CONSOLIDATED WATER CO. LTD.

CORPORATE GOVERNANCE GUIDELINES

Introduction

Consolidated Water Co. Ltd. (the "Company") has adopted the following Corporate Governance Guidelines to assist its Board of Directors (the "Board") in the proper exercise of its corporate governance responsibilities. The Board is elected by the Company's shareholders to oversee management and the Company. The Board's purpose is to increase shareholder value and to ensure the continuity and vitality of the Company's business by establishing and maintaining appropriate corporate policies, selecting the Chief Executive Officer ("CEO"), providing for succession planning, monitoring the performance of both the Company and its CEO, overseeing strategic planning, and providing management with appropriate advice, feedback, and guidance. Management is directly responsible to the Board and must be committed to ensuring that the Company operates in a financially sound and legal and ethically responsible manner.

Director Qualification Standards and Selection of New Director Candidates

The Board shall delegate the responsibility for reviewing and recommending nominees for membership on the Board to the Nominations and Corporate Governance Committee. Director candidates should possess certain minimum qualifications for Board membership, including strong personal values and discipline, high ethical standards, a commitment to full participation on the Board and its committees and relevant career experience. Diversity in gender and ethnicity shall be considered a priority in any such recommendations. Candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs of the Board and the Company, such as experience or expertise in some of the following areas: the desalination industry, international business, industry-related science and technology, finance, economics, corporate law, strategic planning, corporate governance, public affairs, and/or related experience as the CEO or Chief Financial Officer of a major company. Other factors that will be are considered are independence of thought, the ability to comply with applicable Director independence standards (where independence is desired and/or required) and an absence of relationships or investments that could create potential conflicts of interest. The Nominations and Corporate Governance Committee shall adopt a process for identifying new Director candidates and disclose this process in each Annual Meeting proxy statement.

Director Independence

It shall be the policy of the Board that a majority of the members of the Board of Directors, and all of the members of the Audit Committee, Compensation Committee and the Nominations and Corporate Governance Committee, qualify as "independent directors" in accordance with applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated there under, and the listing standards of the NASDAQ, as they may from time to time be amended. The Board of Directors shall annually review and determine the independence of each Director.

In addition to the above, a Director shall not be considered independent if he or she has a material relationship with the Company, either directly or as a partner, shareholder or officer of an entity that has a relationship with the Company. A "material relationship" would include sales to or purchases from or transactions with the Company or an affiliated entity. This independence analysis shall also apply to any charitable contributions by the Company to any charitable or non- profit organization in which a Director serves as an executive officer or a member of the board.

Board Size and Composition

The number of Directors shall be no less than seven and no more than thirteen. This range provides diversity of thought and experience without hindering effective discussion or diminishing individual accountability. The Nominations and Corporate Governance Committee shall conduct an annual assessment of the size and composition of the Board and from time to time make recommendations, if necessary, to the Board for changes in the size of the Board.

Director Compensation

Director compensation for the Board and all Board committees shall be determined by the Compensation Committee. The Company's policy shall be to ensure that the Director compensation is appropriate and competitive to ensure the Company's ability to attract and retain highly-qualified Directors. Director compensation will be disclosed each year in the Company's Annual Meeting proxy statement.

Director and Executive Employee Stock Ownership Requirements

Directors and executive employees are encouraged to have an appropriate equity ownership in the Company as this helps to more closely align their economic interests with those of other shareholders.

Board Committees and Charters

The names and duties of the standing committees of the Board of Directors shall be contained in the Company's Bylaws. Each standing committee shall adopt a written charter describing its duties. The charters shall be available on the Company's corporate website.

Frequency of Board and Committee Meetings

Regular meetings of the Board of Directors shall be held at such times and places as determined by the Chairman of the Board and the CEO. The frequency of committee meetings shall be set forth in each committee's charter. Additional meetings of the Board and its committees shall be held in circumstances that create the need for a special meeting.

Selection of Agenda Items for Board and Committee Meetings

The Chairman of the Board and the CEO shall establish the agenda for Board meetings. Similarly, the committee chairs shall establish the committee agendas.

Board and Committee Materials Distributed in Advance

The Board and its committees shall be provided with appropriate materials in advance of each meeting.

Executive Sessions of Non-Management Directors

The non-management Directors can meet in executive sessions in connection with a regularly scheduled meeting of the Board, and at other times as they may determine is appropriate. Committees of the Board may also meet in executive session as they deem appropriate.

Board Self-Evaluation

The Nominations and Corporate Governance Committee shall be responsible for conducting annual evaluations of the Board and Board committee members.

Director Access to Management and Independent Advisors

The Company shall provide each Director with complete access to the management of the Company, subject to reasonable efforts to avoid disruption to the Company's management, business and operations. The Board of Directors and Board committees shall have the right to consult and retain independent legal and other advisors at the expense of the Company.

Stockholder Communication with Directors

In order that interested parties may contact the Board or individual Directors, the Company shall describe communication procedures in each Annual Meeting proxy statement and on its corporate governance website.

Annual Election of Directors

Directors are elected for a one-year term ending at the next Annual General Meeting or until his or her successor is elected. The Nominations and Corporate Governance Committee shall establish procedures under which each Director is nominated for election at a meeting of shareholders. As applicable to all Directors, the Director who tenders his or her resignation is not eligible to cast a Board vote. The Board will, upon notification and receipt of a Director's resignation, file a Form 8-K to the Securities and Exchange Commission within the time period and manner as required by such Commission. The Nominations and Corporate Governance Committee shall recommend to the Board whether to fill such vacancy or reduce the size of the Board.

