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To: The Board of the St. Maarten Telecommunications Union
P.O. Box. 217
St. Maarten

Date: 12 February 2021

Subject: cost cutting measures

Dear SMCU,

We refer to our previous correspondence, in which we have informed you on the Government imposed measure to reduce the labor conditions of our employees resulting in a reduction of 12.5%. In the meantime, this measure has been laid down in draft legislation which is expected to enter into force on very short term. In the draft legislation a measure is also included that as of the calendar year 2021 any increases will no longer be allowed.

Since the draft legislation is not clear on how the reductions can or should be applied, we have requested both the Government and the CFT (College Financieel Toezicht) in writing to provide clarity. We have not received a response from CFT and the response from the Government does not give us the required comfort. Considering the existing uncertainties, we have suggested to you on numerous occasions to wait with introducing the cost cutting measures so that any and all uncertainties can first be clarified. You have indicated not to want to wait any longer and this is also causing unrest among our employees.

In light of the above, at your explicit continued request, we are willing to already introduce the cost cutting measures and have selected the following:

1. Reduction of five (5) vacation days as of the year 2021;
2. Elimination of the Savings Plan as of 1 January 2021;
3. The profit share bonus over the year 2019 and payable in the year 2020 will not be paid;
4. The year-end bonus for the year 2020 will not be paid;
5. The on-call allowance will be reduced to 0 as of 1 January 2021;
6. The vacation allowance for 2021 will be reduced with 60%.

The selection we made is (i) based on estimated actual expenses during the period 1 July 2020 until 31 December 2020 (estimation based on extrapolated unaudited November 2020 figures) and budgeted figures for the period 1 January 2021 – 30 June 2021 and (ii) using the figures for the period 1 January 2019 – 31 December 2019 as a basis for the comparison. However, **we explicitly reserve the right to amend these measures** in case we receive confirmation that the measures selected are not applied correctly and/or if the actual figures (payroll costs) for the period 1 July 2020 – 30 June 2021 turn out to be higher, which could result in an obligation for the employees to pay back if what they received is less than a 12.5%

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reduction in total. Should the latter be the case, the company will be lenient and will give the employees the possibility to pay back what they received in excess over an extended period of time (so not at once).

Further, please be advised that these measures will be applied across the border and will thus also be applied to executive management.

Finally, since pursuant to abovementioned (draft) legislation, increases will no longer be allowed effective this calendar year, the salary increases and merit max bonuses that have been processed in the January 2021 payroll will have to be reversed, which will be done effective February 2021. The excess amounts received by the employees will have to be paid back. To accommodate the employees as much as possible, the excess amounts received can be paid back over an extended period of 12 months.

Sincerely,

K. Dupersoy
Chief Executive Officer