

Corporate Governance Code

I. GENERAL PRINCIPLES

The Corporate Governance Code Island Territory Sint Maarten (the "Corporate Governance Code") is applicable to all corporations which have their statutory seat in Sint Maarten and of which the shares or the depositary receipts in evidence of shareholding, are held by the Island Territory Sint Maarten (also the "Island Territory") in whole or in part, or else the legal entities incepted by instruction and under the responsibility of the Island Territory. The provisions of this Corporate Governance Code are also applicable as much as possible to the legal entities instituted by law by order of the government.

The Corporate Governance Code is also applicable as much as possible to foundations of which the Executive Council of the Island Territory is empowered to appoint or dismiss one or more members of the Managing Board, or respective to which the Executive Council has the authority to amend the articles of association. Point of departure is herewith that the provisions of this Corporate Governance Code depart from the structure of the foundation in accordance with the Supervisory Board model. The most important characteristics of the Supervisory Board model, are the following:

- the Managing Board is the management of the foundation and has independent powers of management. All powers are conferred to it, with the exception of the powers, which are vested in the Supervisory Board;
- the Supervisory Board of such a foundation has three (3) tasks: (i) to render advice to the Managing Board, (ii) to perform the supervision on the Managing Board and (iii) a number of specific tasks, such as appointment and dismissal of members of the Managing Board and the approval of significant and far-reaching resolutions of the Managing Board.

The application of the provisions of the Corporate Governance Code implies that the articles of association of the foundations concerned will have to be adapted to the Supervisory Board model.

The Corporate Governance Code is sub-divided in the following six (6) chapters: (I) General Principles, (II) the Corporate Structure of the Corporations (III) Supervisory Board, (IV) the Managing Board, (V) the General Shareholders' Meeting (VI) Reporting regarding Corporate Governance.

The Corporate Governance Code embodies principles as well as substantive provisions, which the persons and parties involved with the corporation, have to observe reciprocally towards one another. The principles may be interpreted as the general views, in the meantime nowadays widely supported, regarding good corporate governance. The principles have been further elaborated in substantive provisions, which create certain standards for the conduct of Managing Directors, Supervisory Directors, shareholders and the external certified public accountant. These provisions may be considered as a further formalization of the general principles of good corporate governance. The corporations may deviate from same. Deviations are not objectionable in themselves and they may even be justified under certain circumstances. Being able to apply all the provisions of the Corporate Governance Code, namely depends on the actual circumstances

of the corporation and its shareholders. The shareholders, as well as the Managing Board and the Supervisory Board, should be open-minded and favorably inclined to dialogue in which they are receptive of the reasons for deviations. Unconditional freedom to either adhere to the Corporate Governance Code or to deviate from it is not possible however.

The articles of association of corporations and foundations should be adapted so as to enable as many of the provisions of the Corporate Governance Code as possible to become applicable. At any rate reference has to be made to the Corporate Governance Code in the articles of incorporation, as well as an obligation inserted to apply the provisions of the Corporate Governance Code, taking into account the actual circumstances of the corporation or the foundation.

The Corporate Governance Code takes as its point of departure that the corporation is a long term co-operative relationship of various parties involved with the corporation. These parties are the groups and the individual interested parties, who either directly or indirectly have an impact on the attainment of the objectives of the corporation. The Managing Board and the Supervisory Board have an integral responsibility for balancing these interests, usually oriented to the continuity of the corporation. In so doing the corporation strives for creating an added value for all stakeholders in the long term. The Managing Board and the Supervisory Board must take into account the interests of all the parties involved with the corporation. Confidence of the parties involved with the corporation, that their interests will be looked after, is a condition to continue to cooperate with and within the corporation.

Proper entrepreneurship, including to conduct business with integrity and transparency by the Managing Board, as well as adequate supervision thereon, including to account for the supervision conducted, are essential conditions for creating trust in the Managing Board and the supervision by the Supervisory Board. Application of the Corporate Governance Code under consideration and observance of same guarantees these points of departure for good corporate governance.

In the Corporate Governance Code the structure of a separate Supervisory Board, apart from a Managing Board, is taken as point of departure. The Managing Board and the Supervisory Board are responsible for the corporate governance structure of the corporation, as well as the observance of the provisions of this Corporate Governance Code. The Managing Board and the Supervisory Board are answerable to the General Shareholders' Meeting respective thereto. The Managing Board is accountable for the policy conducted and the execution of the principles and provisions embodied in this Corporate Governance Code. The Supervisory Board renders a report from the viewpoint of their supervision whether and to what extent the principles and provisions laid down by this Corporate Governance Code have been observed. The shareholders shall carefully take cognizance of these accountings and shall profoundly assess the reasoning given by the corporation for deviations, if any, from the principles and provisions laid down by this Corporate Governance Code.

The principal traits of the corporate governance structure of the corporation are annually expounded in the annual report in a separate chapter, also based on the principles and provisions of this Corporate Governance Code. In such a chapter the corporation explicitly points out to what extent it adhered to the principles and provisions of this Corporate Governance Code, and if not, why and to what extent it deviated from same (comply or explain). Each substantive change in the corporate governance structure of corporation and of the observance of the principles and provisions of this Corporate Governance Code shall be submitted to the General Shareholders' Meeting as a separate point on the agenda.

