

Opinion on [GCC/DOC 04/2025](#)

Orientations for a new salary adjustment procedure

Introduction

1. The CSC members of the GCC give the following opinion on the “Orientations for a new salary adjustment procedure pursuant to Article 12(2) of the Implementing Rule for Article 64 of the Service Regulations” proposed in [GCC/DOC 04/2025](#).
2. The document relates to the orientation for a new salary adjustment procedure following the 2025 review of the salary adjustment procedure applied over the six-year period 2020-2025¹.

On the consultation

Timeline

3. Compensation and Benefits invited the staff representation to four technical meetings of the GCC-SSPR to discuss the “future orientations of the new salary adjustment procedure”:
 - a first meeting on 14 January 2026 from 10.00h to 12.00h
 - a second meeting on 19 January 2026 from 10.30h to 11.30h
 - a third meeting on 20 January 2026 from 10.00h to 12.00h
 - a fourth meeting on 28 January 2026 from 10.00h to 12.00h
4. The Central Staff Committee (CSC) published reports on each of these meetings: [first \(Annex 1\)](#), [second \(Annex 2\)](#), [third \(Annex 3\)](#) and [fourth meeting report \(Annex 4\)](#).
5. In preparation of the first meeting, the administration provided on 9 January 2026 (**Annex 5**) general slides on the future orientations (**Annex 6**).
6. On 16 January, the Office published after the first meeting a [Communiqué](#) announcing its initial orientations for 2027 on the new salary adjustment procedure. The Communiqué tries to shed a positive light on the reform by claiming that the aim is i.a. to “*focus on protecting purchasing power*”.
7. On 16 January, the Office provided the staff representation with “password protected” spreadsheets showing simulations of the new salary adjustment procedure. The staff representation insisted by email (**Annex 7**) that the “*password protection*” is removed as it prevents the reader from being able to click on the formulas to highlight the cells that are being referenced when trying to track the calculations.
8. In the end, the administration sent unprotected spreadsheets. The simulations show a clear loss of purchasing power in double digits across all sites over the 12-year period 2014-2025.

¹ [CA/79/25](#)

9. In preparation of the fourth meeting, the administration provided on 26 January 2026 (**Annex 8**) updated slides (**Annex 9**). The updated slides introduce an annual compensation in cash to staff and pensioners in case the yearly salary adjustment of a given scale is below local inflation.
10. On 9 February, the administration sent to GCC members the [agenda of the GCC meeting of 24 February](#).
11. The document [GCC/DOC 04/2025](#) contains the draft document CA/24/26 on the “orientations for a new salary adjustment procedure”.
12. No meeting took place with Compensation and Benefits to discuss the tabled document.
13. On 12 February, the Office published a [Communiqué](#) introducing an FAQ (**Annex 10**) on the reform of the salary adjustment procedure.
14. On 18 February, the staff representation members of the GCC-SSPR sent a letter (**Annex 11**) to Compensation and Benefits to contest the validity of the minutes of the fourth meetings (**Annexes 12, 13, 14, 15**) drafted by the administration.
15. On 24 February, the GCC meeting took place during which questions were not answered and none of the comments of the staff representation led to an amended document.

The process is substandard

16. The process carried out is contrary to all practice in International Organisations who establish parity Working Groups in which staff representation and the administration work together to harmoniously agree on a salary adjustment procedure fit for purpose, legally sound and accepted by both parties.
17. This was also always the case at the EPO until 2019/2020 when the parity Working Group with PD4.3 ceased to exist.

The minutes of the technical meetings do not reflect the discussions

18. By letter of 18 February, the staff representation members of the GCC-SSPR have provided comments on the minutes drafted by the administration on the technical meetings.
19. The staff representation considers that elements of the discussions are either insufficiently reflected or not reflected at all in the minutes drafted by the administration.
20. As long as the requested amendments are not made to the minutes drafted by the administration, staff representation contest their validity.

The FAQ was not submitted to any consultation

21. The FAQ published by the Office with the [Communiqué](#) of 12 February (**Annex 10**) should have been submitted to the consultation process.

22. Indeed, the FAQ introduces elements which would have been essential for the consultation. For instance, in point 5, the FAQ states that:

“EPO salaries compare very favourably with national civil servants and are on average more than 15% above other comparable International Organisations.”

23. In the [second technical meeting](#) (**Annex 2**), the administration claimed that EPO salaries are better than salaries of other International Organisations. However, this 15% average difference was never mentioned at any point of the discussion.

