

# CONSOLIDATED WATER CO. LTD.

## ETHICS PROGRAM

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## OVERVIEW

Consolidated Water Co. Ltd. and its subsidiaries (collectively, the “Company”, “CWCO”, “we”, “our”, etc.) is committed to conducting business in accordance with the highest standards of conduct, integrity and ethics, and the Company’s Code of Business Conduct and Ethics is based upon this commitment.

This accompanying Ethics Program (“Program”) is designed to supplement our Code of Business Conduct and Ethics by:

- a) defining oversight of, and accountability for, our Ethics and Conduct.
- b) establishing policies, procedures and practices to communicate our standards and effectively manage potential violations.
- c) communicating protocol as to when and how to raise ethical concerns, providing alternative means of communication, and creating a protected forum for employees raising concerns.
- d) enabling each employee to fulfill his/her responsibility in ensuring our standards of conduct and ethics are upheld by all.

The Program is comprised of:

- a) a Roles and Responsibilities section that outlines the management of, and accountability for, the Program and establishes consequences for confirmed violations.
- b) a summary of the various Company policies intended to be encompassed by this Program.
- c) options for communicating ethical concerns.

As with other personnel policies, this document is intended as a guide as it is not possible to anticipate every scenario that may constitute a potential Ethics or Conduct violation. Questions regarding this policy should be referred to the Primary Ethics Officer or Alternate Ethics Officer.

## Roles and Responsibilities

### The Senior Executive Team

The responsibility for establishing, overseeing and maintaining the Program is assigned to the Company’s Senior Executive team, which consists of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

The Senior Executive team is responsible for conducting themselves in an honest and ethical manner, and upholding leadership responsibilities that include creating a culture of high ethical standards and commitment to compliance, maintaining a work environment that encourages employees to raise concerns and promptly addressing ethical and compliance concerns.

### The Audit Committee – Program Effectiveness

CWCO believes the measurement of quality and productivity is an essential component of managing this Program. The Audit Committee of our Board of Directors is responsible for monitoring the effectiveness of the Program. In assessing the effectiveness of the Program, CWCO considers the following metrics:

- a) Employee level of participation in the (i) formal acknowledgement of the Ethics Program; (ii) completion of any ethics survey made by the Company; and (iii) the completion of any mandatory Ethics training.
- b) Response time from when an ethical concern is communicated to when the Senior Executive Team initiates action, and to when the matter is closed.
- c) Response time from when the decision is made to perform an investigation to when the investigation is completed, and the report is closed.
- d) Process improvement and/or remediation actions as a result of reports.
- e) The value of assets recovered after an investigation of fraud, theft or embezzlement.

The Audit Committee has the right to request an audit of the effectiveness of the Ethics Program. The Audit Committee shall review the Code of Business Conduct and Ethics and the effectiveness of the Ethics Program at least once in every three-year cycle.

### Employees

Upholding CWCO's standards of excellence is every employee's responsibility. Each employee is required to:

- a) Review the Ethics Program and become thoroughly familiar with our Code of Business Conduct and Ethics, our Ethics Policies and all other elements of our Program.
- b) Participate in any periodic ethics surveys and acknowledge in writing the review, understanding and acceptance of our Program.
- c) Participate in any mandatory Ethics training.
- d) Seek guidance from management or the Senior Executive team on questions about ethical issues, legal requirements, compliance with laws or policies, etc.
- e) Consistently comply with and uphold our standards of conduct and ethics in his/her daily work.
- f) Immediately report suspected violations of law, policy and/or other improper behavior.

Periodically, but no less than every three years, the Senior Executive team will distribute the Program to all employees. It is the responsibility of all employees to document, via email, handwritten signature, or other approved methods, their receipt and acknowledgement of the Program. Each employee must also agree to abide by the letter and spirit of the Program. The Human Resources department of each Company subsidiary is responsible for communicating the Program to all new employees as part of their employment orientation and responding to questions relating to the Program.

In addition, in conjunction with its annual testing of the effective of financial reporting controls performed in accordance with the Sarbanes-Oxley Act, CWCO may periodically contract with an independent vendor for an anonymous ethics survey. The purpose of any such survey is to obtain

employee feedback as to the effectiveness of the Program.

