

Letters Sent to the Corporate Governance Council.

The first letter received and dated December 3, 2009 reads as follows:

You are hereby informed that the Executive Council of the Island Territory of St. Maarten by resolution of November 17th, 2009, appointed you as a member to the Corporate Governance Council, provided the screening and the statement on good conduct turn out to be positive.

I sincerely congratulate you on this appointment.

You are kindly requested to inform me within one week from today whether you accept the appointment.

For the record, I would like to point out that Article 4 of the resolution establishing the Corporate Governance Council provides that the members to the Corporate Governance Council shall be appointed for a period of 4 years based on the function profiles drawn up by the Executive Council beforehand.

I also wish to draw your attention to the provision laid down in Article 12 of the Island ordinance Corporate Governance stipulating that the costs of the Corporate Governance Council, including the remuneration of its members, will be borne by the companies and foundations based on an allocation formula to be further agreed upon by said legal entities and to be established by the Executive Council.

Trusting to have informed you sufficiently and awaiting your response, I remain,

Yours Sincerely,

Mr. F. E. Richards, LL.M.

Lt. Governor

The second letter received and dated February 4, 2010 reads as follows:

As you are aware, you have been appointed by the Executive Council of the Island Territory of St. Maarten as a member to the Corporate Governance Council.

Currently, the Corporate Governance Council comprises the following members listed below in random order:

1. Mrs. Maria van der Sluijs-Plantz
2. Mrs. Elfreda Minerva Monte-Vlaun
3. Mr. Louis Leonores Duzanson
4. Mrs. Agnes Gumbs
5. Mr. Francis Aloysius Carty

You are hereby invited to the initial meeting of the Corporate Governance Council.

The meeting will take place:

Date: Friday, February 26th, 2010

Venue: Administration Building, Philipsburg

Time: 10:00 hours

May I point out to you that the Corporate Governance Council is destined to become a key advisory body for the island territory of St. Maarten and that you, as member to the Corporate Governance Council, have taken on a major and challenging task.

To give you an impression of the nature and scope of the activities to be carried out by the Corporate Governance Council – and these are not minor – an overview is listed below.

Starting activities of the Council

In Article 6 of the resolution establishing the Council Corporate Governance it is laid down that the Council itself will regulate everything that is required concerning its meetings.

This would entail that the Council during its first meeting will have to draw up rules and regulations in which will be laid down topics such as:

- the frequency of the meetings;
- the chairperson of the council;
- that each member may only cast one vote;
- that decisions will be taken by a majority vote;
- that for the decision process a quorum of at least three members is required;
- that decisions taken are public;
- the business address, mailbox, telephone number, fax number, email address of the Council.

In Article 12 of the Island ordinance Corporate Governance it is stipulated that the costs of the Council and its secretariat shall be borne by the government owned companies and foundations, based on an allocation formula to be further agreed upon and established by the Executive Council in an island resolution. The Council shall submit a budget to the Executive Council for its approval in connection with the costs related to the work to be carried out. Consequently, the Council will have to draw up a policy plan for the work to be carried out and based on that, a budget of the costs associated with the work will have to be prepared. Subsequently, negotiations will have to take place with the government owned companies and government foundations regarding the allocation formula.

Independence

For the functioning of the Council, the issue of gaining respect and authority is essential. In this respect, the Council must be able to advise independently of the shareholders/the Executive Council/Island Council. As such, it is important that the Council will (a) not allow itself to be influenced by political issues and (b) nor be put under pressure by politics or directors on account of a favorable result or outcome.

Duties of the Corporate Government Council

The Island ordinance Corporate Government Council stipulates in Article 4, paragraph 2 that the Council shall provide solicited and unsolicited advice to the island territory on the application of the provisions laid down in the Island ordinance and the Code of the Corporate Government Council.

The range of duties of the Council shall focus on “good corporate governance” at:

- The limited liability companies with registered offices on one of the island territories of the Netherlands Antilles and the shares of which fully or in part, directly or through a third party in economic or legal title, are owned by the island territory of St. Maarten.
- Foundations where the Executive Council has the powers to decide on the appointment or dismissal of one or more board members or on the amendment of the articles of incorporation.

In this respect, safeguarding the interests of the Island territory as shareholder and as interested party in the government foundation is fundamental.

The duties of the Council are set out in Article 1 of the Resolution establishing the Corporate Governance Council of May 11th, 2009.

- a. To carry out all its assigned duties and powers under the Island ordinance Corporate Governance;
- b. To structurally support the Island Territory by:
 1. Assessing, advising and monitoring the strategic company policy statements, the annual statement of accounts, business plans, strategic plans or (investment) budgets and quarterly reports;
 2. (Assisting with) the preparations of the General and Extraordinary Meetings of Shareholders;
 3. (Helping with) the preparations of shareholders' resolutions taken outside of meetings;
 4. Channeling the reporting to the shareholder;
 5. Providing advice with respect to the amount of subsidies to be allocated to foundations.
- c. To create, carry out and implement projects on behalf of the Island Territory to enforce of good corporate governance, or to make the relationship between the shareholders, the Supervisory Board and the board of directors of the government entities more businesslike and objective by:
 1. Monitoring whether management systems exist in the government entities to control the (non) financial risks in accordance with best practices;
 2. Advising regarding the dividend policy of the companies;
 3. Providing advice regarding the preparation of (draft) performance contracts for the board;
 4. Encouraging and providing support when (establishing and) implementing profiles for the Supervisory Board of Directors;
 5. Stimulating and assisting in the implementation of the amendments of the Articles of Incorporation bringing them in line with the Civil Code and the Corporate Governance Code;
 6. Providing support when changing the legal structure – insofar this is necessary and appropriate – along with the corresponding amendments to the Articles of Incorporation;
 7. Assisting the Island Territory in drafting policies on those government areas in which the government entities are operating;
 8. Supervising the compliance of government policies and general guidelines related to the government entities;

9. After consultation with the Executive Council of the Island Territory (hereinafter also referred to as the “Executive Council”) conducting specific research, which may include: assessing policy and investment plans and collective labor agreements;
10. Advising on the development of measuring instruments to (qualitatively) measure effectiveness in government entities;
11. Offering recommendations which should result in more effective communication between the shareholders, the Supervisory Board of Directors and management;
12. Advising the Island Territory in the broadest sense of the word within the scope of corporate governance;

It is anticipated that in the initial stages, the amount of work of the Council will be considerable. This is partly because in the past, no routine was built up for holding General Meetings of Shareholders on a regular basis. Besides, in some cases, work will have to be done regarding the relationship between the Island Territory of St. Maarten as government and the different government owned companies.

In addition, the Council could also serve as a sounding board for managements and Supervisory Boards of Directors when introducing and implementing rules of “corporate governance”.

The activities will be required to have a more systematic approach, taking into account that for all government owned companies and government foundations, meetings will be held bi-annually; once a year on the annual financial statements and once a year on the policy and the budget.

We trust to have adequately informed you.

THE EXECUTIVE COUNCIL OF THE ISLAND TERRITORY OF SINT MAARTEN

The Secretary,
Joane Dovale-Meit

The Lt. Governor,
Franklin E. Richards