24. The staff representation asked for the salary scales of other International Organisations on which the administration bases its internal benchmark and their analysis as to how EPO jobs (e.g. in DG1) can be considered to be comparable.

25. The administration declined to offer any justification of their claims related to salary levels of other organisations, or any mapping of roles and grade ranges, and suggested we search for them ourselves.

26. Interestingly, the German delegation is proposing in the Council “to freeze EPO salaries until they lose 15% of their value”. Are these the same 15% the FAQ is referring to? Should staff representation understand that the FAQ aims at justifying the German proposal?

27. It is now deceitful to put the figure of 15% in an FAQ and suggest EPO staff could deserve a 15% salary loss without providing any justification or benchmark and by bypassing statutory consultation.

28. Finally, this FAQ is also contradicting the [statement](#) made by VP4² in the Budget and Finance Committee meeting of 28 and 29 October:

*“[i]n response to comments on staff salaries, she stressed **that the Office competed primarily with industry**, applied a managed and balanced approach, and aimed to remain an attractive employer.”*

29. If the Office considers it is competing with industry, why does the benchmark mentioned in the FAQ refer then solely to national and international civil servants?

² [CA/73/25, par. 118](#)

On the merits

Principle of the new salary adjustment procedure: “Financial sustainability” (summary, par. 26)

30. The main goal of a salary adjustment procedure is to ensure the maintenance of purchasing power. In this respect, the two basic principles of remuneration policies among International Organisations are:
- 1) to **maintain purchasing power** i.e. the value of salaries and benefits, with purchasing power parities (PPPs) measuring the evolution of the prices of goods and services at specific locations relative to a reference (e.g. Brussels indexed on national HICP)
 - 2) to ensure **parallelism with wage inflation** of civil servants (net of local inflation) via a specific indicator
31. The document makes no mention of any of these principles. The EPO appears to have as sole principle “financial sustainability” based on growth of salary mass with an arbitrary reference. No other International Organisation uses such a principle.
32. In the GCC meeting, the administration replied that the principles of the new salary adjustment procedure are: “financial sustainability”, “purchasing power parity” and “mitigating reductions in purchasing power with annual cash compensation for any difference to local inflation”.
33. The reply confirms that there is no plan to maintain purchasing power and that an arbitrary “financial sustainability” is the main driver.

No maintenance of purchasing power (summary, par. 24, 26)

34. The document (summary, second sentence) mentions that
- “the current method achieved preserving parity of purchasing power among places of employment”.*
35. This statement is deceptive. As already demonstrated in the [comments on the review report](#)³. The purchasing power parities were only respected in 2022 (application as of 1 January 2023) and violated all other years.
36. The document mentions in par. 24 that *“parity across sites will be maintained through the application of PPP coefficients”* and the slides (**Annexes 6 and 9**) more explicitly mentioned that *“coefficients between sites are **strictly** maintained”*. The combination of these statements can be understood as acknowledgment that a mistake needed to be repaired.
37. Nevertheless, the Office still misses the point on maintaining purchasing power.

³ [Comments on GCC/DOC 23/2025, par. 101 to 106](#)

38. First, the aim of a salary adjustment procedure is to maintain purchasing power i.e. the value of salaries and benefits. This is not the same as purchasing power **parity** which is only a sub-clause intended to ensure equal treatment across different places of employment.
39. Second, ensuring parity is not enough to ensure equal treatment. In the proposed formula, there remains an issue of equal treatment of colleagues in different places of employment, wherein those in the larger places of employment are treated more favourably than those in the smaller places of employment when determining the country calculated growth factor. This is a serious legal risk (unequal treatment).
40. Third, a procedure which does not respect the evolution of the prices of goods and services at the reference country (HICP BE) would not respect the principle of maintaining purchasing power at all for any site. In the proposed adjustment formula, the salary scales in Belgium are not linked to anything reflecting the evolution of the prices of goods and services at this reference country such as national inflation (HICP BE). While calculation steps include HICP BE, the latter is neutralized and has no impact on the final result (par. 26). Only EZ inflation has an impact. However, EZ inflation is calculated on a much broader territory including 20 other countries. This is a serious legal risk (arbitrariness).

No parallelism with civil servants (par. 26)

41. The document (par. 26) explains that

“the Specific Indicator and HICP Belgium will no longer have any influence on the result of the salary adjustment procedure.”

