

## **Southcross Energy Partners, GP LLC**



## **Code of Business Conduct and Ethics**

The purpose of this Code of Business Conduct and Ethics (the "Code") is to describe standards of conduct and business ethics expected of the directors, officers and employees of Southcross Energy Partners GP, LLC (the "General Partner"), the general partner of Southcross Energy Partners, L.P. (the "Partnership," and together with the General Partner and the Partnership's subsidiaries, the "Company"). Directors, officers and employees of the Company are expected to exercise high standards of integrity and sound ethical judgment. If an officer or employee violates any portion of the Code, or knowingly permits an employee under his or her supervision to do so, it could result in stern disciplinary action including reprimand, loss or reduction of compensation, seniority or promotional opportunity, demotion, suspension or discharge.

The Code is applicable to each director, officer and employee. A waiver of the Code for any director or executive officer of the Company may be granted only by the Audit Committee of the General Partner's Board of Directors, and such Committee shall report any such waiver to the Board of Directors. A waiver of the Code for other officers or employees may be granted only by the Company's Chief Executive Officer ("CEO"), who shall thereafter report any such waiver to the Audit Committee.

The principles set forth herein are not designed to govern all matters, events or situations possible. If you are uncertain whether an action by you or someone else could be a violation of the Code, you should consult your supervisor. Alternatively, an Ethics Hotline, (800) 840-2961, and website, [www.southcrossenergy.ethicspoint.com](http://www.southcrossenergy.ethicspoint.com) is always available for you to ask questions or raise concerns. Any person may submit a written question or concern to the Company at the following address: 1717 Main Street, Suite 5200, Dallas, Texas 75201, Attention: Audit Committee of the Board of Directors of Southcross Energy Partners GP, LLC.

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# Overview

## PURPOSE

The purpose of this policy is to establish a Code of Business Conduct and Ethics (the "Code") regarding our business philosophy, standards of conduct, and business ethics (the "Policy").

## SCOPE

### Directors, Officers, and Employees

This Policy shall be broadly interpreted and applies to Southcross Energy Partners GP, LLC (the "General Partner"), the general partner of Southcross Energy Partners, L.P. (the "Partnership," and together with the General Partner and the Partnership's subsidiaries, the "Company"). This Policy and the Code applies to all Company boards of directors, officers and employees.

## POLICY STATEMENT

The Company is committed to fostering high standards of integrity and sound, ethical judgment. Each member of the Company's Board of Directors, each officer and each employee, in his or her individual capacity, is expected to follow the guidelines and principles set out in the Code.

A violation of this Policy by a director, officer or employee, including ordering or knowingly permitting employees under the officer's or employee's supervision to do so, may result in disciplinary action, up to and including discharge. Similarly, it is a violation of the Code to ignore facts or circumstances that demonstrate or strongly suggest a violation of the Code by fellow employees. Violations of the Code, confirmed or suspected, should be reported immediately to your supervisor. Alternatively, an Ethics Hotline, (800) 840-2961, and website, [www.southcrossenergy.ethicspoint.com](http://www.southcrossenergy.ethicspoint.com) is always available for you to ask questions or raise concerns. Any person may submit a written question or concern to the Company at the following address: 1717 Main Street, Suite 5200, Dallas, Texas 75201, Attention: Audit Committee of the Board of Directors of Southcross Energy Partners GP, LLC. For purposes of this Code, the "Code of Ethics Contact Person" shall be different for various employees, officers and directors of the Company. For the principal executive officer and directors of the General Partner, the Code of Ethics Contact Person is any member of the Audit Committee of the Board of Directors. For any other employees of the Company, the Code of Ethics Contact Person is the employee's immediate supervisor.

The Company will keep concerns confidential to the fullest extent possible and will not tolerate retaliation against an employee for reporting a concern in good faith.

## CONTINUING COMPLIANCE

Throughout the year, if a director, officer or employee is observed violating the Code in their dealings with the Company, such observation must be reported to the Company. Additionally, if a director, officer or employee reasonably and in good faith believes a violation of the Code has occurred or is about to take place, and such violation implicates a director, officer or employee, such belief should be reported to the Company.

## ENFORCEMENT

The Company enforces its policies through various means including monitoring, investigations, discipline, and searches as appropriate.

