

CONSOLIDATED WATER CO. LTD.

ANTI-FRAUD POLICY

Contents

Overview	2
1. Definitions and Examples of Fraud	2
2. Responsibility of Ethics Officer	4
3. Disciplinary Action	4
Appendix	5
CONTACT INFORMATION	5

Overview

Consolidated Water Co. Ltd. and its subsidiaries (collectively, the “Company”) have established this anti-fraud policy to assist in the prevention and detection of fraud, waste, or abuse. This policy applies to the directors, officers and employees of the Company (collectively referred to herein as “Affiliates”). This policy further applies to any fraud, waste, or abuse or suspected fraud, waste, or abuse against the Company involving Affiliates, consultants, vendors, contractors, business entities, agents, representatives, or any other persons doing business with or in any other relationship with the Company.

The Company has “zero tolerance” for unethical behavior of any type, including fraud, waste or abuse. Affiliates are encouraged to communicate, anonymously if desired, with the Primary or Alternate Ethics Officer of the Company about perceived fraud or abuse or waste of Company assets. The Company does not tolerate retaliation for reports of misconduct by others made in good faith by Affiliates.

Failure to comply with this policy will subject an Affiliate of the Company to disciplinary action, including immediate termination. Failure to comply by a consultant, vendor, contractor, business entity or person doing business with the Company or in any other relationship with the Company could result in cancellation of the business or other relationship between the entity and the Company.

The Company will pursue prosecution if the results of an investigation indicate the possibility of criminal activity.

1. Definitions and Examples of Fraud

Fraud is defined as an intentional deception designed to obtain a benefit or advantage or to cause some benefit that is due to be denied. The Company categorizes the following different types of fraud:

- a) Fraudulent Financial Reporting
- b) Misappropriation of Assets
- c) Improper Use of Expenditures
- d) Purposeful Avoidance of Proper Expenditures

Key areas within Fraudulent Financial Reporting include, but are not limited to, the following:

- a) Improper revenue recognition/earnings management
- b) Overstatement of assets
- c) Understatement of liabilities
- d) Management override of internal controls
- e) Inappropriate or unauthorized adjustment of journal entries
- f) Unreasonable or inconsistent accounting estimates
- g) Improper disclosures including omission of disclosures
- h) Inappropriate changing of accounting principles or misapplication of accounting principles
- i) Failure to analyze unusual significant transactions
- j) Unauthorized access to systems

Key areas within Misappropriations of Assets include, but are not limited to, the following:

- a) Improper or unauthorized expenditures
- b) Improper payment schemes
- c) Self-serving practices (e.g. kickbacks)
- d) Embezzlement
- e) Theft

Key areas within Improper Use of Expenditures include, but are not limited to, commercial or public bribery.

Key areas within Purposeful Avoidance of Proper Expenditures include, but are not limited, to violations of laws and regulations (such as tax evasion).

Waste is the squandering, neglect or loss of Company resources. Examples of waste include (i) not taking advantage of available known discounts with vendors; or (ii) purchasing goods and materials over and above the Company's needs and allowing goods to expire unused. Abuse is the intentional, wrongful, or improper use of resources or misuse of rank, position, or authority that causes the loss or misuse of resources, such as tools, vehicles, computers, copy machines, etc.

2. Responsibility of Ethics Officer

Upon receiving a report of suspected fraud, the Primary and/or the Alternate Ethics officers (together or individually referred to as the Ethics Officer) shall document the contact and conduct a preliminary investigation to determine the credibility of the report. If the report is credible, the Ethics Officer shall follow the investigation guidelines provided in the Code of Business Conduct and Ethics: Section 14. Reporting any Illegal, Fraudulent, or Unethical Behavior.

The Ethics Officer shall use all reasonable efforts to protect the rights and the reputations of everyone involved in a report of suspected fraud, including the individual who in good faith alleges misconduct, as well as the alleged violator(s). The Ethics Officer also shall use all reasonable means to protect the identity of a person who has in good faith reported the suspected fraud. However, disciplinary action may be taken against anyone who intentionally makes a false and/or misleading report (Refer to Disciplinary Action below). Care will be taken here to remain in compliance with Section 806 of the Sarbanes Oxley Act. No retaliation will be taken against a whistleblower acting in good faith.

On determining that a report is not credible or is not a report of illegal, fraudulent, or unethical behavior, the Ethics Officer shall document this determination. The Ethics Officer's documentation shall include support for the determination.

The Ethics Officer is responsible for the administration, revision, interpretation, and application of this policy.

3. Disciplinary Action

An Affiliate who has engaged in any form of illegal, fraudulent, or unethical behavior; suspects or discovers fraudulent activity and fails to report his or her suspicions as required by this policy, or intentionally reports false or misleading information is subject to disciplinary action, including immediate termination.

Any member of management who does not report to the Ethics Officer each and every incident of suspected fraud by an Affiliate or other person is subject to disciplinary action, including immediate termination.

Appendix

CONTACT INFORMATION

Primary Ethics Officer:

Richard L. Finlay, Director

Telephone: 345-925-0914

Address:

PO Box 31442

Grand Cayman, KY1-1206, Cayman Islands

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Alternate Ethics Officer:

David W. Sasnett, EVP and CFO

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