



**Soualiga Boulevard # 5
Pond Island, Philipsburg
St. Maarten, Dutch Caribbean
Tel: 1 721 546 0200
Fax: 1 721 543 0103**

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

Date: 1 June 2020

Subject: cost cutting measures

Dear SMCU,

As you are aware, the Government of Sint Maarten, as (ultimate) shareholder of the Sint Maarten Telecommunication Operating Company N.V. (the "**Company**"), has instructed the Company to adjust the labor conditions of our employees resulting in a decrease of 12.5%. This has to be implemented ultimately 1 July 2020 and has to remain in effect until further notice. In addition, no indexation is permitted effective the same date and also until further notice.

As you are also aware the COVID-19 pandemic has caused an island- and worldwide crisis, resulting in a lot of pressure being put on the business of the Company. This has only added more to the Company's financial struggles, which we have been facing for the last few years. Consequently, it is imperative to ensure that the financial position and future existence of the Company is safeguarded, thereby also safeguarding the employment of our employees as much as possible.

In light of the abovementioned, we have determined that it is in the best interest of the Company to proceed with the Government's instruction. Not only do we show solidarity and thereby ensure that our country gets the financial support that it so desperately needs, which ultimately benefits us all, but we also contribute to safeguarding the future existence of the Company. If we do not comply with the Government's instructions, that will jeopardize the financial support for our country, which will directly impact the livelihood of our business. That is a risk that we simply cannot afford.

Consequently, for the employees we propose the following measures representing a reduction of their labor conditions:

- COLA and salary increases will no longer be applied;
- The group savings plan will terminate effective January 2021 and will not be renewed;
- Salaries will be decreased 12.5% across the board;
- Employees will no longer be placed on call and thus will no longer receive an on call allowance (instead, when necessary, employees can be called on, in which event they will be compensated in accordance with the overtime regulations in place);
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- Bonuses will no longer be paid out and this will stay in place until the Company's EBITA is at least NAf 14 million as required by the bond holders;

For completeness sake, please be advised that we have – of course –also decided to cut other operating costs, among which:

- All training and travel expenses will be reduced by 50%;
- Temporary contracts will not be renewed unless absolutely necessary;
- Persons who do not work full time will assist other departments that require additional help, so the Company can avoid as much as possible having to hire new employees for that;
- Employees who go on pension will not be replaced unless absolutely necessary;
- Store opening hours outside disconnection dates will be reduced, which enables the Company to reduce the schedule allowance by 50%;
- Voluntary reduction in working hours accompanied by a reduction in pay will be made possible as much as we can;
- The employees on sick leave will receive a salary equal to the sick pay from the SZV.

We are also negotiating a reduction in other costs, such as:

- Capacity lease, local loop costs and voice costs;
- Rent;
- Building maintenance;
- Prices of vendors (such as billing systems and software solutions);
- Consultancy and contractors' fees;
- Vehicle use;
- Advertising and marketing;
- Legal fees.

We are doing our best to achieve this but are dependent on the cooperation of the counterparties. So far we are hopeful that we will succeed and this will then also contribute to our cost cutting efforts.

In the event you want to propose alternatives for the proposed reduction of the labor conditions as well as other ways that in your opinion the Company can cut costs, we invite you to inform us thereof no later than **3 June 2020**, so that we can take that into consideration. We can also have a meeting **tomorrow at 2:00 pm** to discuss this proposal and any alternatives you may have. Otherwise, in the event you agree with our proposal outlined herein, please confirm this to us by first mentioned date.

We apologize for the short notice, but as you know the instruction was only received recently and after that we have had to immediately proceed with the necessary assessments, which we only finalized last Friday (29 May 2020). Further, we are required to inform the Government by this Friday, 5 June 2020, on our cost cutting measures.



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We strive to take any and all measures based on agreement with you (representing the majority of our employees) and on agreement with the employees who are not represented by you. In that respect we continue to count on your understanding and cooperation to achieve what we must during these difficult times, for which we hereby express our sincere gratitude.

Finally, in the event we cannot work together on this and achieve a result that works for all stakeholders, the Company will have to proceed with a reorganization with collective layoffs as a result. That is something we are still trying to avoid, as we are still doing our best to keep our employees employed.

Sincerely,

A handwritten signature in black ink, appearing to be "K. Dupersoy", written over a horizontal line.

K. Dupersoy
CEO