Any employee who fails to comply with Company policies may be disciplined, up to and including termination of employment. That includes an employee who suspects a violation of the Code and fails to report it, and an employee who does not cooperate with a Company investigation of misconduct. Under the Company's discipline policy, an employee may be suspended, terminated, or otherwise disciplined with no oral or written warning.

Examples of situations where suspension may be used at the Company's discretion with or without warning include when there is reason to believe that an employee has engaged in:

- violation of the Code including harassment, conflict of interest, or falsifying records
- threatening conduct or failure to follow safety practices
- theft, or willful or negligent destruction of property
- neglect of duty or refusal to perform assigned work
- violation of policy on use or possession of intoxicants, drugs, and narcotics
- failure to fully cooperate in an investigation, including withholding information or giving false or misleading information

## BULLETIN BOARD POSTINGS

Following the Code of Business Conduct and Ethics is a summarization of the Code's principles entitled "Summary of the Code of Business Conduct and Ethics." The summary is to be permanently posted on the Company's main bulletin boards and the bulletin boards at each facility.

## Legal Compliance

The Company is committed to complying with governmental laws, rules and regulations applicable to its operations. Directors, officers and employees should avoid any activity that involves or could lead to the involvement of the Company, its assets or any director, officer or employee in any unlawful practice.

Each director, officer and employee is responsible for becoming familiar with the laws, rules and regulations applicable to their respective duties and responsibilities and to conduct themselves in compliance with those laws, rules and regulations. Over and above legal compliance, directors, officers and employees are expected to observe the additional standards of business and personal ethics specified in the Code, and to conduct themselves in a manner that would not be an embarrassment or detriment to the Company. Because violations of laws can result in civil damages, criminal penalties and fines for the Company, as well as directors, officers and employees individually, each director, officer and employee should contact either their direct supervisor, the ethics hotline, (800) 840-2961, or website, [www.southcrossenergy.ethicspoint.com](http://www.southcrossenergy.ethicspoint.com), or submit a written question or concern to the Company at the following address: 1717 Main Street, Suite 5200, Dallas, Texas 75201, Attention: Audit Committee of the Board of Directors of Southcross Energy Partners GP, LLC.

Company directors, officers and employees are expected to be accurate and complete when communicating internally or with customers, vendors and others regarding Company business. The CEO and executive officers responsible for public communications about the financial and business condition of the Company are responsible for full, fair, accurate, timely and understandable disclosure in reports and documents filed with the Securities and Exchange Commission and in other public communications about the Company. Only persons who have been specifically assigned the responsibility of public communications on behalf of the Company may do so. Any inquiries directed to officers and employees requiring public comment are to be forwarded to the Company's Chief Financial Officer, Michael Howe, at [michael.howe@southcrossenergy.com](mailto:michael.howe@southcrossenergy.com) or at (214) 979-9830.

## Fair Dealing

Company directors, officers and employees should endeavor to deal fairly with the Company's unitholders, customers, suppliers, competitors, employees, and others. The Company competes vigorously in all its markets, but strives to do so in compliance with all applicable laws.

Directors, officers and employees are to avoid activities that are designed to take unfair advantage of anyone through manipulation, covert activity, concealment, abuse of privileged or confidential information (including the Company's proprietary and confidential information), misrepresentation of material facts, or any other unfair-dealing practice. The Company makes its own commercial decisions on the basis of what is considered to be in the best interests of the Company and its unitholders, completely independent and free from any understanding or agreement with any competitor, customer or supplier. The Code requires the avoidance of any conduct that violates, or that might appear to violate, principles related to unfair business practices; the antitrust laws that forbid any kind of understanding or agreement between competitors regarding prices, terms of sale, division of markets, allocation of customers or opportunities; or any other activity that restrains competition.

## Confidential Information

Directors, officers and employees are expected to protect the Company's confidential information as well as that of its unitholders, customers, suppliers, fellow employees and others who disclose information to the Company on a confidential basis. The Company's policy is that all information developed or shared as the result of business processes is proprietary to the Company and an important asset in the operation of the Company's business, and the unauthorized use or disclosure of this information is prohibited.

