Welcome to the Virtual Floor Meeting

We will start shortly

- Please mute microphone and switch off camera
- To ask a question, write “floor” in the MS Teams chat
- Feel free to post comments in the chat
- Unanswered questions can be sent later at mnstcom@epo.org
Why 7 Virtual Floor Meetings?

- **1300 attendees at the General Assembly of 19-11-2020**
  - Video: q/epotv -> Staff Representation -> video of 03-12-20
  - Slides: Home -> Organisation -> Staff Representation ->
    Announcements -> 2020 -> LSCMN publication of 03-12-2020

- **Actions supported by staff**
  - Emails to president@epo.org and vp4office@epo.org (template in CSC publication of 23-11-2020)
  - Petition (preparation is on-going)
  - Internal appeals (preparation is on-going for early 2021)
  - 1 day of strike (Authorised, MyFips registration, ban on CSC mass-email)

**SUEPO calls for 1 day of strike on 15-12-2020**
*(Administrative Council)*
Salary Adjustment Procedure (SAP)
# Salary Adjustment Procedure (SAP)

## Results at the EPO for the year 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Calculated SAP</th>
<th>New SAP</th>
<th>National inflation (HICP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>2.73%</td>
<td>0.36%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.8%</td>
<td>0.24%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.8%</td>
<td>0.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.8%</td>
<td>0.5%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

- **- 3.3%**
- **- 0.3%**

*Cut in adjustment equivalent to at least 1 step. Loss of purchasing power (below inflation)*
Salary Adjustment Procedure (SAP)

- Results for 2020 applied on 01-01-2021 are calculated over 2019 before the pandemic

- 0% (freeze of salaries) foreseen for the pandemic work of 2020

- No protection from high local inflation

- Long-term side effects
  - contributions to health insurance
  - ceilings and lump-sums of the education allowance
  - pensions

By the end of the six-year application, salaries scales and pensions will be cut by -20% compared to previous SAP
Salary Adjustment Procedure (SAP)

▪ “Carry-forward mechanism”

“We won’t lose the difference between the former salary adjustment procedure and the new one. The difference will be carried forward to a redistribution pool [...] After three years, the remains will be paid out, in cash to active staff members.”

Ms Simon, Intranet Communiqué of 01-12-2020

▪ Difference of -3.3% is put into a cumulative pool to be redistributed in 2022, but:

- distributed as a lump-sum and not to pensioners,
- valid for 1 year: no adjustment of the salary scales,
- not pensionable: lost for the future

*It’s a “bonus” not an adjustment*
Salary Adjustment Procedure (SAP)

▪ Broken promises

“There is no desire to cut staff purchasing power or impose unnecessary savings”

Mr Campinos, Intranet Communiqué of 09-04-2020
Salary Adjustment Procedure (SAP)

- **Savings are above all predictions**
  - Draft budget 2021 (CA/50/20) foresees a salary adjustment of +2,2%. The result of +0,5% is -77% below.
  - The original objective was to save €2 BN over 20 years (CA/18/20). In 1 year application, already €1 BN will have been saved (future liabilities x (3,8% - 0,5%) = €30 BN x 3,3% = €990 million)
  - “The new salary adjustment method will save over the period 2020-2025 already €1 BN.” (Advisory Group on Remuneration (GCC/DOC 17/20):

  **Bleeding staff more than expected and unnecessarily is unsustainable**
Salary Adjustment Procedure (SAP)

- Long-term effects

Loss of purchasing power for staff achieving the average progression 0.7 step each year with the NCS over all of the next 18 years.

-15.2 steps

Staff committee
Salary Adjustment Procedure (SAP)

- Long-term effects: Adjustment below inflation

![Graph showing long-term effects of salary adjustment below inflation over 50 years.](image-url)
New Career System (NCS)
New Career System (NCS)

- Lack of recognition of past experience
  - Up to 6 years of previous experience are not recognised. Example: An employee hired with 5y and 2 months of past experience enters at G7-1. An employee hired with 6y of experience enters at G8-1 (« rewarded with 1 grade »).

- Performance based vs Competition based
  - No transparent criterion for steps and promotions. Covert indicators.
  - No culture of collaboration. Bonuses triggering disappointment.
  - « Holistic approach to goal setting for 2021 »?

- New career system: “catch-up mechanism”
  - 1 automatic step every 5 years (if none for 4 years) not for promotion
  - below all standard in International Organizations
New Career System (NCS)

ca. 40%
New Career System (NCS)

- “If a job applicant has 5 y of experience, he/she should rather work 1 more year outside the EPO to be placed 1 grade higher when starting service.”
  
