

**TRANSPORTADORA DE GAS DEL SUR S.A.**

**CRIMINAL LIABILITY  
OF LEGAL ENTITIES  
ARGENTINE LAW No. 27.401**

**INTEGRITY PROGRAM**

## 1. PRELIMINARY CONSIDERATIONS

In the framework of the Argentine Law of Criminal Liability of Legal Entities No. 27.401, TGS has decided to implement this Integrity Program.

It should be noted that prior to the passing of the aforementioned Law, TGS already had a Code of Code and a Reporting Line in place.

Furthermore, it should be noted that TGS being a publicly listed company is subject to the provisions of the Argentine Stock Exchange (*Comisión Nacional de Valores*) as well as the provisions of the Argentine Companies Law (*Ley General de Sociedades*) and further rules and regulations issued by the relevant regulatory authorities.

Additionally, TGS, as a foreign private issuer in the U.S. is also subject to civil and criminal legal provisions, namely:

- (i) 1934 Securities Exchange Act,
- (ii) Sarbanes-Oxley Act (“SOX”),
- (iii) Foreign Corrupt Practices Act (“FCPA”),
- (iv) Federal Sentencing Guidelines (“FSG”),
- (v) Rules issued by the Securities and Exchange Commission (“SEC”), and
- (vi) Rules issued by the New York Stock Exchange (“NYSE”).

## 2. OBJECTIVE OF THE INTEGRITY PROGRAM

The Integrity Program seeks to strengthen, systematize and implement a set of actions, mechanisms and internal proceedings for the promotion of integrity, supervision and control, addressed at the prevention, detection and correction of irregularities and unlawful acts, such as:

- a. Domestic or transnational bribery and influence peddling, provided by Sections 258 and 258 bis of the Argentine Criminal Code (the “ACC”)<sup>1</sup>.
- b. Negotiations incompatible with public office, provided by Section 265 of the ACC<sup>2</sup>.

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<sup>1</sup> Section 258 – Any person who, directly or indirectly, gives or offers gifts (*dádivas*) for the purpose of soliciting any behavior penalized under Sections 256 and 256 bis, first paragraph, shall be punished with imprisonment ranging from one to six years. If the gift is given or offered for the purpose of obtaining any behavior described under Sections 256 bis, second paragraph and 257, the punishment shall be imprisonment ranging from two to six years. If the perpetrator is a public official, a special disqualification ranging from two to six years shall also be imposed in the latter case and a disqualification of three to ten years in the former case.

Section 258 bis – Any person who, directly or indirectly, unduly offers, promises or gives to any public official of another State or official from an international public organization, money or any thing of value or other benefits, such as gifts, favors, promises or advantages, whether for that person’s own benefit or for the benefit of a third party; in exchange of having such official to carry out or omit any action related to his office or to use the influence derived from his office in any economic, financial or commercial transaction, shall be punished by imprisonment ranging from one to six years coupled with a special disqualification for life to hold public office. The term “public official of another State” or of any territorial entity acknowledged by Argentina, shall mean any person who has been designated or elected to perform a public office, in any of its levels or territorial divisions of government, or in any class of body, agency or state company in which such State exerts an direct or indirect influence.

<sup>2</sup> Section 265 – Any public official who, either directly or acting by means of an intermediary or a sham, becomes interested in order to obtain a benefit for himself or any third party, in any contract or transaction such official may become involved by virtue of his office shall be punished with imprisonment ranging from one to six years coupled

- c. Extortion, provided by Section 268 of the ACC<sup>3</sup>
- d. Illegal enrichment of public officials and employees, provided by Sections 268 (1) and (2) of the ACC<sup>4</sup>
- e. Aggravated false balance sheets, provided by Section 300 bis of the ACC<sup>5</sup>

### 3. **CONTENTS OF THE INTEGRITY PROGRAM**

#### 3.1. TGS Code of Conduct (is attached as ANNEX A)

TGS has a Code of Conduct that is signed/accepted by all its employees on an annual basis.

Additionally, TGS requires such signature/acceptance from all its Contractors and/or Suppliers, who upon contracting with TGS acknowledge and consent to TGS Code of Conduct, as applicable.

