

FEBRUARY 26, 2008

RULES FOR THE BOARD OF DIRECTORS

OF

CASCAL N.V.

These Rules were adopted by the Board of Directors on February 26, 2008

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The words and expressions used in these Rules have the following meaning:

- Annual Report: the annual report of the Company as drawn up by the Board of Directors;
- Articles of Association: the articles of association of the Company as amended from time to time;
- Audit Committee: the audit committee of the Company;
- Board of Directors: the board of directors of the Company;
- Chairman: the chairman of the Board of Directors;
- Code of Ethics: the code of ethics of the Company, a copy of which is attached hereto as Annex A;
- Company: the public limited liability company (*naamloze vennootschap*) Cascal N.V., established in Amsterdam, the Netherlands, together with – where the context so permits – its subsidiaries;
- Company Secretary: the company secretary of the Company;
- Compliance Officer: the compliance officer of the Company;
- Executive Director: the member of the Board of Directors responsible for the day-to-day management of the Company;
- Insider Trading Policy: the insider trading policy, a copy of which is attached hereto as Annex B;
- Nomination and Compensation Committee: the nomination and compensation committee of the Company;
- Non-Executive Directors: the members of the Board of Directors not responsible for the day-to-day management of the Company;
- Non-Executive Director's Profile: the non-executive director's profile of the Company, a copy of which is attached hereto as Annex C;
- General Meeting: the body consisting of the shareholders of the Company entitled to vote and other persons entitled to vote;

- Meeting of Shareholders: the meeting of shareholders and other persons entitled to attend meetings;
- Rules: these rules of the Board of Directors; and
- Whistle Blower Policy: the whistle blower policy of the Company, a copy of which is attached hereto as Annex D.

1.2 Interpretation

- 1.2.1 Where the context so permits, the singular includes the plural and *vice versa*.
- 1.2.2 A "clause" shall, subject to any indication otherwise, be construed as a reference to a clause hereof.
- 1.2.3 References to the Rules, Articles of Association, the Code of Ethics, the Insider Trading Policy, the Non-Executive Director's Profile, the Whistle Blower Policy, the charter of the Audit Committee, the charter of the Nomination and Compensation Committee or any other documents shall be deemed to be a reference to such Rules, Articles of Association, Code of Ethics, Insider Trading Policy, Non-Executive Director's Profile, Whistle Blower Policy, charter of the Audit Committee, charter of the Nomination and Compensation Committee or other document as it may from time to time be amended, extended, renewed, restated or supplemented.

2. STATUS AND CONTENTS OF THESE RULES

- 2.1 These rules have been drawn up pursuant to article 13.2 of the Articles of Association and are complementary to the rules and regulations (from time to time) applicable to the Board of Directors under Dutch law and the Articles of Association.
- 2.2 Where these rules are inconsistent with Dutch law or the Articles of Association, the law or, as the case may be, the Articles of Association shall prevail. Where these rules conform to the Articles of Association but are inconsistent with Dutch law, the latter shall prevail. If one or more provisions of these rules are or become invalid, this shall not affect the validity of the remaining provisions. The Board of Directors shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of these rules, is to the greatest extent possible similar to that of the invalid provisions.

3. RULES

These Rules will be effective until they are amended in accordance with the provisions hereof.

4. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- 4.1 The primary responsibility of the Executive Director is to manage the Company. The primary responsibility of the Non-Executive Directors is to supervise the policies of the Executive Director and the affairs of the Company and its business. In addition, the Non-Executive Directors shall assist the Executive Director by providing advice.
- 4.2 The Board of Directors is accountable for its responsibilities to the General Meeting. In carrying out its duties, the Board of Directors shall be guided by the interests of the Company and its business, taking into consideration the interests of the Company's stakeholders.
- 4.3 The Board of Directors shall annually adopt a business plan describing the intentions regarding the policy and the strategy of the Company to be followed in the next financial year.
- 4.4 The Board of Directors is responsible for the corporate governance structure of the Company and compliance with and enforcement of these Rules.
- 4.5 The Board of Directors shall draw up the Annual Report.
- 4.6 The Board of Directors is responsible for compliance by the Company with all relevant legislation and regulations applicable to the Company, for managing the risks associated with the Company's activities and for financing the Company.
- 4.7 The Board of Directors shall establish the Whistle Blower Policy, which will be published on the Company's website.
- 4.8 The Board of Directors shall establish the Code of Ethics, which will be published on the Company's website.
- 4.9 The Board of Directors shall review all material documents to be filed with the U.S. Securities and Exchange Commission. The Board of Directors shall be responsible for the internal procedures with respect to the preparation and publication of the annual accounts (including the Annual Report). The Executive Director is