### Consequences of Violation

CWCO considers strict compliance with its Ethics Program to be a matter of utmost importance. Violations of the Program could lead to civil or criminal proceedings against the Company and/or harm to our employees and/or other stakeholders. Any employee of the Company who is found to have violated the Program will be subject to disciplinary action, up to and including immediate termination of employment and possible legal prosecution.

## SUMMARY OF ETHICS POLICIES

Our Ethics Policies are a core element of our Program and are designed to protect employees and the Company by preventing conduct that is or could be perceived as being illegal or unethical practices, discrimination, harassment and / or other policy violations. It is every Director, Officer and employee's responsibility to report suspected violations of law or policy or any other inappropriate behavior so that appropriate and expedient action may be taken by the Company. We are committed to our Code of Business Conduct and Ethics and must hold ourselves and each other accountable to them. Below is a summary of our Ethics Policies. For more detail, please refer to the full policy.

### **Code of Business Conduct and Ethics (090.01)**

Any reports of suspected or known violations of the law or CWCO's Code of Business Conduct and Ethics Policy will be investigated appropriately. The Company prohibits retaliation against employees, as well as its contractors, subcontractors, and agents for making a good faith report of suspected violations of law or policy or other inappropriate behavior. Examples of prohibited retaliation include making untrue statements about that individual, harassing, demoting, withdrawing benefits from or terminating the employment of the employee. Please refer to the Code of Business Conduct and Ethics Policy.

### **Anti-Fraud Policy (090.02)**

The Company has established an Anti-Fraud policy to enforce controls and to aid in the prevention and detection of fraud or abuse against the Company. This policy applies to any fraud or abuse, or suspected fraud or abuse involving Directors, Officers, Employees, consultants, vendors or contractors.

The Company will apply a standard of "zero tolerance" for unethical behavior of any type including fraud or abuse.

Failure to comply with this policy will result in disciplinary action, including immediate termination of employment. Failure to comply by a consultant, vendor or contractor could result in cancellation of the business or other relationship between the entity/individual and the Company. Please refer to the Anti-Fraud Policy.

#### **Insider Trading and Disclosure of Non-Public Information Policy (090.04)**

Any person who has “Material Non-Public Information”, as defined, regarding the Company may not purchase or sell the Company’s securities until the information has been fully disclosed to the public. In addition, any person who has obtained Material Non-Public Information about another company through his or her employment with the Company may not purchase and sell such company’s securities until the information has been fully disclosed to the general public.

The purchase and sale of the Company’s securities applies to all transactions in the Company’s securities, including common stock, options for common stock and any other securities the Company may issue. Other such securities may include Preferred or preference stock, warrants, convertible debentures and derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options. Please refer to the Insider Trading and Disclosure of Non- Public Information Policy.

#### **Anti-Discrimination and Harassment Policy (090.05)**

CWCO is committed to maintaining a work environment free of discrimination and harassment on the basis of race, gender, age, color, national origin, religion, disability, marital status, sexual orientation, veteran status, pregnancy, position in the Company, gender identity or expression and ethnicity.

We do not tolerate discrimination against or harassment of personnel by a manager, co-worker, vendor, customer, or anyone else. Any employee who engages in behavior that could be perceived as discriminatory, harassing, offensive or which otherwise violates our policy, will be disciplined up to and including immediate termination of employment.

Harassment, discrimination or offensive behavior that violates CWCO policy may be verbal or physical. It may be any conduct, statement, or action that denigrates or shows hostility or aversion toward an individual because of his/her protected status. Please refer to the Anti-Discrimination and Harassment Policy.

#### **Environmental Health and Safety Policy (090.06)**

CWCO is committed to conducting business in a safe and environmentally sustainable and responsible manner that promotes the health of our employees, customers, community and the environment and that meets global EHS requirements. The Company recognizes the importance of EHS to business success and is committed to continually improving its EHS program, including standards, culture, performance and injury prevention/reduction initiatives. Please refer to the Environmental Health and Safety Policy.

#### **Human Rights Policy (090.07)**

CWCO is committed to respect human rights and to embody common principles reflected in the United Nations (“UN”) Global Compact, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, core International Labour Organization Conventions, the Organization for Economic Co-operation and Development Guidelines for

Multinational Enterprises, and the laws of the countries in which we operate. Human rights are the fundamental rights, freedoms and standards of treatment to which all people are entitled. Respect for human rights is rooted in our values and applies wherever we do business. Please refer to the Human Rights Policy.