Corporations exert themselves in efforts to comply with the principles and provisions of this Corporate Governance Code as soon as possible. The Corporate Governance Code shall become operative as of the fiscal year 2009. It is therefore expected from the corporations that, starting from the fiscal year 2009 they will annually in their report dedicate a chapter to the main traits of the corporate governance structure within the company, as well as to the observance of principles and provisions of this Corporate Governance Code, whereby deviations, if any, are explained.

II. CORPORATE STRUCTURE OF THE CORPORATIONS

Supervision by the Supervisory Board within a group of companies (the "Group") of the Island Territory should be preferably regulated in such a way, that the Supervisory Board will be appointed in the holding company of the Group (the "Holding"), while the Managing Director(s) of the Holding will need the approval of the Supervisory Board in order to vote in Shareholders' Meetings of the subsidiaries in general and with respect to the incorporation of new subsidiaries in particular.

Moreover in the case there is only one Supervisory Board, to wit in the Holding, then in the articles of incorporation (the "Articles") of subsidiaries the prior approval of the Supervisory Board of the Holding and/or of the General Shareholders' Meeting of the subsidiary will be required for certain transactions by the Managing Director(s) of such subsidiaries.

If however a Supervisory Board is appointed in a subsidiary, the persons forming such Board will preferably as much as possible be the same as those of the Supervisory Board of the Holding. In the case there is only one Supervisory Board, to wit in the Holding, then the structure of the Group should be organized as much as possible in such a manner that the end result entails that prior approval of the Supervisory Board of the Holding is required by the Managing Director(s) of subsidiaries within the Group in order to carry out certain transactions, among which the incorporation of new subsidiaries.

Furthermore the structure of the Group should be organized in such a way that neither Holding nor its subsidiaries may incorporate or participate in companies without the prior approval of the shareholder of Holding.

Taking as a point of departure the principles of good governance, there must be such a governance structure in place as to ensure that the concepts of transparency and integrity are being duly observed. When applying transparency and integrity it is of importance to prevent a conflict of interest between the various entities of the governance structure. In this framework it is primarily the Managing Board and the Supervisory Board who are responsible for the management of the corporation respectively for conducting the supervision on the management. The Managing Board and the Supervisory Board shall be accountable for this towards the shareholders.

III. SUPERVISORY BOARD

1) Tasks and responsibilities of the Supervisory Board

a)

For the execution of its tasks the Supervisory Board shall take the interests of the corporations and their enterprises into consideration as its guiding principle, in accordance with the law. Its task will be to supervise the policy of the management and the general course of affairs in the corporations and the enterprises therewith connected.

The Supervisory Board moreover renders advice to the Management. The Supervisory Board and its members shall not infringe upon the competencies of the Management. The Supervisory Board

officials as a body with joint responsibility without mandate and independent of any partial interests in connection with the corporation.

The Supervisory Board officiates as a body where consensus is pursued in decision-making. The Chairman of the Supervisory Board in principle does not express minority opinions towards third parties.

The Supervisory Directors must not only be experts, but they must also have sufficient time available to perform their function properly.

b)

The Supervisory Board shall particularly see to it that:

- the general course of affairs takes place in a proper manner within the corporations and all affiliates and corporations, which it manages, if any, pursuant to management contracts;
- the Management shall draft a multi annual business plan and the Supervisory Board shall subsequently approve the multi annual business plan after the necessary input has been received from the shareholder;
- the policy conducted by the Management is in accordance with the multi annual business plan;
- the Management shall also draft an annual business plan and an annual investment- and operational budget, which are subsequently submitted to the Supervisory Board for its approval;
- the Management shall render a financial report in writing regularly and preferably at least four (4) times per year;
- the Management shall provide sufficient information in time, so as to enable an adequate supervision;
- only justifiable corporate risks shall be taken;
- the administration is conducted in an accurate and reliable manner, the annual account accurately reflects the financial condition of the corporation and the further information on the company is reliable and given with due care;
- the policy of management is in accordance with the stipulations in the law and the articles of incorporation and other relevant provisions;
- management carries out the annual business plan and adheres to the operational- and investment budgets;
- the execution of the financial policy, the commercial policy, the technical policy, the social and human resource policy and the technology and automation policy are in accordance with the annual business plan, and the operational- and investment budgets;
- the conduct of business of the corporation shall be in accordance with the stipulations in the law and the concession;
- resolutions which are subject to the approval of the Supervisory Board, shall be submitted beforehand to the Board;
- the corporations shall conduct a policy in accordance with sound business principles;
- the relationship between the corporation and its shareholder shall be formalized and executed in a businesslike manner;
- the General Shareholders' Meeting shall receive a preliminary advice from the Supervisory Board relative to the annual account, prior to the General Shareholders' Meeting;
- the annual General Meeting is held on time;
- the Management shall annually cause a so-called "management letter" to be drawn up by the external auditor on behalf of the corporation, in which recommendations and proposals have been inserted, aiming at an improvement of the financial management and/or the administrative organization.

