



**Soualiga Boulevard # 5
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To: The Country St. Maarten
Attn. the Prime Minister / Minister of General Affairs
Her Excellency S.E. Jacobs
Soualiga Road 1, Pond Island, Great Bay
St. Maarten

Date: 4 June 2020

Subject: maximizing employment conditions management of TelEm Group

Your Excellency,

In connection with the instructions of June 2, 2020, received from the Government of Sint Maarten ("**Government**"), on behalf of the Country Sint Maarten as sole shareholder of the Sint Maarten Telecommunications Holding Company N.V. ("**Holding**"), the CEO of the Holding, also on behalf of the Holding's Sint Maarten incorporated subsidiaries (together with Holding, "**TelEm Group**"), informs you as follows.

TelEm Group understands the need for the Government to implement the measures agreed with the Government of The Netherlands and that these must include maximization of the employment conditions of management ("**Maximization**").

Not all government owned companies are the same. TelEm Group has, according to Sint Maarten standards with a small economy of scale, a large enterprise with a balance sheet total of ca. ANG 160 million, gross revenues of ca. ANG 67 million per annum and a total employee count of 135. In addition, TelEm Group, contrary to (most) other government owned companies, operates without exclusivity and in the highly competitive (international) telecommunication industry. Moreover, the Holding is the only government owned company that operates with an independent Supervisory Board.

These facts underscore (i) the need for TelEm Group to continue to be able to attract qualified and experienced persons as part of its management, and (ii) that the (civil and corporate) risks and liabilities of such management, including the risk and costs of being subjected to civil inquiries and court cases, are higher than compared to management of other government owned companies.

To achieve the Maximization in a form that complies with the law and articles of association of TelEm Group, while respecting the consequences of the facts outlined above, the CEO proposes that Government considers the following.

Step 1

Government could adopt a *guidance document* applicable to all government owned companies, in which an outline is given of how the Maximization is to take effect:

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- Perhaps Government can be inspired by the "*MINISTERIËLE BESCHIKKING van de 13de mei 2020 ter vaststelling van een kader om de personeelslasten van overheid gelieerde entiteiten te optimaliseren*"¹ (the "**Curaçao MB**") as implemented by the government of our sister country Curaçao, being faced with the same conditions of The Netherlands and the same financial supervisory body (CFT). The CEO assumes that if the Curaçao MB was acceptable in relation to Curaçao's government owned companies, it should be acceptable for those of Sint Maarten.
- Specific attention should be given in the guidance document to the normalized adapted income of the Prime Minister, in the sense that all benefits are included therein on a normalized basis, including specialized travel (chauffeur), security, pension arrangements and early retirement provisions (the "**PM Norm**").

In regards TelEm Group specifically, the CEO believes that it should be able to get all members of management to agree to a Maximization that would entail, generally, a 30% increase of the maximum income applicable to management of all government owned companies. This would result in an upper ceiling for management of Telem Group of 1.3 x 1.3 x PM Norm. Obviously, this is pending information on what the PM Norm amounts to.

TelEm Group would gladly assist Government with the drafting of such a guidance document if that would be appropriate and helpful.

Step 2

Once the guidance document is approved by Government, Government could formalize the guidance document for it to have legal basis. That could be done - for example - by laying the guidance document down in an ordinance or country decree holding general measures. Since we understand that will take time - that is not available, Government could consider holding a (joint) meeting of shareholders of all government owned companies, in which Government would implement by resolution of the shareholder in a meeting the guidance document as a general instruction in relation to the compensation levels of all managing directors of the government owned companies. TelEm Group would gladly further assist Government in this regard, if deemed appropriate and useful.

Step 3

Once above – or other comparable - steps are taken by Government, the CEO will on an individual basis finalize discussions with all other managing directors of the TelEm Group to voluntarily adapt their employment or instruction agreements to comply with the Maximization, if possible with retro effect to July 1, 2020. As to the CEO, such discussions will be held with the Supervisory Board and submitted to Government for approval.

¹ To be found here: <https://gobiernu.cw/wp-content/uploads/2020/05/51.-Beschikking-maatregelen-openbare-orde-COVID-19-VI-1.pdf>

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.



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In this respect the CEO can already inform Government that in conversations with *all* (managing) directors of TelEm Group, consensus has been reached that each of such persons (including the CEO) will in any case accept a salary reduction that will mirror the salary reduction on a percentual basis that will be implemented for all personal of the TelEm Group (on the latter matter, the CEO has informed you by separate letter of today).

It goes without saying that for any managing director, including the CEO, with whom such voluntary adaptations can however not be agreed, the process to achieve a termination of the specific employment or instruction agreement should be undertaken by the appropriate corporate body of the TelEm Group. This could entail financial consequences for the TelEm Group. If such situations would occur, we will inform you in due course. For now, the CEO is confident that if the Maximization is implemented and formalized appropriately, such situations can be avoided, in the best interest of the TelEm Group and the community it serves.

Trusting to have informed you adequately with the above, we remain,

Sincerely yours,

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

K. Kendall Dupersoy
Chief Executive Officer
TelEm Group