#### **Use of Company Assets and Resources Policy (090.08)**

Improper use of Company assets and resources could lead to increased costs and risks to the Company, particularly from operation, regulatory and corporate reputation standpoints. Proper utilization of Company Resources ensures organizational risks and costs are properly managed.

Company Resources may not be used for personal purposes except for incidental use. The incidental use of Company resources for personal purposes must not:

1. Result in additional expense to the Company.
2. Impede normal business functions.
3. Be for non-approved private commercial purposes.
4. Be used for illegal activity.
5. Be used to intentionally access, create, store, or transmit obscene materials.
6. Be used to compete unfairly with other companies.
7. Be used to promote a personal or political agenda.

Please refer to the Use of Company Assets and Resources Policy.

#### **Electronic Communications Policy (090.09)**

The Company has established a policy to express its philosophy concerning its electronic equipment and to set forth the general principles employees should apply when using electronic media and services. Please refer to the Electronic Communications Policy.

#### **Vehicle Use Policy (090.10)**

The Company has established a policy governing the Company's vehicle fleet as it relates to: procurement, general company vehicle requirements, vehicle assignment, licensing / insurance / maintenance and repairs, vehicle use, and accidents. Please refer to the Vehicle Use Policy.

#### **Information Security Policy (090.11)**

The Company has established a policy to implement a formal, corporate-wide program for protecting and securing information whose availability, integrity, confidentiality, accountability, and assurance are essential to CWCO. The objective of information security is to ensure the business continuity of CWCO, minimize the risk of damage by preventing security incidents and reduce their potential impact. Please refer to the Information Security Policy.

#### **Acceptable Use of Information Assets Policy (090.12)**

The Company has established a policy governing the Company's information assets as it relates to: applicability, general use, approvals, expectation of privacy, monitoring, abuse, liability and

prohibited activities. This policy details the appropriate use of information assets as it relates to the areas of computer hardware and software, network systems and applications, electronic communications, Internet/intranet browsing, personal electronic equipment, telecommunications, and social media. Please refer to the Acceptable Use of Information Assets Policy.

### **Mobile Device and BYOD Acceptable Use Policy (090.13)**

The Company has established a policy implementing basic rules for the issuance and secure operation of mobile and removable media devices owned or operated by CWCO employees in the performance of business duties, and to protect the security and integrity of CWCO's technology resources as well as its data and that of its customers and employees. Please refer to the Mobile Device and BYOD Acceptable Use Policy.

## COMMUNICATIONS

All Directors, Officers and Employees are required to report violations of our Program or any applicable law to the Ethics Officer. This section outlines the communication protocol from inquiring more about a potential concern to reporting a claim and what happens after the claim has been reported. To complement this Program, the CWCO team has created separate reporting procedures outlining the protocol from reviewing a claim through conducting an investigation. The purpose of this section is to clarify any concerns or questions you may have regarding your communication options for reporting unethical activities.

### Asking Questions

CWCO operates under an “Open Door” policy in which employees are encouraged to discuss any work-related problem with management at any time. In most cases, employees should talk to their manager first about any questions they may have regarding any aspect of our Ethics Program.

When you have questions regarding proper conduct in a particular situation, as it relates to our Ethics Policies, you should review the specific Ethics Policies or related sections of the Ethics Program and contact your manager or a member of the Senior Executive team.

We encourage you to seek guidance first from your manager for routine workplace issues that do not involve perceived violations of law or ethical conduct.

### Determining What is an Appropriate Report

Employees are required to report any suspected violations of our Code of Business Conduct and Ethics or any of our other Ethics Policies. To further clarify violations of our conduct and ethics standards, and to assist you to determine what constitute genuine ethics concerns, the Senior Executive team created a listing of unethical actions that should be reported immediately, which is set forth in Attachment A to this policy.

## Reporting a Violation

Any Director, Officer, Employee, consultant, vendor or affiliate of the Company who believes that he or she, or someone else, has been subjected to conduct that would constitute a violation of our Program must immediately report it.

In most cases, you should first speak to your manager if you have a concern or are aware of a possible violation. If you are not satisfied with your manager's response or if you are uncomfortable going to your manager with your report, you have other means of reporting a perceived violation:

- Contact a member of the Senior Executive team.
- Call, email, or send a letter to the Ethics Officer.
- Send an anonymous letter to a member of the Senior Executive team or Ethics Officer.
- Respond anonymously to the periodic ethics survey.