2) Profile

The Council for Corporate Governance Island Owned Entities (hereinafter "Council for Corporate Governance" or "Corporate Governance Council" shall advise - the General Shareholders' Meeting- regarding the drawing up a profile of the Supervisory Board and its members. The Council for Corporate Governance can at the request of the General Shareholders' Meeting and/or the Supervisory Board, assess the determined profile periodically and advise regarding the composition, scope, tasks and manner of proceeding of the Supervisory Board. New developments also, e.g. in connection with technology and financial innovations, shall be taken into consideration. The written profile is a public document. With regard to the scope and composition, the nature and size of the corporations and their enterprises shall be taken into account. The profile must, among other things, reflect the nature and activities, the degree of internationalization, the size and specific risks of the enterprises in the medium and long term view.

3) Composition

The Supervisory Board should be composed in such a way as to enable the members to operate independently and critically towards one another and towards the Management.

At any rate experts from the fields to be mentioned in the profiles of the relevant corporations should be appointed as Supervisory Directors.

The composition of the Supervisory Board must be based on a deliberate choice of quality to enable the supervisory, approbatory and advisory tasks of the Supervisory Board.

4) Data

In the annual report information is provided about the individual Supervisory Directors, relative to their age, profession, main function and nationality and their most important additional functions, to the extent such may be of importance for their officiating in the capacity of Supervisory Director. Mention must be made particularly of the functions of being a (Supervisory) Director within organizations/entities, which conduct business with the corporation in one way or another. It must also be stated when a Supervisory Director is appointed for the first time and the current term of his appointment.

5) Ex-Managing Director

At the appointment of a former Managing Director of a corporation in the capacity of Supervisory Director, it should be first ascertained which influence the former directorship will have on the manner of officiating of the former Director in the Supervisory Board.

Preferably a former Managing Director should not be appointed within one (1) year as a Supervisory Director of the company of which he was a Managing Director nor should he be appointed as chairman of such Board within three (3) years after his/her resignation as Managing Director.

6) Independence

The Supervisory Board - as mentioned above - shall be composed in such a manner as to enable each member of this board to operate independently and critically from one another, as well as from the Managing Board and from whichever other partial interest that might be involved.

The Supervisory Director, who was appointed on the basis of a specific nomination, shall fulfill his task without any mandate from those who nominated him and independently from the partial interests that are involved in the enterprise.

A Supervisory Director shall be considered as independent, if the criteria for dependency to be stated herein below are not applicable to him. The criteria for dependency referred to are the following, to wit: that the Supervisory Director concerned, or else his spouse, life partner or other life companion, foster child or blood relative, or related by marriage up to and including the second degree:

- In the three years prior to the appointment was or has been an employee or Managing

- Director of the corporation, including any corporation it is associated with;
- Is receiving a personal financial compensation from the corporation or from any corporation or other entity it is associated with, apart from the compensation, which is due and receivable by him for his activities originating from his function as a Supervisory Director and to the extent it is not coincident with the compensation derived from the normal operational activities of the business;
 - In the year prior to the appointment was engaged in an important business relationship with the corporation or any corporation or other entity it is associated with. Among such are at any rate also to be considered the events when a Supervisory Director or any office of which he is a shareholder, business partner, co-worker, or adviser, acted as an adviser to the corporation (consultant, external auditor, civil law notary and attorney at law) and the event when the Supervisory Director is a Managing Director or co-worker of a banking institution with which the corporation maintains a long term and significant relationship;
 - during the preceding twelve months was temporarily engaged in the management of the corporation when the Managing Directors were absent or precluded from acting as such.
 - he/she is the spouse, life partner or other life companion, a foster child, or a blood relative or a relative related by marriage up to and including the second degree of another supervisory director of the same company.

Furthermore a criteria of dependency shall be deemed to exist in case the spouse, life partner or other life companion, foster child or blood relative or a relative related by marriage up to and including the second degree of a commissioner is appointed as a Supervisory Director of a Board of a corporation or as a Board member of a foundation, which falls under the responsibility of such commissioner.

Finally members of the Executive Council, the Lieutenant Governor and other political authorities (in Dutch "politieke ambtsdragers") may not be appointed as members of a Supervisory Board or a Managing Board.

7) Re-appointment

In the event of a re-appointment of the Supervisory Directors by the General Shareholders' Meeting, the matter should be tested against the profile and the question must be addressed whether perhaps new blood is desirable. Deliberations on a re-appointment must take place in the absence of the interested person and must be conducted on the basis of a report drawn up by the Chairman of the Supervisory Board of a discussion held by the latter with the Supervisory Director to be retired.

A proposal for a re-appointment should explicitly state why a re-appointment is to be considered, specifically indicating the grounds why the member concerned is deemed to have officiated adequately. For re-appointment of the Chairman of the Supervisory Board, a substantially similar procedure is to be followed. Thereby the Vice-Chairman shall deputize for the Chairman, or another Supervisory Director designated for that purpose by the Supervisory Board.

Continuity of the business proceedings of the Supervisory Board is a key factor, which must be seriously taken into consideration when replacing Supervisory Directors.

8) Premature retirements

Premature retirements of a Supervisory Director may be given in case of inadequate functioning of a Supervisory Director, or a structural difference of opinion, incompatibility of interests, or if his integrity is an issue. For the assessment whether any of such circumstances manifest themselves, not only the opinion of the Supervisory Director at issue is of significance. In such situations the Chairman of the Supervisory Board must particularly play an active role, whenever necessary.