42. This means that the mechanism linking salary adjustments to the evolution of real salaries of civil servants in representative Contracting States is to be abolished.
43. This so-called parallelism is the core component of the salary adjustment procedure in the European Union (EU) institutions and in the Coordinated Organisations. Since 1977, parallelism has also been the fundamental component of the Office’s salary adjustment procedure⁴, albeit to a limited extent over the past 6 years.
44. The basic idea behind parallelism is that salary development is closely linked to what is decided at national level, by national parliaments, through democratic decisions. This avoids unnecessary political debates and industrial action over salaries in international organisations.
45. The staff representation views the planned abolition of parallelism with great concern and disapproval. From a legal perspective, parallelism is a concept that has never been challenged by the ILOAT and thus contributes to the legal certainty of a salary adjustment procedure. Restricting it, as has been done in the last six years, or even abolishing it now, would be entering legally uncertain territory.

⁴ [Comments on GCC/DOC 23/2025, par. 54 to 56](#)

46. This ultimately leaves the decision on a salary adjustment procedure knowingly to the Tribunal in Geneva. According to statements made in the technical meetings in the GCC-SSPR, the Office appears to readily accept this. Staff representation, however, advocates a legally secure method.
47. It should also be noted that parallelism is likely to be politically convincing because of at least two reasons.
- 1) Many of the Contracting States have supported the parallelism in the salary adjustment methods of the EU and the Coordinated Organisations. They should therefore also be ready to accept the same for the EPO as well.
 - 2) As parallelism means following the real salary development of national civil servants in good times and in bad times, the Contracting States should also be prepared to see similar developments here in good times. As they would appreciate, in bad times, that similar restraint is exercised in salary adjustments as at national level.
48. The staff representation notes that the Office is inconsistent in its changes to the salary adjustment procedure. Back in 2019, the Actuarial Advisory Group⁵ explained that the specific indicator was the indicator responsible for assuming in the long-term +0.5% on top of “inflation” in our salary adjustments. If the Office wanted to eliminate the financial effect of parallelism observed in the distant past, then it would be logical and obvious to simply exclude the specific indicator from the underlying method, nothing more. The adjustments would then, derived from the AAG statement, follow inflation in the long term. However, there would then be no need for annual calibration to EZ inflation. This calibration is therefore inconsistent
49. Abolishing now parallelism and using a reference set at Eurozone inflation will lead to arbitrary and unpredictable results. This is particularly the case because the link to Eurozone inflation refers to the theoretical total salary mass. The consequences for the single salary scales are unforeseeable.
50. In the slides, the Office has only presented simulations for the last six and twelve years. Further simulations of typical and exceptional situations were not available.
51. Staff representation warns against this legally risky, uncertain, and socially unacceptable step.

No financial justification (summary, 3, 6, 7, 8, 11, 12, 22, 33)

The current salary adjustment procedure was already an industrial accident

52. The staff representation explained in the [comments on the review report](#)⁶, why the baseline of the Financial Study 2019 of salary adjustments at inflation +0.5% did not reflect the reality, was overconservative, proved to be wrong in 2025 and recalled why the Office had carefully avoided a any capping mechanism in the past.

⁵ [CA/56/19, par. 66](#)

⁶ [Comments on GCC/DOC 23/2025, par. 43 to 69](#)

53. The consultants had identified an (alleged) financial gap at 5.8B€⁷ (3.8B€ plus an arbitrary safety buffer of 2.0B€) and the [Financial Bundle of Measures](#)⁸ opted for a fixed value of Eurozone inflation +0.2% as a measure intensity for the salary adjustment procedure. The AAG assumptions for the purpose of calculating pension contributions were consequently revised at Eurozone inflation +0.2%.
54. However, as explained in the [comments on the review report](#)⁹, the architects of the current salary adjustment procedure put in place a “sustainability clause” capping at Eurozone inflation +0.2% combined with exotic mechanisms of carry-forward pool and periodical settlement. This poor design erroneously caused over the 6-year period 2020-2025 an implementation at Eurozone inflation - 0.2% so -0.4% below plan. This is even admitted by the document itself (par. 3)
55. In this respect, the statements made in the present document that everything went fine are evidently deceptive:

“...the current method achieved its key objectives...” (summary, second sentence)
“Review report of the salary adjustment procedure established in 2020, confirmed that the method adopted in 2020 has functioned effectively...” (par. 1)
“...the review of the results obtained over the period 2021-2026 confirmed that the 2020 method achieved its main objectives.” (par. 11)
“The sustainability clause therefore fulfilled its moderating function” (par 11)
“The method operated as intended...” (par. 13)
“The cap embedded in the sustainability clause has fulfilled this function under the current method.” (par. 17)