responsible for the quality and completeness of publicly disclosed financial statements. The Non-Executive Directors shall see to it that the Executive Director fulfills this responsibility.

- 4.10 The Executive Director is responsible for establishing and maintaining internal procedures, which ensure that all major financial information is known to the entire Board of Directors, so that the timeliness, completeness and correctness of the external financial reporting are assured. The Non-Executive Directors shall see to it that the internal procedures are established and maintained.
- 4.11 The Board of Directors shall convene the Meeting of Shareholders. The Chairman shall include in the notice convening a Meeting of Shareholders the matters requested in writing by one or more holders of shares which represent jointly or separately at least one percent of the issued share capital or represent a value of at least EUR 50 million. The Chairman is only obliged to include such matters in the notice convening a Meeting of Shareholders if the request thereto has been received ultimately 60 days prior to such meeting and provided that compliance with such request would not be contrary to a significant interest (*zwaarwichtig belang*) of the Company.

5. COMPOSITION OF THE BOARD OF DIRECTORS

- 5.1 The Board of Directors shall consist of six (6) members, of which one (1) member is Executive Director and five (5) members are Non-Executive Directors. Initially, the members of the Board of Directors will be appointed for specified different terms to prevent that the terms of all members of the Board of Directors will end at the same time. Each subsequent appointment will be for a period of three (3) years.
- 5.2 The Executive Director shall not be a member of the supervisory board or a non-executive member of a one-tier board of directors of more than two (2) listed companies and shall not be the chairman of the supervisory board or of a one-tier board of directors of a listed company. Membership of the supervisory board or of a one-tier board of directors of other companies within the group to which the Company belongs will not count for this purpose. The acceptance by the Executive Director of a membership of the supervisory board of a listed company requires the approval of a majority of the Non-Executive Directors. Other important positions outside of the group of companies to which the Company belongs held by the Executive Director shall be notified to the Non-Executive Directors.
- 5.3 A Non-Executive Director shall hold no more than five (5) supervisory directorships (or non-executive memberships of one-tier boards) in Dutch listed companies (including the membership as Non-Executive Director on the Company's Board of

Directors), for which purpose the chairmanship of a supervisory board (or of a one-tier board) counts double.

- 5.4 The Board of Directors shall ensure that at any given time it will have a resignation schedule in accordance with the schedule reflected in clause 5.1 in order to avoid, as far as possible, a situation in which more than three (3) members of the Board of Directors retire at the same time. The resignation schedule shall be made generally available and shall, in any event, be put on the Company's website.
- 5.5 Appointments of the Non-Executive Directors on the Board of Directors and the composition of the Board of Directors shall be such that the combined experience, expertise and independence of the Non-Executive Directors meet the Non-Executive Director's Profile and enables the Board of Directors to best carry out the variety of its responsibilities and duties to the Company and all others involved in the Company (including its shareholders), consistent with applicable law and regulations (including the rules of any exchange on which the Company's shares (or depositary receipts thereof) may be listed).
- 5.6 The Board of Directors shall declare in the Annual Report that in its view the independence requirements as contained in clause 1.8 of the Non-Executive Directors' Profile have been fulfilled. It shall also indicate which Non-Executive Director(s) it considers to be not independent (if any).

6. CHAIRMAN

- 6.1 The Board of Directors shall, in accordance with article 13.1 of the Articles of Association, appoint one of the members of the Board of Directors as Chairman. The Chairman may only be a Non-Executive Director, and may not be involved, nor have been involved in the daily management of the Company.
- 6.2 The Chairman shall (i) determine the agenda, (ii) chair the meetings of the Board of Directors, (iii) ensure that there is sufficient time for decision-making by the Board of Directors and (iv) be responsible for the functioning of the Board of Directors.