The Chairman of the Supervisory Board shall inform the General Shareholders' Meeting whenever such a situation, referred to in the first clause of this point 8 occurs, so as to enable the General Shareholders' Meeting to form its opinion on the issue at hand.

9) Conflict of interest

A Supervisory Director, who has a conflicting interest with the corporation(s), shall notify the Chairman of the Supervisory Board immediately of same. If it concerns an individual case, it may be sufficient for the person concerned to refrain from participating in the deliberations and the decision-making on the proposal.

If it concerns a structural situation, the Supervisory Director concerned will have to retire.

A Supervisory Director shall:

- Not enter into competition with the corporation;
- Not demand or accept any donations from the corporation for himself, or his spouse, life partner or other life companion, foster child or blood relative, or related by marriage up to the second degree or for an entity of which he is a Managing Director or Supervisory Director;
- Not provide any unjustified advantages to third parties for the account of the corporation;
- Not utilize business opportunities, which are rightly due to the corporation for the benefit of himself or for his spouse, life partner or other life companion, foster child or blood relative, or related by marriage up to the second degree or for an entity of which he is a Managing Director or Supervisory Director;

A Supervisory Director shall mention a potential conflict of interest, which is of material significance for the corporation and/or the Supervisory Director concerned forthwith to the president of the Supervisory Board and shall provide all relevant information in connection therewith, including the information relevant to the situation respective to his spouse, life partner or other life companion, foster child or blood relative, or related by marriage up to the second degree;

The Supervisory Board shall determine whether or not there is a conflict of interest at stake outside of the presence of the Supervisory Director involved.

A conflict of interest shall, at any rate, exist whenever the corporation intends to conduct a transaction with a legal entity:

- in which a Supervisory Director personally holds a material financial interest or of which he is a Managing Director or Supervisory Director;
- in which a Supervisory Director has a familial relationship up to the second degree with a Director of the corporation;
- in which a Supervisory Director of the corporation is officiating in a supervisory capacity.

A Supervisory Director shall not participate in the discussion nor in the decision-making procedure relative to a subject or a transaction in which the Supervisory Director himself has a conflict of interest.

10) Number of functions to be held as Supervisory Director

The number of supervisory functions to be held in other corporations by a Supervisory Director of the corporation(s) must be limited, so as to ensure a proper execution of the tasks of the supervisory function.

11) Remuneration

The remuneration of the Supervisory Directors should not be dependent of the results of the corporation.

A Supervisory Director may not be paid separately for advice rendered by him to the Company/Companies. A Supervisory Director who would like to receive compensation from the corporation(s) for advice rendered or to be rendered should resign as Supervisory Director of

such corporation(s) and assume the position of external adviser. The Board of Supervisory Directors shall determine the amounts, which will be reimbursed to its members in connection with travel on behalf of the companies, such as the attending of relevant conferences. A copy of this decision and any amendments thereto will be sent to the shareholder for its information. The reimbursement should be as much as possible in line with reimbursements paid to top ranking civil servants of Sint Maarten. In the explanatory memorandum given on the annual account it is separately stated if, and if affirmative, which business relationships exist between the corporation concerned and a Supervisory Director.

As stated herein before in point 9, no structural conflicts of interest may exist between a Supervisory Director and one of the corporations.

The remuneration of the members of the Supervisory Board shall be mentioned in the annual report.

12) No Personal advantages Supervisory Directors

Supervisory Directors must in no way gain any personal financial advantage from the business activities of the corporations, apart from the remuneration granted to all the Supervisory Directors. This implies that they must be willing to accept limitations to their liberty of action, in order to avoid any semblance of misuse, such as, e.g., accepting additional functions. No loans may be given to Supervisory Directors by the corporation(s) supervised by them, neither shall said corporation(s) give any guarantee in favour of its/their Supervisory Directors.

13) Chairman

The Supervisory Board has a Chairman, who is entrusted with specific tasks in connection with discussing relevant subjects, the communication of Supervisory Directors with the Management, with the external auditor and with external advisors appointed by the Supervisory Board. The Chairman must be frequently in contact with the Managing Director(s).

Whenever he deems such necessary, the Chairman acts in an initiating capacity concerning the competencies of the Supervisory Board and the matters pertinent to the Board. The specific tasks of the Chairman are laid down in rules and regulations applicable to the Supervisory Board. In order to maintain a proper basis of trust with the other Supervisory Directors, the Chairman should take care that his attitude and actions towards third parties, represent those of the entire Supervisory Board to the extent possible. (See also in this respect point III sub 1a regarding consensus.) In order to achieve this, regular feedback to and from the other Supervisory Directors is a necessity.

14) Audit Committee

The Supervisory Board consisting of five or more members shall install an Audit Committee from among its members.