We encourage you to avail yourself of whichever method of communication you are most comfortable with. However, not reporting a perceived violation is unacceptable. We are committed to our non-retaliation policy and therefore have provided the **anonymous** options set forth above.

If you are a manager and have been approached by an employee with a potential report of a violation, you must contact a member of your Senior Executive team for further guidance.

Regardless of the method of communication you choose (verbal, electronic, handwritten, etc.), all reports must be recorded by the Ethics Officer. You can submit your report directly to the Ethics Officer, or to your manager or to your Senior Executive team. Whomever you reported to, will record the report of a potential violation upon receipt.

We expect that an employee reporting a potential violation will use his/her best judgment and common sense in assessing the validity of a potential ethical violation. All reports of potential violations are to be fact-based and respectfully worded. To assist in conducting a meaningful review, we request you provide as much detail as possible in your report.

## The Report Management Process

Each report will be handled on a case-by-case basis. We recognize that each report is unique and may vary in complexity and time to assess. CWCO is committed to a timely response to each report.

Once a report is submitted, based on the report category, the respective Senior Executive team member will begin to gather facts regarding the report. The fact gathering process is a standard operating procedure and will be performed for all reports submitted. The purpose of the fact gathering process is to answer the basic question: What happened? The Senior Executive team will review the case and submit a report for the Ethics Officer to determine if an investigation needs to be conducted.

An investigation will be determined by the Ethics Officer based on the details of the initial

complaint and the information obtained during the fact gathering process. If the decision is to proceed with an investigation, the investigation will be conducted promptly. The Ethics Officer will establish the members of the investigative team, who will vary based on the facts of each report. CWCO is committed to conducting fair, relevant and independent investigations.

To the extent appropriate, the individual filing a report will be kept apprised of the fact-gathering and/or investigative process. The individual filing the report will be notified when the report is closed with information, as appropriate, of the outcome.

Do not hesitate to contact your Senior Executive team with any questions or concerns.

### Appointment of the Ethics Officer and Investigation Protocol

- a) The Primary Ethics Officer and the Alternate Ethics Officer shall be appointed by the Board from among the independent directors comprising the Board. Such appointments shall be reviewed every five years.
- b) Where a conflict of interest arises in relation to a specific incident or investigation, the Primary Ethics Officer may request the Board or the Board may on its own motion, direct the Alternate Ethics Officer to address the incident or conduct the investigation or appoint another party from suitably qualified independent third parties.
- c) The Primary Ethics Officer shall determine the protocol to be followed in carrying out investigations (which may vary from case-to-case) and determine the appropriate procedures and time frames to be followed.
- d) The Primary Ethics Officer may hire outside resources to assist him in his duties after consultation with and approval from the Audit Committee.