7. EXECUTIVE DIRECTOR

- 7.1 The Executive Director shall have responsibility within the Board of Directors for:
- day-to-day management of the Company comprising all decisions in the ordinary course of business of the Company; and, within the strategic and

financial objectives and boundaries as included in the strategy and business plans approved by the Board of Directors;

- developing strategy and business plans for the Company, including the financial projections and the budget, and proposing these plans to the Board of Directors and implementing them after approval of the Board of Directors;
- maintaining appropriate accounting, financial and other controls for the Company;
- adopting Company policies in respect of corporate conduct, including compliance with applicable laws and regulations;
- reviewing the process of the provision of appropriate financial and operational information to the Board of Directors, and to (public) authorities or other relevant bodies;
- preparing and monitoring implementation of succession plans regarding the management of the Company;
- evaluating the overall effectiveness of the Company; and
- such other matters as may be specifically delegated to him by the Board of Directors.

7.2 The Executive Director shall provide the Board of Directors on a regular basis with information on all facts and developments regarding the Company, which information the Board of Directors needs in order to function adequately and to adequately perform its duties. Additionally, the Executive Director shall answer any questions raised by any member of the Board of Directors.

7.3 Without prejudice to clause 7.2, the Executive Director shall quarterly provide the Board of Directors with a report, containing information as to, *inter alia*, commercial, operational, financial matters, and matters concerning investments and personnel. This report shall be accompanied by an explanation of the Executive Director. In addition, the Executive Director shall annually provide the operational and investments budget of the Company for the next year.

8. NON-EXECUTIVE DIRECTORS

8.1 The Non-Executive Directors shall have responsibility within the Board of Directors for:

- supervision of the policies of the Executive Director and the affairs of the Company and its business;

- regularly evaluating the functioning of the Board of Directors and the Executive Director;
- preparing and recommending candidates for the Board of Directors;
- monitoring implementation of succession plans regarding the Executive Director of the Board of Directors;
- advising the Executive Director on any matter as deemed appropriate;
- proposing an employee profit-sharing plan or any other employee participation plan; and
- proposing amendments to the list as set out in clause 11.3 of these Rules.

8.2 The Non-Executive Directors shall at least once a year hold a meeting on their own, i.e. without the Executive Director being present, to discuss their own functioning, the desired profile, composition and competence of the Non-Executive Directors and the performance of the Executive Director, and the conclusions that must be drawn on the basis thereof. Non-Executive Directors are permitted to participate in meetings of the Non-Executive Directors by telephone or videoconference.

8.3 Each Non-Executive Director shall, after his appointment, follow an induction program, which, in any event, covers general financial and legal affairs, financial reporting by the Company, any specific aspects that are unique to the Company and its business activities and the general responsibilities of a Non-Executive Director under Dutch law. The Non-Executive Directors shall conduct an annual review to identify any aspects with regard to which the Non-Executive Directors require further training or education during their period of appointment. The Company shall play a facilitating role in this respect.

8.4 The Non-Executive Directors shall be assisted by the Company Secretary. The Company Secretary shall be appointed and dismissed by the Executive Director with the prior approval of the Non-Executive Directors. The Company Secretary shall see to it that correct procedures are followed and that the Non-Executive Directors act in accordance with their statutory obligations and their obligations under the Articles of Association. The Company Secretary shall assist the Chairman in the actual organization of the affairs of the Non-Executive Directors.

9. OWNERSHIP OF SECURITIES

9.1 The Board of Directors shall establish the Insider Trading Policy in accordance with the relevant U.S. and Dutch regulations.

- 9.2 All transactions in the Company's securities by members of the Board of Directors shall be made for investment purposes, and not with a view to a quick profit on a sale. It is the Company's policy that members of the Board of Directors shall not engage in short-term or speculative transactions in the Company's securities, as further set out in Section III A of the Insider Trading Policy.

