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reference nr. 0017/01/14  
fax / email Lpalaci@citgo.com  
subject *Situation Citgo Aruba Refinery N.V.*

Dear Ms. Palacios,

By this means we of the Federacion di Trahadornan di Aruba (FTA) would like to approach you regarding the following.

As you may know the FTA is the labor union that represents the staff member employed by Citgo Aruba Refining N.V. (Citgo Aruba). During 2019 there were negotiations between Citgo Aruba and *Refineria di Aruba N.V.* (RDA), the government owned company that leases the Aruba refinery installations to Citgo Aruba, regarding the temporary transfer of the premises back to RDA. This led to a Memorandum of Understanding (MOU) between Citgo Aruba and RDA that was signed in October of 2019. Reason therefore is the difficult situation in which Citgo Aruba, being a subsidiary of Petroleos de Venezuela S.A. (PDVSA), has landed since the government of the United States imposed economic sanctions.

According to information shared with FTA by both Citgo Aruba and RDA, it was understood in the MOU that all refinery personnel would be offered a termination package in order to finalize their labor agreements with Citgo Aruba as per the date of cessation of operations. Earlier in 2019 (February) a first group of employees was offered termination packages which were determined using the same formula that was applied by the predecessor of Citgo Aruba, Valero Energy Corporation, when it partially ceased operations in 2012. This formula is also in accordance with what is commonly awarded by the Courts in Aruba when ruling in cases regarding company layoffs.

On December 27<sup>th</sup>, 2019 Mr. Joe Crawford, Interim Vice President and General Manager of Citgo Aruba, announced to the employees and their respective unions (FTA and the Independent Oil Workers Union IOWUA) that Citgo Aruba will cease operations of the refinery as per January 30<sup>th</sup>, 2020.

After this meeting the employees were handed over letters in which Citgo Aruba explicitly states that it is aware of the legal requirements regarding termination of employees in Aruba but nevertheless gives notice of termination to them (*contra legem*) as per January 30<sup>th</sup>, 2020. At the same time and in stark contradiction to the content of aforementioned letter, Citgo Aruba also provided the employees with a separation agreement in which it offers them a termination compensation in exchange for voluntarily terminating their services as per January 30<sup>th</sup>. This ‘compensation’ however is substantially less than what was offered to those employees terminated in February of 2019.

Hereafter both unions (FTA and IOWUA) as well as the Managers (represented by their legal counsel) have tried negotiating with Citgo Aruba regarding its offer. However Citgo Aruba has indicated that it currently has limited funds available and is unable to match the offers made in February of last year. According to their statement there is no possibility of obtaining additional funds from PDV Holding Inc in order to properly handle the termination of the employees.

It was also indicated to at least one of the groups involved that in the event the employees do not accept the current offer, the termination compensations as offered on the 27<sup>th</sup> of December 2019 would nevertheless be transferred to said employees and the labor agreements terminated as per January 30<sup>th</sup>, 2020.

The attitude taken by Citgo Aruba in this matter is far from we had expected from a responsible company that is a subsidiary to a reputable international organization such as PDV Holding Inc. Even though Citgo Aruba employees are not (directly) employed by the latter, it is not unreasonable to expect intervention when subsidiaries behave the way Citgo Aruba currently is behaving. The working force in any country deserves to be treated justly and in accordance with the local (labor) principles, laws and regulations. Citgo Aruba is knowingly violating Aruban Labor laws and in doing so is not only disrespecting its local employees but also the Aruban community as a whole.

As indicated numerous times in earlier correspondence on behalf of the employees, Citgo Aruba has a legal and moral obligation to keep its employees informed of the facts and circumstances surrounding the announced cessation of operations as well as to compensate these employees in an equitable manner for the damages they will suffer as a consequence of its decision to cease operations. Citgo Aruba has done so in the past and should do so now as well.

The Citgo Aruba employees have shown great loyalty and dedication throughout the years to the company and do not deserve the treatment that they are currently getting from management. The ‘my way or the highway’ stance taken by Citgo Aruba is not justified by any means.

It is therefore that we as representatives of the refinery staff hereby urgently request you to intervene in this matter and see to it that Citgo Aruba complies with its legal, financial and moral obligations towards its employees.

We expect that the company meets short term with all parties involved in order to negotiate fair and reasonable termination packages for those whose labor agreements will have to be terminated as a consequence of the cessation of operations, as well as to discuss fair compensation for those who may retain (partial) employment but will nevertheless suffer substantial declines in their income and/or benefits as a result of the transition.

We furthermore expect full cooperation from PDV Holding Inc. in supplying the necessary funds in order to cover the financial compensations mentioned above.

Awaiting your prompt reply in this matter, we remain.

Respectfully yours,



Hubert M. Dirksz  
President Fedracion di Trahadornan di Aruba (FTA)

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