56. There is a saying: *“Repeat a lie enough and it becomes politics, but you cannot make it the truth.”*
57. Furthermore, as explained in the [comments on the review report](#)¹⁰, the savings already achieved of 1.25B€ in 6 years out of 2B€ planned in 20 years¹¹ are **twice faster than planned**¹²: 60% of the saving made in around 30% of the time. At this rate, without even changing the salary adjustment procedure, the savings would be above 4.0B€ in 20 years. This is even admitted in the document (par. 12). A guaranteed reference set at the higher Eurozone inflation +0.2% matching the AAG assumptions would still be bring excessive savings of at least 2.6B€.
58. Consequently, the Office cannot claim gradual implementation either (par. 3 and 6).

From capping at Eurozone inflation +0.2% down to fixing at Eurozone inflation ±0.0%

59. The document attempts to present the guarantee of salary adjustments at Eurozone inflation ±0% as an improvement.
60. This is wrong. The financial implications (par. 33) show that more savings will be made on the back of staff: 1.4B€ on top of the originally planned 2B€ for a total of 3.4B€ savings.

⁷ [CA/83/19, page 4](#)

⁸ [CA/18/20, par. 56](#)

⁹ [Comments on GCC/DOC 23/2025, par. 70 to 78](#)

¹⁰ [Comments on GCC/DOC 23/2025, par. 38 to 42](#)

¹¹ [CA/86/25, par. 6](#)

¹² 2 B€ / 20 * 6 = 0.6 B€

61. The inability of the Office to implement a method according to the Financial Study of 2019 cannot be a justification for making more cuts than the 2B€ originally planned.

The financial situation of the Office is excellent

62. Back in 2019, the Financial Study 2019 had identified an (alleged) financial gap at 5.8B€¹³ (3.8B€ plus an arbitrary safety buffer of 2.0B€). Since then, this alleged gap is entirely covered and there is even **a large surplus cited as 4.2B€** in the Financial Study 2023¹⁴.
63. The Financial Study 2023 did not mention in any of its financial orientations that the salary adjustment procedure should be again reviewed at the detriment of staff contrary to what the present document seems to suggest (par. 22).
64. The EPO financial situation in 2025 is excellent. The Budget 2026 foresees **operating surplus of 643 M€**¹⁵. The pension schemes are fully **covered at 100.3%**¹⁶. The RFPSS market value is now at 14.68 B€¹⁷ and the EPOTIF value at 5.28 B€¹⁸. In total, the funds are **7.78 B€ higher than the forecast**¹⁹.

Alleged financial risks are without basis

65. The document cites (alleged) financial risks as reasons for the new salary adjustment procedure.
66. First, the document (par. 7) presents as financial risk the high sensitivity to financial market volatility. This issue is already dealt with by the AAG and the highly increased contribution rates already. The pension schemes are fully covered at 100.3%²⁰ and staff contributions increased in 2025 by a +1.9 pp²¹ to meet the “risk appetite” of the Council.
67. Second, the document presents as financial risk the fact that EPO salaries and pensions constitute 84% of EPO’s costs (par. 7). But it is entirely normal for a knowledge Organisation performing intellectual work to invest in its staff. In this aspect, the EPO cannot be compared to an industry which needs to invest in raw materials and heavy industrial machines. Does industry declare these investments as a risk?
68. Third, the document (par. 22) mentions that “[t]o remain an agile international organisation, the method should remain as far as possible aligned to economic circumstances in our Contracting States” cannot be a justification. Agility has nothing to do with economic circumstances which are furthermore undefined.

¹³ [CA/83/19, page 4](#)

¹⁴ [CA/23/24, page 5](#)

¹⁵ [CA/50/25, page 10](#)

¹⁶ [CA/52/25, par. 48](#)

¹⁷ [RFPSS/SB 56/25, page 2](#)

¹⁸ [CA/F 27/25, page 2](#)

¹⁹ [CA/83/19, page 92](#) : Base 2 RFPSS forecast 2025 = 9.20 B€ and EPOTIF forecast 2025 = 2.98 B€

²⁰ [CA/52/25, par. 48](#)

²¹ [CA/53/25](#), pension contribution rate (37.8% – 32.1%) / 3 = 1.9 pp

69. None of these arguments are relevant for a remuneration adjustment policy nor could they justify further cuts in salary adjustments.
70. There is absolutely no financial justification to lower the salary growth by an extra 0.2%. So what is the real justification to make more cuts than proposed in 2020?