Chief Executive Officer Evaluation and Succession

The Compensation Committee and other Board members, as deemed appropriate, shall conduct an annual review of the performance of the CEO. The Nominations and Corporate Governance Committee shall recommend to the Board of Directors policies and procedures regarding succession to the CEO.

Code of Business Conduct and Ethics

The Company shall adopt a Code of Business Conduct and Ethics to provide guidelines for ethical conduct by Directors, management, and employees. In the area of corporate governance, the Code of Business Conduct and Ethics shall contain guidance regarding conflicts of interest, corporate opportunities, confidentiality, and protection of Company assets. The Code of Business Conduct and Ethics shall be posted on the Company's website.

Director Orientation and Continuing Education

The Company shall have an education and orientation program designed to familiarize new Directors with the Company, its management structure and operations, the industries in which the Company operates, and key legal, financial, and operational issues. Directors shall be provided with information regarding corporate governance and the structure and procedures of the Board and the committees on which the Directors will serve.

At the Company’s expense, provided such expenditure is reasonable and approved in writing (email is acceptable) in advance by the Company’s CEO or Chief Financial Officer, the Directors shall be encouraged to attend appropriate Company and external continuing director education programs to help them stay current on corporate governance, best Board practices, financial and accounting practices, ethical issues for directors and management, and similar matters.

<u>Hedging and Pledging Transactions Involving Company Stock</u>

The Board believes that ownership of the Company's stock by the Company's executive officers and Directors helps to align the interests of the Company's leadership with those of its shareholders. The Board recognizes that transactions that are designed to hedge or offset declines in the market value of the Company's stock can hinder this alignment, impede the Company's compensation programs and goals, and undermine policies regarding stock ownership.

The Board also recognizes that officer and director pledging of the Company's stock as collateral for indebtedness can be adverse to the interests of the Company's shareholders in that it may create the risk of forced sales that depress the value of the Company's stock, create risk of legal violations, and encourage excessive risk-taking by executive officers and directors.

This policy applies to transactions in the Company's common stock and other equity securities by Directors and officers of the Company designated by the Board as executive officers for the purposes of federal securities laws.

Executive officers and Directors shall not, directly or indirectly:

- Purchase any financial instrument or enter into any transaction that is designed to hedge or offset any decrease in the market value of the Company's common stock or other equity securities (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, puts, calls, or other derivative securities) that are designed to hedge or offset a decrease in market value of equity securities of the Company; or

- Pledge or otherwise encumber shares of the Company's common stock or other equity securities as collateral for indebtedness. This prohibition includes, but is not limited to, holding such shares in a margin account. This policy does not apply to the exercise of an employee or director stock option acquired pursuant to the Company's plans, or to the surrender of shares subject to an option to satisfy the exercise price or the tax withholding requirements.

Each executive officer and Director is required to certify compliance with this policy in connection with the Company's annual securities questionnaires. Executive officers and Directors shall be afforded a reasonable opportunity to unwind or otherwise terminate any transaction that exists at the time such officer or director became subject to this policy if it would otherwise violate this policy.

<u>Clawback of Executive Compensation Incentive Payments</u>

In the event that the Board determines there has been a restatement of the Company’s filed financial statements due to material noncompliance with any financial reporting requirement under the securities laws, the Board will review all incentive payments that were made to officers and all performance-based equity awards granted to officers that were vested on the basis of having met or exceeded such performance targets in grants or awards made during the fiscal year prior to the filing of the Current Report on Form 8-K announcing the restatement.

If such payments and/or vesting would have been lower had they been calculated based on such restated results, the Board will, to the extent permitted by governing law, seek to recoup for the benefit of the Company's shareholders such payments to and/or equity awards held by officers by requiring officers to pay such amount(s) to the Company by set-off, by reducing future compensation, or by such other means or combination of means as the Board determines to be appropriate. The value of recoupment to be sought shall be determined by the Board.

Director and Executive Equity Ownership

The Board believes that it is in the best interest of the Company and its shareholders to align the financial interests of the Chief Executive Officer and non-employee Directors with those of the Company's shareholders. In this regard, the Compensation Committee of the Board has adopted minimum stock ownership guidelines. The Compensation Committee may modify this policy at its discretion.

This policy is applicable to all non-employee Directors and the Chief Executive Officer ("participants") of the Company. These participants are encouraged to own shares of common stock of the Company in accordance with the following schedule:

Leadership Position	Value of Shares
Non-Employee Member of the Board of Directors	3x annual cash retainer
Chief Executive Officer	3x base salary

Participants may satisfy their respective ownership guidelines with common stock in these categories:

- Shares owned directly;
- Shares owned indirectly (e.g., by a spouse or a trust);
- Shares represented by amounts invested in a 401(k) plan or deferred compensation plan maintained by Consolidated Water Co. Ltd.; and
- Time-vested restricted stock or restricted stock units.

Unexercised options and unearned performance shares are not counted toward meeting the guidelines.

The value of a participant's stock ownership requirement is based on his or her then current retainer or salary, and the value of the participant's holdings is based on the average closing price of a share of the Company's stock for the previous calendar year.

The Compensation Committee of the Board is responsible for monitoring the application of these stock ownership requirements. The Compensation Committee has the discretion to encourage compliance of the stock ownership guidelines, including requesting participants who have not yet achieved the goal, to retain the shares they acquire through stock awards and the exercise of stock options up to the number of shares necessary to achieve the ownership targets.

Periodic Review of Guidelines

These Corporate Governance Guidelines shall be reviewed periodically (at least once every three years but more frequently if necessary) by the Board and the Nominations and Corporate Governance Committee.