10. MEETINGS OF THE BOARD OF DIRECTORS

- 10.1 The Board of Directors shall meet at least four (4) times per year and as often as one or more members of the Board of Directors request(s). Meetings shall in principle be held at the offices of the Company but can also be held elsewhere. Members of the Board of Directors are permitted to participate in meetings of the Board of Directors by telephone or videoconference provided that (i) the Chairman has granted his approval and (ii) all participating members of the Board of Directors can hear each other simultaneously.
- 10.2 A meeting of the Board of Directors is convened by the Chairman or by the member(s) of the Board of Directors that requested such meeting. If practically possible, a meeting of the Board of Directors is convened in writing at least five (5) business days prior to the meeting and is accompanied by the agenda and the documents to be discussed.
- 10.3 A member of the Board of Directors may only be represented at a meeting by a co-member of the Board of Directors authorized in writing. The expression in writing shall include any message transmitted by current means of communication received by the Chairman. A member of the Board of Directors may not act as a proxy for more than one co-member at a meeting of the Board of Directors.
- 10.4 The agenda of a meeting shall be adopted by the Chairman or the member(s) of the Board of Directors that requested the meeting.
- 10.5 The Chairman shall chair the meetings of the Board of Directors. The minutes of a meeting of the Board of Directors shall be drawn up by the Company Secretary and shall be adopted by the Board of Directors in the first following meeting and signed by the Chairman in evidence thereof. If the Chairman is unable to attend a meeting of the Board of Directors, the other Non-Executive Directors shall appoint one of the other Non-Executive Directors as chairman of the meeting.
- 10.6 Resolutions adopted outside a meeting of the Board of Directors, shall be laid down in writing and such written evidence shall be added to the documents of the first following meeting of the Board of Directors.

11. RESOLUTIONS OF THE BOARD OF DIRECTORS

- 11.1 Resolutions of the Board of Directors or any of its committees are, in principle, adopted in a meeting of the Board of Directors or its respective committee. The Board of Directors or any of its committees may also adopt resolutions outside a meeting. In that event the Chairman shall make the agenda and the documents to be discussed available to all members of the Board of Directors or the respective committee. Each member of the Board of Directors or its respective committee shall give its opinion on the intended proposal within a period determined by the Chairman. The opinion of each member of the Board of Directors or any of its committees shall be disclosed to the other members of the Board of Directors or the other members of the respective committee.
- 11.2 The Board of Directors may only adopt a resolution if at least a majority of the members of the Board of Directors then serving attend the relevant meeting or are validly represented, or have expressed their opinion in writing on the proposed resolution.
- 11.3 Without prejudice to the provisions of the law or the Articles of Association, resolutions of the Board of Directors shall be brought before the Board of Directors unless delegated to the Executive Director within the limitations of the law, the Articles of Association, and these Rules. In any event the following decisions shall be subject to a resolution by the Board of Directors:
- acquisitions and/or disposals with a value of more than USD 10,000,000 (ten million dollars);
 - new borrowings in an amount of more than USD 10,000,000 (ten million dollars); and
 - granting security outside the normal course of business.
- 11.4 Resolutions of the Board of Directors shall be adopted by a majority of the votes cast.
- 11.5 Resolutions of any of the committees of the Board of Directors as well as meetings of the Non-Executive Directors shall be adopted by a majority of the votes cast in such committee or meeting.
- 11.6 The Board of Directors shall not take any decisions regarding matters which require the prior approval of the General Meeting under statutory law, the Articles of Association or these Rules, without such required approval.

12. CONFLICTS OF INTEREST

- 12.1 The members of the Board of Directors shall avoid any conflict of interest between the Company or its subsidiar(y)(ies) and any members of the Board of Directors.
- 12.2 None of the members of the Board of Directors shall:
- enter into competition with the Company;
 - demand or accept (substantial) advantages from the Company for himself or for his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
 - provide unjustified advantages to third parties to the detriment of the Company; or
 - take advantage of business opportunities to which the Company is entitled for himself or others.
- 12.3 Each member of the Board of Directors shall immediately report any (potential) conflict of interest that is of material significance to the Company, its subsidiar(y)(ies) and/or to the relevant member of the Board of Directors, to the Chairman and the other members of the Board of Directors. The member of the Board of Directors that has a (potential) material conflict of interest shall provide the Chairman and the other members of the Board of Directors with all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Non-Executive Directors shall decide, without the relevant member of the Board of Directors being present, whether there is a conflict of interest.
- 12.4 A conflict of interests exists, in any event, if the Company or its subsidiar(y)(ies) intend(s) to enter into a transaction with a legal entity:
- in which a member of the Board of Directors personally has a material financial interest;
 - which has a Board of Directors member who has a relationship under family law to the second degree with a member of the Board of Directors; or
 - in which a member of the Board of Directors has a management or supervisory function.