TGS Code of Conduct has a broad and complete scope since it encompasses not only issues directly related to the required standards of conduct, but also transversal ones, some of them being:

- ✓ Conflicts of Interest
- ✓ Disclosure of Information
- ✓ Report of Code breaches and liability
- ✓ Investments and business outside the Company
- ✓ Confidentiality
- ✓ Negotiations
- ✓ Adequate use of Company Assets
- ✓ Purchases and roles of the Department of Strategic Procurement and Gifts and Benefits
- ✓ Relationships with External Entities
- ✓ Compliance with Laws and Regulations, including without limitation, Argentine Law of Criminal Liability of Legal Entities No. 27.401.

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with a perpetual special disqualification. A monetary penalty shall also be applied two to fivefold the value of the undue benefit sought or obtained. This provision shall also be applicable to arbitrators, friendly mediators, experts, accountants, tutors, guardians, executors and liquidators, as regards the duties they perform in such capacities.

<sup>3</sup> Section 268 - Any public official who converts into its own benefit or that of third parties the exactions described in the above sections shall be punished with imprisonment ranging from two to six years coupled with absolute perpetual disqualification. A monetary penalty two to fivefold the value of the exaction shall be applied.

<sup>4</sup> Section 268 (1)- Any public official who for profit, uses for himself or any third party, confidential information or data obtained by virtue of his/her office shall be punished with the penalty imposed by Section 256. A monetary penalty two to fivefold the value of the profit obtained shall be applied.

Section 268 (2) – Whoever fails to justify, upon requested to do so, the origin of substantial personal enrichment either of himself or any person placed as an intermediary to conceal such enrichment, occurred subsequent to taking office or public position and up to two (2) years after termination in office shall be punished with imprisonment ranging from two to six years, with a monetary penalty two to fivefold the value of the enrichment, and with perpetual absolute disqualification. It shall be understood that enrichment existed not only when property has been increased with money, things or assets, but also whenever such person's debts or obligations have been cancelled or terminated. The intermediary included to conceal the enrichment shall be punished with the same penalty as the perpetrator.

<sup>5</sup> Section 300 bis- Whenever the criminal actions described under para.2) of Section 300 were committed for the purpose of concealing the perpetration of the crimes provided under Sections 258 and 258 bis, the punishment shall be imprisonment ranging from one to 4 years and a monetary penalty two to fivefold the value forged in the documents and actions referred in the mentioned paragraph.

- ✓ Intellectual property

**3.2 Specific Procedures for the Prevention of Crimes in the Interaction with the Public Sector: specific rules and procedures to prevent illegal actions in the frame of Tenders and Calls for Bids, in the execution and performance of Government Contracts or in any kind of interaction with the Public Sector (attached hereto as ANNEX B).**

TGS has a Code of Conduct that outlines the principles and standards that the Directors, Statutory Auditors Members of the Management Teams and Employees of the Company must comply with to carry out the business.

The list below mentions some of the most significant principles and standards:

- The payment of bribes, invitation to receive bribes or any other proposal or suggestion of the sort must be immediately reported to the supervisor of the Employee involved. The supervisor shall promptly inform such situation to the person designated as contact for the purpose of the Code.
- Failure to report to a supervisor or the person designated as contact for the Code, any bribe payment, invitation to receive a bribe or any other bribery proposal or suggestion shall be deemed a material breach of this Code and the Employee failing to report such situation shall be subject to severe disciplinary action.
- As a general rule, Directors, Statutory Auditors, Members of the Management Teams and Employees may not accept gifts by virtue of the office they hold in the Company whenever the acceptance of such gift make it difficult for them to take objective decisions.
- For purposes of Section 3.01 of the Sarbanes-Oxley Act, any gift with a market value exceeding the amount of USD 50 is deemed to have a substantial value.
- Any Director, Statutory Auditor, Member of Management Teams or Employee has the duty of reporting to the person designated as contact for the Code any and all gifts delivered or attempted to be delivered by third parties or the acceptance of a gift by any Director, Statutory Auditor, Member of Management Teams or Employee in violation of the referred Section 3.01.
- TGS funds may not be used to make any direct or indirect payment to government officials, government employees or employees of regulatory agencies for illegal purposes or to influence decisions intended to obtain or maintain business in favor of TGS and its affiliates. The term “payment” includes payments made in legal tender or gifts of substantial value.

Gifts, presents and/or benefits may be given on behalf of the Company to persons, organizations or associations having business relationship with TGS provided that:

- (i) they do not consist in money (regardless of the amount involved);
- (ii) they do not have a substantial value, and
- (iii) they are not given as condition of, or for the result of, a specific business.

Such expenses must be appropriately supported by documentation and duly authorized in compliance with procedures in force and must be fully recorded in a timely manner, clearly specifying the purpose for which they were made.