## APPENDIX

### Contact Information

#### **Primary Ethics Officer:**

Brian E. Butler, Director

***Telephone:*** 345-945-4977

***Address:***

161 Boggy Sand Road

Grand Cayman, KY1-1206, Cayman Islands

***Email:*** [brian@butlergroupcayman.com](mailto:brian@butlergroupcayman.com)

#### **Alternate Ethics Officer:**

Leonard J. Sokolow, Director and Chairman of the Audit Committee

***Telephone:*** 954-478-8900

***Address:***

2855 W. McNab Rd

Pompano Beach, FL 33069

***Email:*** [lenny.sokolow@skyiot.com](mailto:lenny.sokolow@skyiot.com)

## Attachment A

| Unethical Action                        | Description                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accounting and Auditing Matters         | Unethical recording and analysis of financial transactions associated with generally accepted accounting principles. (Examples include: misstatement of revenue, misstatement of expenses, misstatement of assets, misapplications of accounting guidance / principles (GAAP or IFRS) or wrongful transactions.                                       |
| Securities Violations                   | Infringement, transgression; specifically: an infringement of the rules which securities acts define. (Examples include: insider trading).                                                                                                                                                                                                            |
| Confidentiality and Misappropriation    | Confidentiality refers to the protection of the Company's and other stakeholder's non-public information and use of such information only for legitimate business purposes. Misappropriation refers to the unauthorized or improper use of a third party's intellectual property rights, including patents, trademarks, copyrights and trade secrets. |
| Data Privacy                            | Technical, contractual, administrative and physical steps taken by unauthorized access to and disclosure of personally identifiable data of employees and customers and other third parties that we possess.                                                                                                                                          |
| Abuse of or Fraud with Company Benefits | Improper, misleading or deceptive actions taken, falsification of records, or misrepresentation of physical conditions related to benefit plans including health and supplemental income plans, tuition reimbursement and sick or other paid time off programs.                                                                                       |
| Conflict of Interest                    | Directors, officers and associates must do everything they reasonably can to avoid conflicts of interest or the appearance of conflicts of interest. A "conflict of interest" occurs when an individual's private interest is different from the interests of the Company as a whole.                                                                 |
| Embezzlement                            | To appropriate (as property entrusted to one's care) fraudulently to one's own use (Examples include: bookkeeping errors, misapplication of funds, and mishandling of cash).                                                                                                                                                                          |

| Unethical Action                               | Description                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Falsification of Contracts, Reports or Records | Falsification of records consists of altering, fabricating, falsifying, or forging all or any part of a document, contract or record for the purpose of gaining an advantage, or misrepresenting the value of the document, contract or record.                                                                                                                                                                   |
| Theft                                          | The act of stealing; the illegal taking and removing of personal property with intent to deprive the rightful owner.                                                                                                                                                                                                                                                                                              |
| Time Abuse                                     | Concerns about an employee or manager who is falsifying his/her work hours.                                                                                                                                                                                                                                                                                                                                       |
| Improper Giving or Receiving of Gifts          | The giving, receiving or solicitation of items which could be reasonably interpreted as an effort to influence a business relationship or decision; items given, received or solicited for the benefit of an individual or an individual's family or friends in connection with contract negotiations; the acceptance of cash, checks, money orders, vouchers, gift certificates, loans, stocks or stock options. |
| Discrimination or Harassment                   | Behavior that could be perceived as discriminatory, harassing or offensive at an employee because of his or her race, gender, age, color, national origin, religion, disability, marital status, sexual orientation, veteran status, pregnancy, position in the Company, gender identity or expression and ethnicity.                                                                                             |
| Misconduct or Inappropriate Behavior           | Intentional wrongdoing; specifically: deliberate violation of a law or standard.                                                                                                                                                                                                                                                                                                                                  |
| Retaliation                                    | Verbal, physical or written discriminatory or harassing behavior toward an individual who has made a good faith report regarding a compliance issue.                                                                                                                                                                                                                                                              |
| Sabotage or Vandalism                          | Destruction of an employer's property (such as tools or materials) or the hindering of operations by discontented workers (Examples include: Equipment destruction, stealing, work slowdown, computer virus).                                                                                                                                                                                                     |

| Unethical Action                               | Description                                                                                                                                                                                                                              |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Substance Abuse                                | Substance abuse is defined as the misuse of legal and the use of illegal drugs including alcohol. (Examples include: cocaine, narcotics, marijuana, stimulants).                                                                         |
| Violation of Policy                            | Actions that are in violation of Company policy, procedures, code of conduct, and/or implied contractual responsibilities (Examples include: non-disclosure agreements, hiring standards, safety, internet usage, corporate guidelines). |
| Copyright Violations or Software Piracy        | Unauthorized use of corporately owned copyrights or software; also includes the use of unauthorized software on corporately owned systems.                                                                                               |
| Diverting of Product or Business Opportunity   | Using corporate property, information or position for personal gain; appropriating or diverting any business opportunity or idea in which the Company might have an interest; competing with the Company in any way.                     |
| Environmental Protection, Health or Safety Law | Violation of any environmental law, regulation, corporate policy or procedure with respect to the handling and disposal of hazardous materials or the health and safety of other individuals.                                            |
| Misuse of Assets or Services                   | Use of Company resources or equipment without permission for non-business reasons.                                                                                                                                                       |
| Violence or Threat                             | Any direct or implied threat to inflict evil, injury, or damage to a person or their property. (Examples include: direct, veiled, conditional, violent).                                                                                 |
| Unsafe working conditions                      | Failure of meeting requirements needed to perform all duties in a secure environment. Potential areas of harm. (Examples include: environmental damage, OSHA, EPA).                                                                      |
| Other                                          | If you feel that the definitions above do not describe the event, action or situation you are looking to report about, please use this header.                                                                                           |