Legal risks are cause financial risks

71. The ILOAT jurisprudence states that:

“However, in the light of the Tribunal’s case law as cited above, the goal of achieving savings does not in itself constitute a valid reason for depriving staff of a salary adjustment to which they are entitled.” ([Judgment 3324](#), cons. 20)

“In Judgment 1713 the Tribunal observed that a decision on local pay cannot “stand if, say, it overlooks or misconstrues some particular factor, or if some method is applied for the wilful contrivance of lower figures of local pay, or if corners are cut for the sake of saving time, but to the detriment of staff interests” ([Judgment 4138](#), cons. 8)

72. Further ILOAT jurisprudence addresses the erosion of salaries, pensions and other benefits ([Judgment 1913](#), considerations 17 and 18, [Judgment 1821](#), considerations 5, 7, 8, 14, [Judgment 3324](#), considerations 16 and 20). The Tribunal does not seem to accept medium or long-term potential financial issues as a valid reason for depriving staff of proper salary adjustment.
73. Therefore, the Office is taking a severe legal risk by designing a new salary adjustment procedure without any financial justification. Furthermore, the fact, that it is without any equivalent in any other International Organisation, constitutes yet another severe legal risk.
74. Legal risks cause financial risks. Following the **unanimous opinion** of the Appeals Committee, in favour of staff on the 2020 salary adjustment reform, the Office had to provision 2 B€²² to financially cater for legal risks.
75. In the Administrative Council meeting of 10 and 11 December 2025²³, VP4 [announced](#) that
- “the EUR 2bn funding goal for the SAM buffer had been achieved a year ahead of schedule, in 2025 instead of 2026”.*
76. This is yet another evidence of the excellent financial situation of the Office.

²² [“Salary adjustment method: Opinion of the Appeals Committee and reaction of the Office”](#), Communiqué of 13 June 2024

²³ [CA/89/25, par. 70](#)

Attractiveness and recruitment (par. 16, 19)

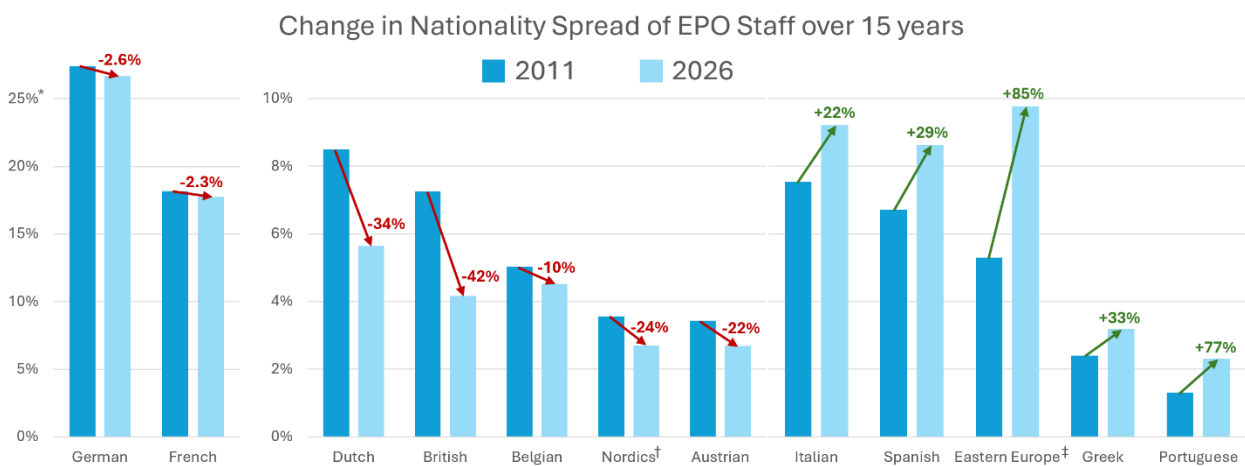
77. The document states that:

“The Organisation’s attractiveness remained high, as evidenced by increasing application numbers and consistently low resignation rates” (par. 16)

“the review confirmed that the method has not impaired the Organisation’s attractiveness. Despite the moderation of salary adjustments, the EPO continues to attract and retain staff.” (par. 19)

78. Application numbers are a poor proxy for attractiveness. Across labour markets, applications have risen markedly in recent years as AI-assisted CV and cover-letter tools allow candidates to apply to large numbers of vacancies with minimal effort. Higher application counts therefore reflect a change in applicant behaviour, rather than a stronger preference for the EPO. Likewise, low turnover cannot be interpreted as satisfaction alone: the patent examiner role develops highly specialised skills with limited transferability outside the Organisation, naturally reducing outward mobility.