- 12.5 A member of the Board of Directors shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of interest with the Company.
- 12.6 All transactions in which there are conflicts of interest with members of the Board of Directors shall be agreed on terms that are customary in the industry concerned. Decisions to enter into transactions in which there are conflicts of interest with members of the Board of Directors that are of material significance to the Company, its subsidiar(y)(ies) and/or to the relevant members of the Board of Directors require the approval of the Board of Directors. Such transactions shall be published in the Annual Report, together with a statement of the conflict of interest and a declaration that the rules regarding conflicts of interest contained in the clauses 12.2 through 12.6 have been complied with.

13. BOARD COMMITTEES

- 13.1 The Board of Directors shall have at least two (2) standing committees, i.e. the Audit Committee and the Nomination and Compensation Committee, to be appointed by the Board of Directors solely from its Non-Executive Directors. The Board of Directors remains responsible for its decisions even if such decisions were prepared by one of the Board of Director's committees.
- 13.2 The Board of Directors shall prepare charters governing the Audit Committee and the Nomination and Compensation Committee respective practices and principles (responsibilities, composition, meetings, etc.). The charters of the Audit Committee and the Nomination and Compensation Committee are attached hereto as Annex E and Annex F, respectively. Copies of the charters shall be placed on the Company's website.
- 13.3 The composition of the committees, the number of committee meetings and the main items to be discussed therein shall be recorded in the Annual Report.
- 13.4 The Board of Directors shall receive from the Audit Committee and the Nomination and Compensation Committee a report of their respective deliberations and findings following their meetings.

14. DISCLOSURE OF INFORMATION

- 14.1 The Board of Directors shall provide the General Meeting with all such information that the General Meeting requires in order to exercise its powers, unless this would be contrary to a significant interest (*zwaarwichtig belang*) of the Company. If the

Board of Directors refuses to provide information due to an overriding interest of the Company it shall explain such refusal.

- 14.2 The Executive Director and the Audit Committee, if installed, shall report on their dealings with the external auditor to the Non-Executive Directors on an annual basis, including the auditor's independence in particular (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the Company).
- 14.3 At least once every four (4) years, the Board of Directors, and the Audit Committee, shall conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the General Meeting for the purposes of assessing the nomination for the appointment of the external auditor.

15. GRANTING OF LOANS

The Company shall not grant the members of the Board of Directors any personal loans, guarantees and the like, unless such is done (i) in the normal course of business, (ii) with regard to the Executive Director, on terms applicable to the Company's entire personnel, or (iii) after approval of the Board of Directors.

16. CONFIDENTIALITY

Unless the Rules, the Articles of Association or applicable laws or regulations stipulate otherwise, each member of the Board of Directors shall treat all information and documents acquired in his capacity as a member of the Board of Directors as strictly confidential.

This clause shall apply also if a member of the Board of Directors ceases to be a member of the Board of Directors.

17. AMENDMENTS

These Rules can only be amended by a resolution of the Board of Directors to that effect. Any amendment of these Rules shall be laid down in writing.

18. NON-COMPLIANCE

The Board of Directors may occasionally decide at its sole discretion not to comply with and adhere to these Rules pursuant to a resolution or the Board of Directors to that effect. Such resolution shall be referred to in the Annual Report.

19. GOVERNING LAW AND JURISDICTION

- 19.1 These Rules shall be governed by and construed in accordance with the law of the Netherlands.
- 19.2 The courts of Amsterdam, the Netherlands, shall have exclusive jurisdiction to settle any dispute arising from or in connection with these Rules (including any dispute regarding the existence, validity or termination of these Rules).