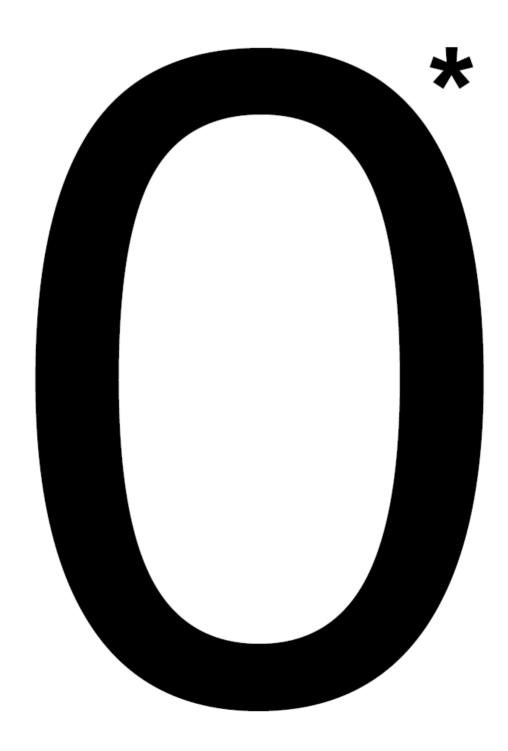


Munich, 10/12/2021 sc21148cp



*No adjustment of salaries on the 01.01.2022

The result of the Salary Adjustment Procedure (<u>SAP</u>) has now been <u>published</u> on the intranet by the administration, albeit in an obscured manner buried among various topics discussed in the last GCC. Here, we try to give more insight into the outcome of the SAP and break down the steps to arrive at the result for 01.01.2022.

How is the salary adjustment calculated?

As a first step, a **calculation of adjustments** for each salary scale is made so that the evolution of purchasing power of the salaries of national civil servants from 2020 to 2021 is reflected. The adjustments calculated for 01.01.2022 are:

| EPO host country | AT | BE | DE | NL |
|-----------------------|------|------|------|------|
| Calculated adjustment | 4,6% | 1,7% | 4,5% | 1,7% |

In a second step, a "sustainability" clause" is applied, also referred to as "capping mechanism" that reduces the calculated adjustment to the inflation in the Eurozone + 0,2%. This sustainability clause did not exist in our SAP before the reform introduced on 01.07.2020 by Mr Campinos.

Applying this clause produces the following values:

| EPO host country | AT | BE | DE | NL |
|-------------------|------|------|------|------|
| Capped adjustment | 2,9% | 1,0% | 2,8% | 1,1% |

Why are the capped adjustments then not applied?

Normally, the capped adjustment is due on the 1 January of the following year. However, for the first time ever, the "exception" clause (Battistelli reform of 2014) will be applied to our salary adjustment on the 01.01.2022.

The exception clause is triggered this year because the weighted average of real GDPs of the members states of the EPC decreased from 2019 to 2020 by more than -1%, i.e., -5,9%.

What salary adjustment will staff get in January 2022?

The effect of the exception clause is that the capped adjustment is delayed. Hence, there will be no adjustment at all of our salaries on the 01.01.2022:

| EPO host country | AT | BE | DE | NL |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Adjustment on 01.01.2022 | <mark>0%</mark> | <mark>0%</mark> | <mark>0%</mark> | <mark>0%</mark> |

Will the money be lost forever?

The losses because of the delayed adjustment will never be compensated. But the end of the exception clause will be triggered when the GDP recovers its 2019 value.

Therefore, we do not know when the capped adjustments will be applied since it depends on the recovery of the GDP, which is difficult to predict, so it *could* be January 2023, but more likely even later.

How can we interpret the outcome of the salary adjustment procedure this year?

The adjustment of 0% in 2022 and the eventual adjustment by the pitifully low capped adjustments should be understood as a loss in purchasing power because of the inflation and the increase in the cost of living. Note that the SAP has a disastrous effect not only on our salaries, but also on our allowances and pensions. Staff will now suffer from the combination of Battistelli and Campinos reforms.