79. It is therefore striking that the Office bases its conclusion on such rudimentary indicators. A serious assessment of attractiveness would include the offer acceptance rate and analyse the reasons candidates decline offers. It would examine the quality of the applicant pool, including the proportion meeting qualification and nationality requirements. It would reference the recognised employer attractiveness rankings for STEM graduates and monitor changes over time. It would further assess the geographic coverage of recruitment across member states. As none of these analyses has been presented, the staff representation have looked into the last indicator using data available to staff.



80. Over the past 15 years the nationality profile of EPO staff has undergone a structural shift. While Germany and France still together account for roughly 45% of staff and remain broadly stable, recruitment from the rest of Western Europe and the Nordic countries Europe has fallen sharply, with the proportion of British staff falling by -42% and Dutch by one third. On the other hand, Southern and Eastern European representation has risen significantly, with Eastern European staff showing the strongest growth, followed by Portuguese.

81. This shift reflects a change in relative attractiveness of employment at the EPO. The Office is increasingly drawing recruits from lower-salary labour markets while becoming less competitive in higher-income member states. In other words, the EPO is transitioning from a broadly pan-European

employer to one whose recruitment base is progressively concentrated in countries where the purchasing power advantage of EPO employment remains appealing. However, after moving to high cost places of employment, arriving staff from such countries realise that they face the same financial issues as domestic staff.

82. If current employment conditions continue, the trend suggests a further narrowing of the recruitment pool, with potential long-term implications for diversity of experience, competition for talent, and the Office's ability to attract highly specialised candidates from all member states.
83. As an international organisation, the EPO should be able to recruit from all of its member states, but that is not currently the case. One of the KPIs in the SP2028 is the modest objective of ensuring at least one staff member from every member state. Even this minimal benchmark has not been met: the Office currently represents only 35 nationalities, with Norway once again absent from the staff population.

“Global moderation” and “mitigating” terminology to hide the cut in salary adjustments (par. 5, 8, 15, 23, 25)

84. The Office claims that the current “sustainability clause” of 2020 (par. 5) and the future “guarantee” serve as a global moderation of the salary scale growth and have a “mitigating” effect (par. 15).
85. The terminology is wrong. The EPO proposal has nothing to do with the “moderation clause” applied in the European Union (EU) institutions. The “moderation clause” of the EU only postpones adjustments. The EPO proposal is a cut in salary adjustments without any recovery of the loss and causes a permanent erosion of salaries, pensions and benefits.

Simplification vs repairing mistakes (summary, par. 1, 2, 10, 27)

86. The removal of the mechanisms of carry-forward and periodical settlement are not a simplification but a necessity to repair a mistake.
87. First, these mechanisms were introduced against the expert advice. They caused the double-digit adjustment²⁴ that occurred in the past cycle in 2023 (for 2022) combined with the exception clause. For the Office, the failure of the architects of the method came as a technical and political disaster in front of the Council. Over the last 6-year period, a comparison of the results show that the historical underlying methodology would have produced much less volatile results²⁵ than the current salary adjustment procedure.
88. Second, these mechanisms are now presented (par. 10) as aiming at compensation for adjustments **or portion thereof** not applied in the salary scales due to the sustainability cap. These poorly defined mechanisms are a moving target. The Office updates their aim to reflect reality rather than to admit

²⁴ [Comments on GCC/DOC 23/2025, par. 119](#)

²⁵ [Comments on GCC/DOC 23/2025, par. 119](#)

an inconsistent change of interpretation of the periodical settlement clause²⁶. The matter will be the subject of litigation.

89. The mechanisms of carry-forward and periodical settlement are now planned to be removed.
90. However, the proposal now foresees annual compensation in cash to staff and pensioners in case the yearly salary adjustment of a given scale is below local inflation. This is a new but also complex mechanism. The reference to Eurozone inflation still contains the complexity of the sustainability clause.
91. The Office is trying to sell the new salary adjustment procedure as a simplification when in fact it tries to merely get rid of the most controversial and untenable elements of the current method. The result however is the same or worse.