In addition, the Company respects the property rights of other companies to their confidential and proprietary information and directors, officers, and employees are required to fully comply with both the spirit and the letter of U.S. and foreign laws and regulations protecting such rights. Furthermore, just as the Company expects its employees to protect and safeguard the confidentiality of Company information, records, and trade secrets, the Company expects each director, officer, and employee to exercise the same discretion and confidentiality when given direct or indirect access, or when access is accidentally made available, to information of a competitor, customer, or supplier.

## Conflicts of Interest

Directors, officers and employees should abide by the guidelines noted below and avoid personal influences or relationships that would affect their ability to act in the best interests of the Company.

A conflict of interest arises when a director, officer, or employee takes actions or has interests that make it difficult to perform his or her company work objectively, effectively and in the best interest of the Company. A conflict of interest may arise when a director, officer, or employee receives personal benefits, consideration, favors or gifts as a result of such director's, officer's, or employee's position in the Company that are outside the bounds of reasonableness and appear to influence an officer's, director's, or employee's judgment when acting on behalf of the Company. Furthermore, directors, officers, and employees are to avoid financial or other business relationships with suppliers, customers or competitors that may impair the independence of any judgment they may need to make on behalf of the Company.

Directors, officers, and employees are required to disclose to the Code of Ethics Contact Person any observance or good faith suspicion of a conflict of interest. They are also required to disclose any ownership in or financial or other business relationships with suppliers, customers, or competitors they may have and the reasons they believe such relationships do not pose a conflict of interest. After such disclosure is made, the disclosure will be reviewed by the Company's management. The Company may contact the disclosing party or others for facts and information about the disclosure in order to determine if any potential or actual conflict of interest exists. If management cannot resolve the issues that are the subject of a disclosure, the disclosure and related findings will be referred to the Audit Committee of the Board of Directors of the Company (in the case of directors and executive officers) or referred to the CEO (in the case of non-executive officers and employees), and a decision will be made as to whether the disclosed issue (i) does not pose a conflict of interest that may impair the disclosing party's independent business judgment, (ii) constitutes a conflict of interest that requires a waiver of the Code, (iii) requires termination of the activity, or (iv) requires disciplinary action up to and including termination. Directors, officers, and employees are encouraged to request pre-clearance on any potential conflicts of interest in advance of the relationship developing or the transaction taking place.

### GUIDELINES

#### Related Person Transactions

The Company recognizes that related person transactions present a heightened risk of conflicts of interest, and therefore all such transactions that are required to be disclosed under the rules of the Securities and Exchange Commission shall be subject to approval or ratification by the Board of Directors of the Company or its authorized committee. Because of this requirement, preclearance of any potential related person transaction is recommended. In the event that the Board of Directors of the Company or its authorized committee considers ratification of a related person transaction and determines not to so ratify such transactions, the officers of the Company shall make all reasonable efforts to cancel or annul the transaction.

In determining whether or not to recommend the initial approval or ratification of a related person transaction, the Board of Directors or its authorized committee should consider all of the relevant

facts and circumstances available, including (if applicable) but not limited to (a) whether there is an appropriate business justification for the transaction; (b) the benefits that accrue to the Company as a result of the transaction; (c) the terms available to unrelated third parties entering into similar transactions; (d) the impact of the transaction on a director's independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer); (e) the availability of other sources for comparable products or services; (f) whether it is a single transaction or a series of ongoing, related transactions; and (g) whether entering into the transaction would be consistent with this Code.

### **Other Transactions with the Company**

Conflicts of interest may arise from association with (as an employee, agent, independent contractor, or otherwise) or from a directorship of, an entity which is a supplier, customer, or competitor of the Company, or with which the Company otherwise does business. While employees are expected to devote as much time and attention to the business affairs of the Company as may be required to diligently perform their respective duties, a person is not precluded from engaging in other business activities so long as such other business activity (i) is not detrimental to the business activities and business affairs of the Company, (ii) does not interfere with the employee's performance of his or her duties for the Company, and (iii) is not in conflict with the best interests of the Company. Before beginning or continuing outside employment, employees are required to detail the involvement and to obtain the written approval of their supervisor and Human Resources. In the event the Company has an ownership interest in any entity (other than its subsidiary group) in which an employee is also a director, officer, or stockholder in such entity, the employee is required to make full disclosure of his or her position and shall put the Company's best interest at least on parity with his or her own personal interest and shall refrain from taking any action that would be detrimental to the Company.