- The Audit Committee shall at any rate be oriented to the supervision on Management relative to:
 - a. the operation of the internal risk management- and control systems, including the supervision on observance of the relevant laws and regulatory framework and the supervision on the adherence to the Corporate Governance Code;
 - b. the provision of financial information by the corporation (the choice of accounting policies, the application and assessment of the impact of new rules, insight into the manner in which to deal with the p.m. "appraised costs" in the annual account, forecasts, the tasks of internal and external accountants in this respect, etc.);
 - c. the observance of recommendations and the follow-up on the remarks of the internal and external auditors;
 - d. the role and professional performance of the internal audit department;
 - e. the policy of the corporation(s) in connection with fiscal planning;

- f. the relationship with the external auditor, particularly his independence, his remuneration and his non-audit-related activities, if any, on behalf of the corporation.
- The Audit Committee is the first point of address of the external auditor, whenever the latter should ascertain material irregularities in the financial information.
- The chairmanship of the Audit Committee is incompatible with the chairmanship of the Supervisory Board. The same applies to a previous Managing Director who sits on the Supervisory Board of the corporation(s).
- At least one financial expert shall be a member of the Audit Committee.
- The Audit Committee shall determine if and when the President of the Managing Board (or: the Chief Executive Officer), the Managing Director in charge of financial affairs (or: the Chief Financial Officer), the external and the internal auditors shall be present at their meetings.
- The Audit Committee shall meet as often as it deems such necessary, but at any rate, at least twice a year, in the absence of the Managing Board and the external auditor.

Other Committees

The Supervisory Board considers whether it is to be recommended to designate other Committees from among its members. The committees of the Supervisory Board shall render their reports and findings with proposals to the Supervisory Board, which will then resolve on the matters.

The Supervisory Board might thereby resolve to make mention of their considerations for installing the committees in the annual report.

15) Frequency of meetings

The Supervisory Board shall determine a minimum frequency of meetings and shall meet in accordance with a predetermined schedule. At least once every three months a meeting shall be held by the Supervisory Board. Members shall be called to account for their absence if they frequently fail to attend meetings.

16) Points of particular interest

At least once each year before October 1st, the Supervisory Board shall discuss the strategy, the occupancy of the Management and the risks attendant to the enterprises. The Supervisory Board shall assess in its supervising and controlling capacity the strategy submitted in writing by the Management, the attendant risks and the results of the assessment conducted by the Management of the structure of the internal management systems. In so doing the Supervisory Board shall test the real results against the strategy and objectives formulated in (a) preceding period(s). It shall make mention of same in its report, which will be inserted in the annual report of the corporations.

17) Meetings held in the absence of the Management

At least twice each year the proper functioning of the Supervisory Board itself, the relationship with the Management and the corporation(s) and the assessment of the Management, including questions of succession and remuneration, shall be dealt with by the Supervisory Directors in a meeting, in which the Management is absent.

18) Approvals and acquittal and discharge

The agenda for the annual General Shareholders' Meeting shall be structured in such a way as to make a clear distinction between, on the one hand, resolutions to be adopted on approval of the policy conducted and acquittal and discharge therefor and, on the other hand, approval, respectively confirmation and adoption of the annual account. This implies that in the agenda between the confirmation of the annual account, including the dividend proposal and approval of the Management conducted by the Management and the supervision carried out by the

Supervisory Board, also implying acquittal and discharge of the Supervisory Board, a separation shall be inserted.

IV. THE MANAGING BOARD

19) Relationship Management/Supervisory Board

Except for limitations in the articles of incorporation, the Management is in charge of managing the corporation(s), which implies, among other things, that it is responsible for effectuating/executing the corporate objectives, the strategy, the policy, and the development of results which are derived from same.

This entails that the Supervisory Board and the individual Supervisory Directors should refrain from any and all acts, which are contrary to the aforementioned.

The Supervisory Board and the individual Supervisory Directors may particularly not be involved in execution of the day-to-day policy of the corporation, a task which is explicitly reserved to the Management.

20) Objective and strategy

The Management shall put in writing the objectives of the enterprise and the policy of each corporation and forward same to the General Shareholders' Meeting, and to the Supervisory Board.

The Management shall report on the risks attendant with the general policy elected, respectively the strategy to the Supervisory Board in writing. The Management shall also report to the Supervisory Board the results of the assessment of the structure of the internal management systems which aim at providing reasonable assurance that the assets of the corporation are secured against unauthorized use, that a proper financial administration is conducted and that the financial information is reliable. The main points of this reporting must have a fixed place in the annual reports.

21) The policy to be conducted by the Management.

A. General policy

To the general policy of the Management among other things belong:

- Drafting the adjustment of the multi annual business plan, being a document in which the mission, the long term objectives, the long term policy and the strategic orientation of the corporation are laid down. The multi annual business plan contains verifiable objectives and plans regarding, among other things, profitability and the financial, commercial, technical, social, human resource, information and automation policy.
- The drawing up of the annual business plan and the annual operational- and investment budgets (the "budgets") derived from it. The annual business plan and the budgets are the concrete elaboration of the multi annual business plan and must be drafted in accordance with same. At least three months prior to the commencement of the new budget year the annual business plan and the budgets must be submitted to the Supervisory Board by the Management.
- Determining and, if necessary, amending and implementing the organizational structure.
- Giving guidance to the execution of the multi annual business plan, the annual business plan and the budgets as approved by the Supervisory Board.
- Seeing to a conduct of business in accordance with all the requirements and obligations pursuant to the law, the articles of incorporation, resolutions, guidelines and directives from the competent corporate bodies.
- Giving guidance to the general course of affairs within the enterprises and their affiliate offices and subsidiary companies, if any.
- Based on management contracts, if any, giving guidance to the general course of affairs in enterprises, which are managed by the corporation.