“Review clause”: Even less than EZ inflation $\pm 0.0\%$ after 3 years of application? (summary, par. 17)

92. The proposal includes a review after 3 years allowing the Council to “modify” (e.g. further reduce) the reference growth. This is again an unacceptable risk for staff and a further breach of the purpose of a salary adjustment procedure.
93. The ILOAT jurisprudence indicates that the results of a salary adjustment method are to be stable, foreseeable and clearly understood. A procedure cannot be simply stopped if the results are subjectively considered 'too high'. The basic principle of remuneration policies is to select the right indicators and to respect the result over time (stability) – not to change them based on recent outcomes.
94. As explained above, the EPO is in an excellent financial situation. The savings were twice faster than planned. This should be a reason to stop the erosion of salaries, pensions and benefits.
95. Nevertheless, the Office plans to continue and accelerate the erosion and to give the Council an opportunity in three years to further worsen salary adjustments.
96. If salary adjustments are not decent in good times, how will they be in bad times?
97. The document claims to address lessons learnt (par. 17). What EPO staff is learning, is that even when EPO salaries are lagging between 6 and 7 percentage points behind the costs of living in all places of employment²⁷, the Council is still unhappy and wants further cuts.
98. In the GCC meeting, the staff representation asked whether the Office intends to review the reference in favour of staff or reverse to the underlying methodology, and enquired as to which criteria would be taken into account.
99. The administration gave a non-answer by saying that the review would take into account “economic circumstances” without defining any of them.

²⁶ [Opinion on GCC/DOC 18/2025](#)

²⁷ [Comments on GCC/DOC 23/2025, par. 93](#)

Annual compensation in cash in case the yearly adjustment is below local inflation (summary, par 25)

100. An annual compensation in cash for local inflation is no substitute to a salary adjustment (no compound or cumulative effect, just for one year) and constitutes negligible (peanuts) compared to increases of costs of living in places of employment.
101. In the financial implications (par. 33), the 0.1bn cash compensation cannot compare to the 1.4bn cuts and this fully demonstrates how insufficient the compensation is to cover the loss in purchasing power.
102. The Office is acting in an inconsistent way. In the [review report](#)²⁸, the Office wrote that
- “that any method may bring differential of purchasing power between countries, when compared to local inflation, because purchasing power parity coefficients are not directly linked to local inflation”.*
103. This is admission by the Office that the annual compensation mechanism will not respect the purchasing power parities. The Appeals Committee considered in its **unanimous positive opinion in favour of staff**²⁹ that parities must be respected. Once again, the designers of the new salary adjustment procedure are not learning from the past.
104. In the GCC meeting, the staff representation pointed out that issue of taxation of the annual cash compensation for pensioners was not addressed. Will the cash compensation be based on the taxation residence or on the country of the chosen pension scale? Will Old Pension Scheme (OPS) members receive a tax adjustment on the annual cash compensation?
105. The administration gave a non-answer suggesting that they had not looked into these aspects yet.

Reversibility and broken promise (par. 3, 29)

106. At the time of the 2020 reform, the Office had promised staff:
- “reversibility”: if economic developments and progresses are better than expected, the measures could be reversed if the Office’s finances can afford it”³⁰*
107. This principle is even acknowledged in the document (par. 3) but later discarded (par. 29):
- “Returning to the previous uncapped methodology would undermine the EPO’s financial long-term sustainability and reverse the achieved results.”*

²⁸ [CA/79/25, par. 42](#)

²⁹ RI/20214/054-0191, RI/2021/054-0373 (active staff) and RI/2021/055-0038, RI/2021/055-0089 (pensioners)

³⁰ “Bundle of measures for the period 2020 – 2038”, [CA/18/20](#)

108. This sentence is financially absurd and symptomatic of the intellectual poverty of the document. The achieved savings are actually calculated based on the difference with underlying methodology. They can only be neutralized by going above the underlying methodology which would not be the case.
109. More importantly, why was there a promise of reversibility if there never was an intention to do so?
110. In the [Communiqué](#) of 9 April 2020, the President had also assured staff that with the reform of the EPO salary adjustment procedure:

“[t]here is no desire to cut staff purchasing power or impose unnecessary savings” but “There is a desire, however, to [...] ensure salaries continue to grow, even above eurozone inflation”.