  Mr Campinos, GCC meeting of 10-12-2020

- “Until you have proven that the career system doesn’t work, I won’t change it”
  
  Mr Campinos, meeting with the CSC on 18-11-2020

Ignoring the obvious won’t foster employee engagement
From Civil Service to Self Service
### From Civil Service to Self Service

- **Cash injections into the Salary Savings Plan (SSP)**

<table>
<thead>
<tr>
<th>Period of application</th>
<th>Contributions to the SSP under cap of 2 x G1(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2017</td>
<td>6.6%</td>
</tr>
<tr>
<td>2018-2019</td>
<td>4.5%</td>
</tr>
<tr>
<td>2020-2021</td>
<td>3.9%</td>
</tr>
<tr>
<td>2022</td>
<td>??</td>
</tr>
</tbody>
</table>
From Civil Service to Self Service

- Cash injections into the Salary Savings Plan (SSP)

![Graph showing the difference between monthly SSP contributions in 2017 and 2020.](image)

**Difference between monthly SSP contributions in 2017 and 2020**
From Civil Service to Self Service

- Cash injections into the Salary Savings Plan (SSP)

<table>
<thead>
<tr>
<th>Period of application</th>
<th>Ratio G17-1:G7-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>9:1</td>
</tr>
<tr>
<td>2018-2019</td>
<td>13:1</td>
</tr>
<tr>
<td>2020-2021</td>
<td>16:1</td>
</tr>
<tr>
<td>2022</td>
<td>??</td>
</tr>
</tbody>
</table>

Those who tell staff that the Office cannot afford long-term adjustments are those who earn more than staff and award themselves even more.
From Civil Service to Self Service

- Less staff in DG1 vs More key managers

600 examiners leaving until 2024 with no replacement. Only 561 formalities officers. +6.7% increase in productivity.
From Civil Service to Self Service

- Less staff in DG1 vs More key managers

“The on-going change in staff population which the Office is currently experiencing constitutes both a challenge and an opportunity. It will help the EPO to adjust naturally to the current trend in terms of workload and to take full advantage of the expected increase in productivity made possible by digitization.”

Orientation paper on recruitment (GCC/DOC 24/2020)
From Civil Service to Self Service

- Less staff in DG1 vs More key managers

Two fold increase in key managers in only two years. “Some are more equal than others.”
Fixed-term contracts for all newcomers
Fixed-term contracts for all newcomers

- Around 250 colleagues affected
  - 100 examiners and 150 administrative, formalities, and other staff

- Conditions in Art. 8 ServRegs

  (4) Fixed-term appointments may be converted into permanent appointments under conditions laid down by the appointing authority, such as the needs of the service, satisfactory performance and quotas.

  - No fixed conditions for contract extension or conversion
  - No period of notice is defined
  - Job insecurity causing distress and difficult family planning

*If the Office is unable to provide clear transparent criteria for appraisal and reward, how will it achieve it for contracts?*
Overview of impact of reforms

- New salary adjustment procedure
- New career system
- Contributions in SSP
- Cash injections to the SSP

-86% in adjustment (3,8% -> =0,5%)
- 60% ceiling on steps
- -35% in 3y for G8 and below
- 16:1 ratio G17.1 vs G7.1
SP2023: What might come next?

- New salary adjustment procedure applies each year until 2025
- Expatriation allowance was discussed in relation to the New Normal
- Home leave and loans removed already for all staff recruited after 2018
- Pension schemes

What else will Mr Campinos justify with a flawed Financial Study or with the pandemic?
Are financial reforms justified?
Are financial reforms justified?

- Have patent filings decreased?
Are financial reforms justified?

- Are we losing income?

The annual surplus by the end of 2020 amounts at least to

€ 310 million

Source: Budget and Finance Committee meeting report of 09-11-2020

Q3 (CA/53/20): €287 M€ -> Q4: 380 M€ (estimated)
Are financial reforms justified?

- How are the EPO funds doing?

€3,9 BN more in EPO funds (RFPSS+EPOTIF) than Base-2 scenario
Are financial reforms justified?

▪ « What’s going on outside? »

▪ Co-ordinated Organisations (CO) +4.2% adjustment for NL and DE
  - ESA, NATO, OECD

▪ European Union +3.2% adjustment
  • +0.7% will be adjusted as of 1 January 2021
  • +2.5% will be paid when EU Gross Domestic Product is positive
    (expected in 2021)

▪ Civil servants
  - DE > 1,51% adjustment
  - NL > 2,75% adjustment

The EPO scores far below all benchmarks
Why 1 day of strike?
Why 1 day of strike?

- « The financial bundle of measures has not shown to be the source of social unrest. »
  
  Ms Simon (VP4), AC meeting of 01-07-2020 (CA/41/20)

- « I don’t think staff is furious. I talk to more staff members than you. »
  
  Mr Campinos, meeting with the Central Staff Committee (18-11-2020)

- « We have published two announcements on the intranet this week [...] to help you to understand the principles behind the new Salary Adjustment and how it will be applied over its six-year life time. »
  
  ‘António & Nellie’ in their template reply to staff emails 03-12-2020

Time to help management to focus on staff discontent?
Why 1 day of strike?

- « Why is the Office accumulating large piles of money without any reversibility clause in the salary adjustment procedure? »

There is no intention to give money back to staff. What is Mr Campinos planning?
Why 1 day of strike?

- Social report (CA/40/20)

### 6.2 Industrial action

<table>
<thead>
<tr>
<th>Number of strikes</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of strike days</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of FTE days*</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* Source: FIPS: Office-wide. Full-day and half-day participants included as well as all four sites (Munich, Berlin, The Hague and Vienna).

A KPI which deserves to be increased?
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- We will keep a speakers list’ in order of request
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SUEPO calls for 1 day of strike on 15-12-2020
« To support you, we need you to support us! »