- Determining rules and regulations for the Management, elaborating the allocation of tasks and duties, responsibilities and competencies within Management or the management procedures, as the case may be.
- .
- Determining and seeing to the execution of a policy on quality within the enterprise.
- Periodically reporting to the Supervisory Board and the General Shareholders' Meeting.
- All further tasks, responsibilities and competencies entrusted to it by the law or by the articles of incorporation of the corporation.

B. Financial policy of Management

Among the financial policy to be carried out by Management are the following:

- Seeing to the execution of the financial policy in accordance with the multi annual business plan, the annual business plan and the annual budgets.
- Monitoring the budgets approved by the Supervisory Board and timely recognizing relevant deviations from the budgets.
- Seeing to the provision of the need for capital of the corporation(s) for the long term.
- Seeing to the monitoring of the liquidity, solvency and productiveness of the corporation(s).
- Seeing to an adequate administrative organization and an adequate internal audit on the operation of the administrative organization.
- Seeing to the proper application of tender procedures.
- Making decisions on non-collectible financial claims.
- If necessary, drawing up individual requests for investment funds to supplement the approved investment budget.
- Submitting proposals with regard to the distribution of dividends.
- Drawing up each year, within five months from the end of the financial year, subject to any extension of this period by the General Shareholders' Meeting by up to six months on the grounds of special circumstances, of the annual report and of the annual account in accordance with the rules of the International Accounting Standard Board (IASB) and shall provide such insight as shall make it possible for a sound opinion to be formed concerning the assets and the results, as also, insofar as the nature of annual account shall so permit, concerning the company's solvency and liquidity.

The company may draw up the annual account in accordance with other internationally accepted standards, provided the explanatory memorandum state the well-founded reasons that gave cause for this, and the standards according to which the annual account has been drawn up.

Management shall discuss the aforementioned documents within aforementioned period of five months with the Supervisory Board, in order, among other things, to enable the Supervisory Board to draw up a preliminary advice/recommendation for the General Shareholders' Meeting. The Managing Board is responsible for the quality and the completeness of the annual report and the other publicized financial information regarding the corporation. The Supervisory Board shall see to it that the Managing Board complies with this responsibility.

The Managing Board is responsible for incepting and maintaining internal procedures which see to it that all important financial information shall be known to the Managing Board, so as to ensure the timely, complete and accurate external financial reporting. From this point of view the Managing Directors see to it that the financial information is directly reported to it, and that the integrity of the information shall not be tarnished. The Supervisory Board shall conduct supervision on the inception and maintenance of these internal procedures.

C. Commercial policy of the Management

Among the tasks of the commercial policy to be conducted by the Management are:

- Seeing to the execution of the commercial policy in accordance with the multi annual business plan, the annual business plan and the annual budgets;

- Determining the composition and scope of the package of products and services to be rendered, inclusive of initiating and stimulating the development of new products and services;
- Determining and, if necessary, adjusting the policy for the products and services;
- Seeing to a high degree of reliable delivery of the products and services.

D. Technical policy of management

Among the tasks of the technical policy to be conducted by the Management are:

- Seeing to the execution of the technical policy in accordance with the multi annual business plan, the annual business plan and the budgets.
- Seeing to an adequate level of availability of products and services, among other things by timely replacement and a proper maintenance of the infrastructure.
- In continuity seeing to a quality level which meets the requirements of state-of-the art infrastructure and services.

E. Social and human resource policy of the Management

Among the social and human resource policy to be conducted by the Management, are:

- Seeing to the execution of the social and human resource policy in accordance with the multi annual business plan, the annual business plan and the annual budgets.
- Giving guidance to and delegating competencies to the members of the management team.
- If applicable, conducting negotiations with trade unions regarding the above-mentioned subjects and all other possible matters and reaching consensus on Collective Labor Agreements.
- Determining and executing of a training plan.
- Seeing to the development of management potential within the corporation(s) in order to promote the internal upward mobility when providing for vacancies in management.
- Seeing to adequate labor conditions and a safe business operation.
- Making vacancies available and seeing to the timely provision for same.
- Taking disciplinary measures against employees.
- Dismissing individual employees from service.

F. Policy on Technology and Automation of the Management

Among the policy on Technology and Automation to be conducted by the Management, are:

- Seeing to the execution of the policy on technology and automation in accordance with the multi annual business plan, the annual business plan and the annual budgets;
- Seeing to an adequate system of internal provision of technology and the pertinent management reporting.

22) Provision of Information by the Management

- The Supervisory Board shall reach explicit agreements with the Management as to which information the Supervisory Directors will receive, to what degree of detailing and how frequent.
- The Management will have to provide the Supervisory Board with accurate, complete and timely information. The Supervisory Director who does not receive the information necessary for his proper judgement, will explicitly request for same, from management, which must be submitted within reasonable bounds.

23) Further provision of information by the Management

- The Management and the Supervisory Board shall annually draw up a yearly plan on dates for meetings. These meetings shall take place at least once quarterly.