- All business relationships must be carried out so that they create equal opportunities for all approved suppliers.
- The Company will only accept bids to participate in procurement tenders from suppliers who provide clear and complete information.
- The Company will protect the confidentiality of prices quoted by suppliers and all related information furnished by suppliers related to the quotations, paying special attention to the use and filing of the quotations in order to prevent access thereof to unauthorized persons, whether they qualify as Employee's of TGS or not.
- If tender processes are cancelled due to economic or technical reasons, a written explanation and an appropriate authorization thereof shall be required.
- Unlawful conduct of Employees of the Department of Strategic Procurement or other Departments involved in procurement is prohibited.
- Employees may not accept gifts or benefits that may be construed as carrying the possibility of affecting Employees' objectivity during the procurement of goods and services for TGS. At the Supply and other sectors involved in the procurement process, the decision to accept or refuse a gift shall be taken by the supervisor of the Employee involved, who will base his/her decision on the policies and procedures established in Section 2 of the Code of Conduct, Policies and Procedures (Part B). Therefore, supervisors must be aware, at all times, of the gifts offered or received by their subordinates.
- No Director, Statutory Auditor, Member of the Management Teams or Employee may participate in any transaction unrelated to TGS's business with a supplier of the Company where the Employee receives preferential treatment as results of TGS's relationship with the supplier, unless the transaction has been approved, in the case of Employees, by his/her supervisor or the supervisor of the Department of Strategic Procurement or, in the case of Directors, Statutory Auditors or Members of the Management Teams, by the Board of Directors or the Audit Committee. No Director, Statutory Auditor, Member of the Management Teams or Employee may acquire any products or services from TGS's suppliers for personal use at prices lower than market price. Under no circumstance, may a Director, Statutory Auditor, Member of the Management Teams or Employee accept or ask for a discount from a Company's supplier for personal benefit.
- For several reasons it is essential to keep the confidentiality of information related to the procurement of goods and services. Such information is strictly confidential and sensitive, since it includes price quotations submitted by bidders in open tenders where they compete among themselves.
- Such prices, as well as any other information that may offer or deprive from a competitive advantage to a bidder in an open tender process must be kept in strict confidentiality. TGS will treat any violation to such confidentiality as a serious breach of this Code of Conduct, even when TGS would end up benefitting from such breach.

- Under no circumstances, will the prices paid by TGS for goods and services be disclosed to other suppliers. All information related to past, present or future purchases of the Company is privileged and confidential information, especially if holding such information could be considered advantageous for a supplier in future transactions.
- TGS's clients who participate in tender processes to become suppliers of the Company shall not receive any preferential treatment for their condition as clients of TGS.
- Additionally, TGS's suppliers considered prospective clients of the Company shall not receive any preferential treatment for their condition as suppliers of TGS.
- Any person as regards whom it is proved that has acted unlawfully with a supplier to obtain a personal benefit shall be immediately dismissed.
- If an Employee acts recklessly or is liable for any specific incident, whether as results of an action or an omission, such Employee may be removed from office at the discretion of his/her supervisor. Such action or omission may result in termination or his/her employment relationship with the Company, depending on the surrounding circumstances.
- In serious cases involving conflicts of interest, TGS may, after termination of the employment relationship with the Employee, bring legal action seeking damages against such Employee.

Suppliers and other interested third parties have access to the Reporting Line given that such line provides for several types of reports and guarantees that the name of the reporter shall remain anonymous.

### **3.3 Integrity Program Training Program for Directors, Managers and Employees** (attached as ANNEX C)

A Training Program shall be provided in line with TGS's proper activity, scope and risks.

### **3.4 Anti-Fraud Policy and Risk Management and Fraud Risk Assessment Procedures** (attached as ANNEX D)

TGS has the following Procedures and/or Policies in force to identify, asses, monitor and manage Risks:

- PGPR 002 – Risk Management
- PO 003 - Anti-Fraud Policy
- PGGC 010 – Fraud Risk Assessment Procedure

### **3.5 TGS Executive Committee's Statement as regards the Integrity Program** (attached as ANNEX E)

**3.6 Internal Channels for Reporting Irregularities open to third parties + Internal Investigation Mechanism that ensures respect for the rights of those under investigation and the imposition of effective penalties for Code of Conduct breaches. Procedure of Action in case of Reports and Company Protection of Reports** (attached as ANNEX F).

TGS has a Reporting Channel –via telephone line, mail or web- open to third parties. This system allows reports to be made **anonymously**. The reporter may follow up such report.