### **Gifts and Gratuities**

It is recognized that employees may be offered gifts, gratuities, or similar favors from persons or entities transacting business with (or desiring to transact business with) the Company, and common courtesy may require the acceptance thereof. In all cases our employees are expected to consider the bounds of reasonableness when accepting any gift or gratuity. Accordingly, employees may only accept modest, sensible gifts that are customary and are not, and do not appear to be, unreasonable. With respect to employees in areas where the employee's position and the Company's business impacts are potentially more influential, the "reasonableness" and "customary" criteria is critically important. In all cases, written advance approval is required by the Code of Ethics Contact Person for an employee to accept any gifts, gratuities, travel or entertainment or similar favors that may appear excessive, lavish, or unreasonable under the circumstances and in all cases of recreational travel from an employee's home city (e.g., hunting, golfing, or fishing excursions, sporting events, etc.). However, in no event shall an employee accept (i) cash payments, (ii) gift cards, gift certificates, loans, stocks or stock options, (iii) excessive, lavish or frequent gifts or entertainment (some examples include season tickets, club memberships, expensive jewelry or computer equipment), (iv) any gift, entertainment or travel which imposes an obligation to give special consideration to the gift giver or his or her company, or (v) any item that is illegal, sexually explicit, involves gambling, or would violate the Company's commitment of respect and fair dealing toward all those with whom the Company does business.

Entertainment of existing or potential customers or suppliers should be reasonable under the circumstances.

Gifts or other benefits (including cash, voucher, entertainment, or favor) should never be offered to a government official with the hope of influencing that individual. Expenditures and transactions of any kind involving a government official, including social meetings, must be discussed with the CEO in advance.

## **Business Opportunities**

Any business opportunity that is discovered through or arises from the use of property, information or position of the Company belongs to the Company. Any employee of the Company who becomes aware of such a Company opportunity being used in violation of this provision must bring it to the attention of the Code of Ethics Contact Person. No employee of the Company may take personal advantage of such an opportunity without first receiving specific written approval from the Chief Executive Officer or the Board of Directors. In the absence of pre-approval, an employee of the Company must abandon or forfeit such opportunity, or seek a waiver from the Board of Directors. Any pre-approval for an executive officer of the Company (an officer subject to the reporting requirements of Section 16 of the Securities and Exchange Act of 1934, as amended) must be obtained from the Board.

## **Insider Information and Insider Trading**

Company directors, officers and employees are expected to comply with laws applicable to trading in Company securities on the basis of inside information that is unavailable to the public and is obtained in the course of their position with the Company.

Insider trading is a federal crime, punishable by fines and prison sentences for individuals. For more information, refer to the Insider Trading Policy on the Company's website.

## **Protection and Proper Use of Company Property**

Directors, officers, and employees are charged with safeguarding the Company's assets and property, and ensuring their efficient and proper use.

### **Property**

All Company assets are to be used for legitimate business purposes. The unauthorized personal use, borrowing or removal of Company property is prohibited. The Company's property is not to be given away, sold or traded without proper authorization.

### **Discoveries and Inventions**

Any discovery, improvement, or invention made or conceived by a person, either solely or jointly with others, during the time he or she is employed by the Company which pertains or relates to

the business in which the Company, is the exclusive property of the Company whether or not patentable or otherwise capable of protection under applicable law.

## **Records**

Personnel who prepare, maintain or have custody of the Company's records and reports should exert their best efforts to see that these documents are: (i) accurate and complete and clearly reflect the assets and transactions of the Company; (ii) safeguarded from loss or destruction; (iii) retained for specified periods of time in accordance with the Company's business records practices; and (iv) maintained in confidence.

## **Political Contributions**

The direct or indirect use by employees of any Company funds, property, or other assets for political contributions in any form (whether in cash or other property, services or the use of facilities) is prohibited. The rule applies both inside and outside the United States, except in those cases permitted by law and expressly authorized by the CEO of the Company. No gifts of substantial value or lavish entertainment shall be offered or furnished to any governmental official or employee. Reasonable entertainment and courtesies may be extended only if not prohibited by law and then only to the extent that is customary and appropriate.

## **Reporting of Illegal or Unethical Behavior**

Officers and employees are expected to report suspected misconduct of any nature.