- The Management shall submit the agenda and the documentation of the meeting at least one week prior to the date of the meeting.
- The Management shall provide the Supervisory Board once every quarter, within two months after the close of the quarter, with information in writing concerning the course of affairs within the corporation(s). This information will at least imply:
 - the results of the past quarter in comparison with the corresponding quarter of the previous year and with the budget for the respective quarter, as well as the balance sheet per the end of the quarter;
 All the aforementioned must also be provided, while being subdivided according to relevant activities or business units of the company;
 - an analysis of and an explanatory statement on the above- mentioned information;
 - the status of current large investment projects and other important current projects, such as re-organizations, negotiations on Collective Labour Agreements, mergers, take-overs, joint ventures, significant agreements on purchases or sales.
- The Management will provide verbal explanation on the information provided and will indicate the relationship with the approved multi annual business plan and annual business plan.
- The Management will forthwith provide the Supervisory Board with all information which may reasonable be deemed of significance for the continuity of the corporation(s) on the short or the long term, such as losses, which became known unexpectedly, termination of joint ventures, claims against the corporation, calamities etc.

The Supervisory Board is at liberty, after having informed the Management thereof, to collect further information from other sources inside and outside of the corporation(s), such as members of the management team, representatives of Staff, external auditors, etc., which it deems necessary for the proper execution of its task.

The Management is under obligation to co-operate fully to the provision of such information.

24) Further provisions

- Part of the remuneration of the Managing Director is a performance bond in his favor. The size of the additional remuneration to be obtained by a Managing Director through the performance bond depends on the degree to which the objectives stated in the annual business plan and the investment- and operational budgets have been achieved by the corporation(s) in any given year.
- The Supervisory Board shall annually conduct discussions with the Managing Director, relative to an assessment of his performance, which among other things shall comprise the course of affairs in the corporation(s) and functioning of the Managing Director, internally as well as externally, on the basis of which the determination of the aforementioned performance bond will take place.

25) Personal advantages Managing Directors/Independence/Conflict of interest

The Managing Directors may not gain any personal profit in any way whatsoever from the business activities, apart from the remuneration agreed upon. This implies that, in order to avoid any semblance of misuse, they should be willing to accept limitations to their liberty of action with regard to the corporation, such as e.g., accepting additional functions.

Each and every semblance of an entanglement of interests between the corporation and a Managing Director must be avoided.

No loans may be given to Managing Directors by the corporation(s) which they manage, neither shall said corporation(s) give any guarantee in favour of its/their Managing Directors.

The paragraphs 6 and 9 are equally applicable to the Managing Directors and the Managing Board.

26) Profile

The Supervisory Board of the relevant corporations shall draw up a profile of the Managing Board and its members, assess the determined profile periodically and draw its conclusions for the composition, scope, tasks and manner of proceeding of the Managing Board. New developments also, e.g. in connection with technology and financial innovations, shall be taken into consideration. The written profile is a public document. With regard to the scope and composition, the nature and size of the corporations and their enterprises shall be taken into account. The profile must, among other things, reflect the nature and activities, the degree of internationalization, the size and special rights of the enterprises in the medium and long term view.

27)

Remuneration of Managing Directors:

The Supervisory Board of the relevant corporation shall be in charge of advising the General Shareholders' Meeting relative to the remuneration of Managing Directors of the corporation, taking into consideration the remuneration, which is paid to Managing Directors of the other Island owned companies. The Supervisory Board shall, at any rate, have the following tasks:

- submitting a proposal to the General Shareholders Meeting relative to the policy to be followed regarding remuneration of the relevant Managing Director(s);
- submitting a proposal to the General Shareholders' Meeting relative to the remuneration to be granted to individual Managing Directors, in which proposal, at any rate, shall be dealt with: (i) the structure of the remuneration, (ii) the amount of the fixed and the variable components of the remuneration, (iii) entitlements to pension benefits, severance pay arrangements and other compensations, (iv) the criteria for monitoring performance and the application of same.

V. GENERAL SHAREHOLDERS' MEETING

28) Handling of the annual accounts

The General Shareholders' Meeting shall, within two months after receipt of the annual accounts, deal with same in the Annual General Shareholders' Meeting.

29) Reporting and accounting

The General Shareholders' Meeting should be the forum in every corporation to which the Supervisory Board and the Management report and account for the manner in which they fulfilled their tasks. The Board of Supervisory Directors shall discuss the Investment Plan and budget of the Companies in a General Shareholders' Meeting before approving same, in order to avoid that such documents conflict with the dividend policy of the shareholder.

The remark sub 19 second sentence with regard to the Supervisory Board and the individual Supervisory Directors are similarly applicable to the General Shareholders' Meetings and the individual shareholders.

30) Competencies

The General Shareholders' Meeting must be able to exercise such influence on the general policy of the Managing Board and on the Supervisory Board of the corporation, as to ensure that it plays a full-fledged role in the system of "checks and balances" within the corporation.

The resolutions of the Managing Board concerning a significant change of identity or of the nature of the corporation are subject to the approval of the General Shareholders' Meeting.

As a separate point on the agenda of the General Shareholders' Meeting shall at any rate the following subjects be stated:

- The policy regarding additions to the reserves and distribution of dividends of the corporation (the amount and appropriation of the funds to be reserved and the amount of dividends);
- The proposal for distributing dividends;
- Alienation, if any, of shares of stock of the corporation;
- Participation, if any, in other legal entities or else alienation of such participations by the corporation;
- Approval of the general policy conducted by the Managing Board (acquittal and discharge to be granted to the Managing Board);
- Approval of the supervision exercised by the Supervisory Board (acquittal and discharge to be granted to the Supervisory Board);
- Designation of the external public accountant, taking as a point of departure a maximum duration of four years.