As a condition to be an employee of TGS or provide services to TGS, all Directors, Statutory Auditors, Members of Management Teams and Employees are required to comply with the provisions of the referred Code of Conduct.

Any Director, Statutory Auditor, Member of Management Teams or Employee that breaches of the Code shall be subject to disciplinary action, including suspension, dismissal or any other action, including legal actions, at the discretion of the Company in each particular circumstance.

Any Director, Statutory Auditor, Member of Management Teams or Employee who becomes aware of any actual or potential breach of the Code must report such breach to the person designated as contact for the Code. To such end the procedure specifically designed shall be followed. Failure to make such report shall be deemed a breach of the Code.

Directors, Statutory Auditors, Members of Management Teams and Employees must also report any unusual, suspicious or illegal conduct.

Below is a list of some conducts that must be reported by Employees to the person designated as contact for the purpose of the Code:

- Financial transactions that involve or may involve unlawful actions carried out by a Director, Statutory Auditor, Member of Management Teams or Employee of TGS, regardless of his/her office or geographical location.
- Transactions that involve or may involve losses for the Company.
- Apparent theft of money or other assets.
- Any suspicious or unusual business or transaction that may result in losses for TGS or jeopardize TGS's reputation.
- Irregular, false or unclear account entries.
- Funds, or other assets, expenses, income or liabilities that were not accounted in the books
- Any unusual or material change that affects the internal control, custody or physical protection of the assets of the Company.

- Any material change in the routine operating procedures.
- Disclosure of confidential information
- Material changes in the standard of living of any Director , Statutory Auditor, Member of Management Teams or Employee
- Unauthorized transactions and excess of exceptions to the policies and procedures of the Company made by Members of Management Teams with authority over such matters.
- Suppliers or other third parties that suggest failure in compliance with the Code or the applicable laws and regulations

The situations to be reported are not limited to the above mentioned ones.

The Directors, Statutory Auditors, Members of Management Teams or Employees must also report to the person designated as contact for the purpose of the Code, any other issue which they deem appropriate to be reported, even if not included in the above list. The person designated as contact for the purpose of the Code (as the case may be) must submit the issue to the **Integrity Program Officer (*Responsable Interno*)** , who shall review and carefully assess each report received and shall act in all matters related to Law No. 27.401 in line with the policies and procedures of TGS.

The **Integrity Program Officer (*Responsable Interno*)** for the purpose of this Integrity Program shall work jointly with the **Internal Committee (*Comité Interno*)** described later below.

Any doubts regarding the interpretation or application of the Code shall be submitted to the person designated as contact for the purpose of this Code (as the case may be).

Any Director, Statutory Auditor, Member of Management Teams and Employee must:

- Promptly notify to the person designated as contact for the purpose of the Code the existence of any actual or potential breach of the Code.
- Prevent any retaliation against other Directors, Statutory Auditors, Members of Management Teams or Employees for reports of potential breaches.

It should be noted that the Company shall not allow any retaliation whatsoever for reports of potential breaches of the Code.

Pursuant to Law no. 27.401 the **Integrity Program Officer (*Responsable Interno*)**, jointly with the **Internal Committee (*Comité Interno*)** and the person designated as contact for the purpose of the Code (as the case may be) shall take all the necessary measures to investigate any breach to the Code that has been reported to them. Upon occurrence of a breach of the Code, the Company shall apply the disciplinary or preventive actions as it may deem appropriate.

The company that channels the reports is called RESGUARDA ([www.resguarda.com](http://www.resguarda.com)).

Reports may be made by phone at 0-800-666-0962, fax, e-mail at [reportes@resguarda.com](mailto:reportes@resguarda.com) or web. Follow up of the report can be made by web or the referred e-mail.

For protection purposes, the reporter may choose, as provided in the Code of Conduct, to make the report anonymously.

Any Director, Statutory Auditor, Member of Management Teams or Employee who breaches the Code shall be subject to disciplinary measures, including, suspensions, dismissal or any other action, including legal actions, that the Company may deem appropriate under the circumstances.

The Reporting Channel is provided in TGS's Policies and always in the frame of law No. 27.401. The **Integrity Program Officer (*Responsable Interno*)** shall participate jointly with the **Internal Committee (*Comité Interno*)** in the investigation of reports.