Officers and employees must talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Officers and employees must promptly report violations of laws, rules, regulations or this Code to the Code of Ethics Contact Person, the Chief Executive Officer of the Company, the Company's legal counsel (including the Company's Director of Legal Affairs or the Company's outside legal counsel) or any member of the Audit Committee of the Board of Directors, by regular mail, facsimile, telephone, internet or email to:

Southcross Energy Partners GP, LLC  
Attn: Audit Committee  
1717 Main Street, Suite 5200  
Dallas, Texas 75201  
Telephone: (214) 979-3700  
E-mail: southcrossenergy.silentwhistle.com

The Company policy does not allow retaliation against officers or employees for reports made in good faith regarding suspected violations of the Code by other persons. A toll free Company Help Line, (800) 840-2961, and HelpSite, [www.southcrossenergy.ethicspoint.com](http://www.southcrossenergy.ethicspoint.com), administered by an independent third party have been established to permit anonymous reporting. The Help Line and HelpSite may be used to report suspected violations of this Code, concerns regarding questionable accounting or auditing matters, or any other suspected misconduct. Reports made through the Help Line or HelpSite are completely confidential and are summarily reported to the Company by the administrator in accordance with established procedures to protect anonymity, if requested, and established, internal investigation protocols.

It is against Company policy for an officer or employee to discriminate or take adverse action against another employee who provides information to governmental authorities about actions they reasonably and in good faith believe to be illegal or unethical.

## Employment Practices

The Company is committed to maintaining a safe work place free from illegal discrimination, intimidation, harassment, and retaliation.

The Company is committed to fair employment practices, including hiring, pay, promotion, termination, disciplinary action and other terms and conditions of employment. Each person is judged on his or her own merits without regard to race, religion, color, national origin, gender, age, marital status, physical or mental disability, veteran status, or other status protected by applicable laws.

It is Company policy to provide a safe and secure workplace for employees and visitors. Employees shall follow the standards that have been established by the Company for wearing personal protective equipment. Unsafe conditions or any accidents, no matter how minor, must be reported to your supervisor or the corporate safety representative. Threats, intimidation, harassment, or acts of physical violence in the workplace are prohibited and must be reported. Employees shown to be involved in such activities are subject to disciplinary action, up to and including discharge.

The use of alcohol or illegal drugs is also strictly prohibited in all Company facilities. Reporting to work under the influence of alcohol or illegal drugs, or legal drugs without a valid prescription or in excess of the prescribed dosage, is strictly prohibited. The possession of weapons in the workplace licensed or not is prohibited unless such possession complies strictly with limited exceptions under applicable state laws regarding the possession of specific firearms stored in private vehicles while in Company owned or operated parking areas. The fact that a state's laws allow an individual to have a license to carry a weapon does not modify the Company's policy. Individuals are encouraged to immediately report any suspicious behavior to Company officials. If an individual has a complaint or concern as to a possible violation of this policy, they are encouraged to report it to the attention of Company officials. The search of Company owned or leased property and Company owned or leased motor vehicles may be conducted at any time whether or not the employee (or a third party) is present, and does not require reasonable suspicion or permission.

## Electronic Mail and Internet Use

Company electronic mail and internet access is provided for business purposes and should be used responsibly at all times.

All electronic mail, and the Internet and Intranet facilities provided by the Company, are the property of the Company and are to be used primarily for business purposes. Limited personal use of electronic media is acceptable, as in the case of personal telephone calls, but only when used responsibly and when the privilege is not abused. The Company reserves the right to monitor, review, and disclose electronic mail as it deems appropriate without the consent of the employee. The copying of software or other copyrighted material is prohibited.

Electronic media may not be used to transmit, retrieve, store, or access any communications which are in purpose or effect discriminatory, harassing, or derogatory to any individual or group; obscene, defamatory or of a threatening nature; a misuse of confidential or proprietary information; or for any purpose which is illegal, against Company policy or contrary to the Company's best interests. The Company reserves the right to monitor, review, and disclose electronic mail as it deems appropriate without the consent of the employee.

Postings to chat rooms or message boards through the Company supplied Internet access are prohibited. Employees that otherwise participate in chat rooms or on message boards are prohibited from disclosing non-public information. Please reference the Company's Insider Trading Policy for more details.

# Certification

I hereby acknowledge that I have read the Southcross Energy Partners, L.P. Code of Business Conduct and Ethics, have become familiar with its contents and will comply with its terms.

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