The agenda for the Annual General Shareholders' Meeting shall be structured in such a way that clearly distinguishable resolutions shall be adopted, on the one hand, regarding approval of the policy conducted and the acquittal and discharge for same and, on the other hand, approval of respectively confirmation and adoption of the annual account. This implies that a division must be inserted in the agenda between confirmation and adoption of the annual account inclusive of the dividend proposal and approval of the policy conducted by the Managing Board of the corporation and the supervision exercised by the Supervisory Board on same, also including acquittal and discharge granted to the Managing Directors and the Supervisory Directors.

31) Appointment of Supervisory Directors and Managing Directors:

The Island Territory shall institute a Corporate Governance Council, which shall inter alia be in charge of advising the General Shareholders' Meeting relative to the appointment of Supervisory Directors and Managing Directors of the corporation.

32) Remuneration of Supervisory Directors :

The Corporate Governance Council shall be in charge of advising the General Shareholders' Meeting relative to the remuneration of Supervisory Directors of the corporation, taking into consideration the remuneration, which is paid to Supervisory Directors of the other Island owned Companies. The Corporate Governance Council may at the request of the General Shareholders' Meeting:

- submit a proposal to the General Shareholders' Meeting relative to the policy to be followed regarding remuneration of Supervisory Directors in general;
- submit a proposal to the General Shareholders' Meeting relative to the remuneration to be granted to the supervisory directors of a specific corporation .

33) Provision of information to the General Shareholders' Meeting:

The Managing Board and the Supervisory Board shall timely provide all relevant information to the General Shareholders' Meeting, which it might need for the exercise of its competencies.

34) Designation, remuneration and assessment of the performance of the external auditor

The external auditor shall be designated by the General Shareholders' Meeting. The Supervisory Board shall submit a proposal to that effect, whereby the Audit Committee as well as the Managing Board shall render advice to the Supervisory Board.

The remuneration of and the assignment to the external auditor for executing non-audit related activities, is subject to the approval of the Supervisory Board on the proposal of the Audit Committee and after consultation with the Managing Board.

The external auditor may be questioned concerning his statement regarding the reliability of the annual account by the General Shareholders' Meeting. The external auditor shall therefore attend said meeting and is authorized to express himself during said meeting.

The Managing Board and the Audit Committee shall report annually to the Supervisory Board concerning developments in connection with the relationship with the external auditor, among which particularly his independence (inclusive of desirability of rotation of the managing partners within the office of external auditor in charge of auditing and of carrying out non-audit related activities for the corporation by the same office). Also on the ground of this consideration the Supervisory Board determines its proposal to the General Shareholders' Meeting for the designation of the external auditor.

The Managing Board and the Audit Committee shall make a profound assessment at least once every four years of the performance of the external auditor in the various entities and capacities the external auditor performs his tasks. The most important conclusions of same shall be imparted to the General Shareholders' Meeting, on behalf of the assessment of the proposal for appointing the external auditor.

In the framework of the appointment of a new external auditor, the following criteria shall at least be taken into consideration:

- General knowledge of the line of business and experience with auditing of the external auditor;
- Relevant knowledge and experience with auditing of the auditing team to be employed;
- The approach of the audit, inclusive of an indication of the auditing tolerance to be permitted;
- The substance and quality of the management letters and other relevant reports, in connection with the findings of the audit, the quality of the internal management and the management of the risks of fraud;

- The amount to be invoiced and the payment schedule for the audit of the annual account of the corporation.

**35) Reporting on observance of the provisions of this
Corporate Governance Code**

The Management and the Supervisory Board should state in the annual report, to what extent they observed the rules and regulations of this Corporate Governance Code. They should motivate the decision, in case the provisions of this Corporate Governance Code were not (or were only partially) observed, or if they were deviated from.

In aforementioned annual report mention should also be made of:

- the composition of the Supervisory Board, including the existence of committees.
- vision on the strategy of the enterprise, performance of the Management and the Supervisory Board.

VI. REPORTING REGARDING CORPORATE GOVERNANCE

36) Reporting and external auditor

The Supervisory Board shall annually give a mandate to an external auditor to audit the accuracy of the reporting on observance of verifiable points from the Corporate Governance Code. The auditor shall render the report with his findings in writing to the Management and the Supervisory Board and the General Shareholders' Meeting.

The findings of the auditor shall also be stated in the annual report.

37) Relationship and communication with the external auditor

The Supervisory Board or the Audit Committee, appointed from among its members, shall at least once a year have discussions with the external auditor. Points of discussion will be, at any rate, the audit (extent, planning and findings) and (aspects of) the financial reporting.

During the meeting the Supervisory Board shall seek the opinion of the external auditor on the functioning of the administration and possible modifications to be made in the administrative procedures and organization.

The external auditor shall attend the meeting of the Supervisory Board during which a resolution is to be adopted on the approval of the annual account.

The external auditor reports his findings concerning the audit of the annual account simultaneously to the Managing Board and the Supervisory Board of the corporation.

All the Supervisory Directors shall sign the annual account, if they consent to it.

If one or more Supervisory Directors do not consent to the annual account, they will not sign, stating the reasons for their refusal.

The annual account shall also be signed by the Managing Directors.

