor Relations Director, after consulting the Chairman, to carry out the specific schemes referred to in the first paragraph above and to supervise ordinary stock transactions referred to in the above paragraph.
- 5.1.6. The carrying out of operations will be entrusted by those authorised to decide on price regulation operations to a single member of the market under a long-term arrangement. The designated intermediary may be replaced at any time by another, who must also be designated on a stable basis. The company must keep the CNMV informed of the identity of the member of the market designated to carry out price regulation operations at all times.
- 5.1.7. The people indicated in section 3.2.2 of this Code will take responsibility for giving official notification of the schemes and, if necessary, of the transactions carried out with stocks required by the applicable regulations.

## **5.2. SPECIAL SITUATIONS**

- 5.2.1. Price regulation acquisition or disposal operations will not be carried out during public sale offer processes or public offers to acquire shares, merger operations or similar inter-company operations unless this is made clear in the information leaflet explaining the corresponding operation. In this case, the operations may only be carried out under the conditions included in this information leaflet.
- 5.2.2. During the week before a periodic report is lodged with the CNMV and when it can reasonably be predicted that important information that might affect the stock value is shortly to be given to the CNMV, a price regulation operation will be suspended. In all cases, special care will be taken that any operations carried out are justified for reasons other than taking advantage of privileged information.

## **6. OBLIGATIONS FOR PERIODIC REPORTS TO THE MARKET:**

- 6.1 Enagás S.A. will, on a quarterly basis, make public advance results and other important company information corresponding to that quarter; half-yearly cumulative advances in a greater degree of detail, and, annually, its financial position submitted to an accounting audit.
- 6.2 Quantified information concerning all operations carried out with related parties will be included in the half-yearly report referred to in the previous paragraph in accordance with the definition of these made in article 3, with an indication of the type and nature of the operations carried out and the related parties who have taken part in them.
- 6.3 Information about each individual operation will be provided as required by the Finance Ministry or the National Stock Market Committee (CNMV) and in order to deal with operations which are

significant because of the amount involved or their importance for a proper understanding of the company's financial position.

## **7. COMPLIANCE WITH THE LEGAL OBLIGATIONS APPLYING TO STOCK MARKETS**

Compliance with the provisions of this Code does not exempt those involved from complying with whatever obligations are established by the Stock Market regulatory framework applicable under the competent jurisdiction.

Failure to comply with these obligations may give rise to the imposition of administrative sanctions by the competent Stock Market regulatory bodies, without prejudice to the result of their application concerning commercial or employment legislation

## **8. APPROVAL, MODIFICATIONS AND COMPLIANCE WITH THE INTERNAL CODE OF CONDUCT**

Modifications to this Code of Conduct must be proposed by the Audit and Compliance Committee and approved by the Board.

If any change in the contents of this Code is approved, Enagás must inform the CNMV immediately.

The Audit and Compliance Committee will take responsibility of ensuring detailed and faithful compliance with the obligations contained in the Code of Conduct.