

St. Maarten Communication Union
P O Box 217, Philipsburg
St. Maarten

June 3, 2020

K Kendall Dupersoy
Executive Division
Chief Executive Officer

Reference: CORP-030-2020

Description: Response to letter dated June 2nd, 2020

Dear SMCU,

I fail to understand why the correspondence sent to you on Monday June 1st, 2020 is considered disrespectful. The company simply forwarded a proposal for cost-cutting measures and explained why this is required. We were clear and transparent in our communication as to why we need to proceed in this manner and also as to what costs we need to cut/are looking at cutting, in an attempt to safeguard the company and all the employees. No disrespect was meant, we are merely looking for a way in which we can cooperate to achieve what we must.

In that respect, the fact that the Union's president went to the media and made several untrue and unfounded accusations about management mismanaging the company, does not contribute to such a cooperation between parties. The Union also indicated that the letter we sent did not offer proposals but made demands and that there were threats, both of which are not true. While respecting freedom of speech, I request that the Union refrains from making unfounded and untrue accusations in the media as that does not contribute to good cooperation. We need to work together on this, I cannot emphasize this enough. Cooperation is in the best interest of all parties involved, so we truly hope we can achieve this going forward, without false accusations and disrespect.

The measures as required by the Dutch Government are common knowledge with the actual documents available online. As you know, from the beginning of my tenure I have indicated to SMCU that many of the acquired benefits of the employees are no longer feasible in the current telecommunication business. Globally revenues of Telecommunication companies are decreasing drastically due to price reduction resulting from increased competition (locally and internationally) and the use of free services by customers such as WhatsApp, Skype etc.

TelEm Group is no exception and over the years revenues are decreasing drastically following these global industry trends. Recently our main competitor has been sold to a huge international Telecomm provider who can use economies of scale and cash to aggressively compete with us. If we want TelEm to be able to compete with competitors and survive, we must cut costs, I cannot stress this enough. The recent developments caused by the pandemic has made implementation of cost cutting measures most urgent. As advised, the cuts are not just only presented to satisfy the Dutch Government requirements, but to guarantee the survival of the company going forward.

We can understand you want insight into financial information regarding Personnel expenses and we have no objection in giving you that on total expense level. However, the extent of the insight you are requesting is unreasonable, and on some points irrelevant. It also seems that info is requested by you to perform a role that is not one for the union but the Supervisory Board and the Shareholder. For example, costs of the past. This is irrelevant as we are discussing issues affecting the company going forward, what was spent in the past is not important as we cannot travel to the past and change previous decisions. We would like to remind you that yearly financial information is presented to all staff (of which you are part) in general meetings so that should be sufficient.

What we can provide you with in closed door confidential meeting is:

1. the structure and formation plan for 2012 and 2020 (point 9);
2. the high lights of Business Plan (point 10);
3. Repeat of the Financial highlights to show company performance (point 11);
4. we can provide details of CLA related expenses as long as individual information of staff is not divulged.

Based on what you are requesting, it does seem that SMCU is not really interested in negotiating in good faith or at all. Also, I cannot escape the impression that you are requesting documents supporting decisions made by management that affected your department and personal motives of some union members, hence your request for past information.

The reality that we all have to face is that for the next 8 to 12 months and possibly longer if the virus returns in the fall season (which experts expect), a revenue reduction for TelEm anywhere from 30% to 50% is possible, while still having to provide this essential service to the community of St. Maarten. Therefore, we have to be prepared for that scenario and without cost cutting, the company would not be able to survive.

The Dutch aid to Government is hinged on all Government owned companies cutting personnel costs by a minimum of 12.5%, yet you in your correspondence indicate *'members of SMCU do not agree with any cost cutting measures proposed by SMTOC Management that would have a direct negative financial impact on the employees'*. Is SMCU indicating that you are willing to jeopardize not only TelEm as a company but aid to St. Maarten as a country?

Telem and its companies are part of a large Sint Maarten ecosystem. Besides our 150+ employees we hire contractors and consultants, we contract Suppliers for our Capital Expenditures and our Operational Expenses, and we provide to local vendors and also our resellers. Not to mention our contribution to Government tax, SZV, NAGICO, Pension Fund and others. We have already taken drastic cost cutting measures towards our entire supply chain.

We have either canceled or delayed over 6 million ANG in CAPEX and have reduced our operational expenses by 3 million ANG. We have canceled contracts with multiple contractors and consultants and approached the remaining group for a 15% reduction in their rates. We have asked for deferred, delayed and lower payment terms from multiple vendors all while offering our own customers with delayed payment terms of their invoices towards us. The only essential group we had not approached yet, were our employees. Even though Management realizes that what we are asking is no small sacrifice, it is an essential and necessary step for our company to face the incredible challenges that we are facing.

I sincerely hope that we can move forward in a professional manner, with no hidden agendas or personal beefs and negotiate in good faith in the best interest of all stakeholders. I await your response moving forward.



K Kendall Dupersoy
Chief Executive Officer
TelEm Group of Companies