CALCULATION AND PAYMENT OF THE COMPANY'S PROFIT SHARING IN DOMICAN REPUBLIC LABOR AND EMPLOYMENT LAW

The legal (Article 223 of the Labor Code and Article 38 of Regulation 258-93) and theoretical basis for paying the Company's Profit Sharing (colloquially called "Bonificación") is as follows:

If the company obtained sufficient profits to distribute 10% among its employees, it proceeds as follows:

- Workers with less than 1 year of service: Add the salaries received during that time and divide by 12, and the result is divided by 23.83, and the result of this division is multiplied by 45 (Letter A of Art. 38 of Regulation 258-93). For example: A worker who worked 8 months and earned a total of RD$200,000.00 during those months, divide that 200,000.00 ÷ 12 = 16,666.66 ÷ 23.83 = 699.39 x 45 = 31,472.93.
- Workers with 1 year of service, but less than 3 years of service: The procedure is the same as mentioned above (Art. 32 and Letter B of Art. 38 of Regulation 258-93).
- Workers with 3 or more years of service: Proceed in the same manner, but instead of multiplying by 45, multiply by 60 (Art. 32 and Letter C of Art. 38 of Regulation 258-93).
- Workers with 3 or more years of service, whose contracts ended (for any cause) before the closing of the fiscal year that gives rise to the annual bonus: The salaries earned during that year are added up, and divided by 12, and the result is divided by 23.83, and in turn the result of this last division is multiplied by 60 (Art. 32 and Letter D of Art. 38 of Reg. 258-93).

If the profits are not enough to provide 45 and 60 days, it will be divided by what would have corresponded to the workers if 45 or 60 days had been covered and the result will be multiplied by the individual participation of each worker (Art. 38, Letter E of Reg. 258-93).

Company with 6 workers and sufficient benefits to distribute 10%:

- 2 workers with 3 or more years of service, with salaries of RD$30,000.00 and RD$20,000.00 monthly respectively: 30,000.00 ÷ 23.83 = 1,258.91 x 60 = 75,535.03; and 20,000.00 00 ÷ 23.83 = 839.27 x 60 = 50,356.69. Total: 125,891.72.
- 2 workers with less than 3 years of service and RD$25,000.00 and RD$16,000.00 monthly respectively: 25,000.00 ÷ 23.83 = 1,049.09 x 45 = 47,209.40; and 16,000.00 ÷ 23.83 = 671.42 x 45 = 30,214.01. Total: 77,423.41.
- 2 workers, one with 6 months working and the other with 4 months working, and RD$16,000.00 monthly salary, each one: 16,000.00 x 6 = 96,000.00 ÷ 12 = 8,000.00 ÷ 23.83 = 335.71 x 45 = 15,107.00; and 16,000.00 x 4 = 64,000.00 ÷ 12 = 5,333.33 ÷ 23.83 = 223.80 x 45 = 10,071.33. Total: 25,178.33.
- Grand total to be distributed among the 6 workers: RD$228,493.46.

If the same company only obtains RD$150,000.00 in profits, it will only be able to distribute RD$15,000.00 among the employees, and in such case, it proceeds as follows: RD$15,000.00 ÷ 228,493.46 (amount that would have corresponded if the profits had been reached: Letter E of Art. 38 of Reg. 258-93) = 0.0656473.

- Group of 2 workers with 3 or more years of service and RD$30,000.00 and RD$20,000.00 monthly: 30,000.00 ÷ 23.83 = 1,258.91 x 60 = 75,535.03 x 0.0656473 = 4,265.69; and 2nd Worker: 20,000.00 ÷ 23.83 = 839.27 x 60 = 50,356.69 x 0.0656473 = 3,305.78. Total: RD$7,571.47.
- Group of 2 workers with less than 3 years of services and RD$25,000.00 and RD$16,000.00 monthly: 1st Worker: 25,000.00 ÷ 23.83 = 1,049.09 x 45 = 47,209.39 x 0.0656473 = 3,099.16; and 2nd Worker: 16,000.00 ÷ 23.83 = 671.42 x 45 = 30,214.01 x 0.0656473 = 1,983.46. Total: RD$5,082.62
- Group of 2 workers earning RD$16,000.00 each, the first worker with 6 months of work and the second with only 4 months of work: 1st Worker: 16,000.00 x 6 = 96,000. 00 ÷ 12 = 8,000.00 ÷ 23.83 = 335.71 x 45 = 15,107.00 x 0.0656473 = 991.73; and 2nd Worker: 16,000.00 x 4 = 64,000.00 ÷ 12 = 5,333.33 ÷ 23.83 = 223.80 x 45 = 10,071.33 x 0.0656473 = 661.15. Total: RD$1,652.88

- Grand total bonus: $14,306.97, with a difference of $693.03 because of the approximations made in the partial calculations.

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