### **3.7 Procedures that check the integrity and background of third parties or business partners, including suppliers, service providers, agents and intermediaries not only at the time of contracting their services but also throughout their business relationship (attached as Annex G)**

TGS has the following Procedures and/or Policies in force:

- PABA005 –Assessment, qualification and follow-up of providers
- PABA018- Management and supervision of contracts
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### **3.8 Corporate reorganization procedures**

Upon any corporate M&A transaction TGS conducts, as is usual in the market, a due diligence procedure to assess any potential illegal actions or default on legal rules by the acquisition targeted legal entity.

Such due diligence starts with the organization of an internal interdisciplinary work team that will prepare the list of documentation to be requested from the selling party (due diligence request list), namely including all corporate, accounting, business and legal documentation of the company to be acquired.

Once the selling company submits the required documentation, the work team analyzes such documentation in order to (i) become fully acquainted with the company to be acquired and (ii) identify any potential inconsistencies or defaults.

Finally, an internal due diligence report is prepared outlining the main data of the company to be acquired and any potential irregularities, unlawful acts or inconsistencies detected. On the basis of the due diligence report and any potential irregularities detected the Company shall analyze the pros and cons of going ahead with the acquisition process.

4. **IMPLEMENTATION, APPLICATION AND MONITORING OF THE INTEGRITY PROGRAM**

The duties and responsibilities as to the implementation, application and monitoring of the Integrity Program shall be carried out according to the following schedule:

The **Executive Committee (Comité Ejecutivo)** of TGS (composed of the President, Vice-president and two (2) Directors) shall be in charge of overseeing the effective implementation of the Integrity Program.

The **CEO (Director General)** of TGS shall be in charge of applying and achieving the objectives of the Integrity Program.

For the purposes of this Integrity Program TGS has created the position of **Integrity Program Officer (Responsable Interno)**, who reports directly to the CEO, and who, in the frame of Law No. 27.401, shall be the officer in charge of:

- (a) developing, coordinating and supervising the Integrity Program;
- (b) investigating the reports filed through the Reporting line or any other means of communication;
- (c) forwarding to the CEO a report on the reports outlining suggestions as to the course of action to be adopted;
- (d) issuing a Report to the CEO, on a four month basis, outlining the implementation, progress and news related to the Integrity Program (Sample attached as ANNEX H).

For the purpose of the timely and proper performance of all the duties mentioned above, the **Integrity Program Officer (Responsable Interno)** shall be assisted by an **Internal Committee (Comité Interno)** composed of:

- ✓ the Internal Audit Manager
- ✓ the Employment and Human Resources Manager and
- ✓ the Legal, Transportation, Services and Corporate Area Manager

**Note:** if a report is filed against the CEO, the Integrity Program Officer shall report and issue the relevant report in this case directly to the Executive Committee.

Should any report of the Internal Audit Committee detect a case and/or action that may impact the Integrity Program in the frame of Law No. 27.401, the **Internal Committee Manager** shall be responsible for forwarding a copy thereof to the **Integrity Program Officer (Responsable Interno)**.

5. **CORPORATE DEPARTMENTS THAT SUPPORT THE IMPLEMENTATION, APPLICATION AND MONITORING OF THE INTEGRITY PROGRAM**

5.1. Notwithstanding the direct assistance that will be provided by the Internal Committee, the following Corporate Departments have been designated as Departments of Support of the **Integrity Program Officer (*Responsable Interno*)**:

- Department of Management, Finance and Services
- Legal Department
- Regulatory and Institutional Issues Department
- Operations Department
- Business Department
- Human Resources Department
- SMAC Management Department and
- Internal Audit Department

**5.2 Duties of the Support Departments:**

- a) to identify on a continuous and timely basis the laws, regulations and other contractual obligations that must be complied with by the Company;
- b) to inform and notify the **Integrity Program Officer**, on a full and timely basis, any event and/or circumstance that can have any impact on the Integrity Program;
- c) to program and conduct the necessary Training Programs so that members of the support departments and all employees of TGS may comply with the requirements of the Integrity Program;
- d) to arbitrate the necessary means so that the Management and/or relevant Departments of the Company identify and report any breaches, indicia and relevant risk situations that may affect the effectiveness of the Integrity Program, ensuring that the Management and/or relevant Departments adapt the procedures, proceedings and systems to meet the requirements of the Integrity Program.

6. **CHANGES TO THE INTEGRITY PROGRAM**

Any change to the structure of the Integrity Program needs to be approved by TGS's **Executive Committee**, whereas any modification and/or adaptation of its components (e.g. Procedures, Policy, etc.) shall be resort of each Department and/or Area of the Company.