111. The promise was broken³¹ and this alone would justify reversibility to repair the damage caused to staff.

Office proposal vs proposal from the German delegation

112. Upper management is currently defending the Office proposal by comparing it to the proposal submitted by the German delegation. The German delegation proposes to:

“maintain the underlying methodology but not to apply the adjustment until the Office’s salaries lose a total of 15% of their value.”

113. Is the Office proposal really better than the proposal of the German delegation?
114. After 6 years of application of the current salary adjustment procedure over the period 2020-2025, EPO salaries are lagging between 6 and 7 percentage points behind the costs of living in all places of employment³². The simulations over the 12-year period 2014-2025 show that the Office proposal would further erode EPO salaries by -1% per year.
115. In fact, EPO management is yearly doing what the German delegation wants in the end.
116. The proposal from the German delegation at least defines when the erosion should stop (until salaries lose a total of 15% of their value) **and then restores the underlying methodology**.
117. The Office proposal is to break the promise of reversibility and to continue to erode indefinitely, without ever restoring the underlying methodology. Without clear end game or strategic objective, the Office proposal can only be qualified as arbitrary.
118. The European Union institutions (EU) have a salary adjustment procedure put in place since 2014 and agreed upon by 27 of our Contracting States. This demonstrates a guarantee of legal certainty and evidences sustained acceptance at Contracting State level. The EU institutions even confirmed their methodology a second 10-year term despite Brexit. Brexit put real financial pressure on the EU (and not fictional problems that the EPO supposedly has).

³¹ [Comments on GCC/DOC 23/2025, par. 79 to 97](#)

³² [Comments on GCC/DOC 23/2025, par. 93](#)

119. Why should EPO staff continue to get even less?

Erosion of staff benefits

120. The salary adjustment procedure is used to adjust all staff benefits:

- Dependent's allowance
- Education allowance
- Young child allowance
- Birth grant
- Language allowance
- Removal expenses
- Kilometric allowance
- Daily subsistence allowance
- Young professional allowance

121. In addition to that, it is also used to adjust the pension of NPS and OPS pensioners and the social minima on pension, widow pension, orphan pension and household allowance.

122. The maximum NPS defined benefit pension, which is widely considered by NPS members to be so low as to create continued frustration and unrest, would be again subject to lower than inflation adjustments, further exacerbating the issue.

Simulations over the 12-year period 2014-2025

123. The calculations below are based on the results of the spreadsheet provided by the administration on 16 January 2026.

Comparison with local inflation

124. The comparison of the new salary adjustment procedure with local inflation over 12 years of simulation shows:

	DE		NL		AT		BE	
	New SAP	HICP	New SAP	HICP	New SAP	HICP	New SAP	HICP
2014	0,7%	1,0%	0,2%	0,3%	0,2%	1,7%	1,2%	0,7%
2015	0,3%	0,1%	0,8%	0,5%	0,0%	1,0%	1,4%	0,9%
2016	-0,7%	0,2%	1,0%	-0,2%	-0,9%	0,6%	0,7%	1,8%
2017	1,9%	1,5%	0,3%	1,0%	1,8%	2,0%	-0,1%	1,5%
2018	2,5%	2,1%	1,3%	1,7%	0,6%	2,3%	1,1%	2,6%
2019	1,3%	1,5%	1,7%	2,7%	0,1%	1,6%	0,2%	1,3%
2020	0,3%	0,8%	0,3%	1,7%	-0,7%	1,1%	-1,6%	0,2%
2021	3,0%	2,1%	0,2%	1,7%	4,0%	2,8%	1,9%	2,6%
2022	8,5%	8,2%	8,7%	9,9%	9,2%	8,7%	9,3%	10,5%
2023	4,8%	6,8%	6,7%	6,4%	5,4%	7,8%	1,8%	1,6%
2024	2,9%	2,5%	2,0%	3,4%	-1,5%	3,1%	5,9%	5,4%
2025	0,9%	2,0%	3,6%	2,8%	3,1%	3,2%	1,6%	2,9%
Average	2,2%	2,4%	2,2%	2,6%	1,7%	3,0%	1,9%	2,6%
Cumulative	29,5%	32,5%	30,0%	36,4%	23,1%	42,0%	25,7%	36,6%
Difference	-3,0%		-6,4%		-18,8%		-10,8%	

125. National inflation includes statistics related to elements such as student accommodation or social housing and is an average over a huge geographical area (especially for DE) and extremely diverse population.

126. In contrast, the underlying methodology uses purchasing power parities (PPPs) because they accurately reflect local developments and consider factors relevant to international civil servants.

127. The underlying methodology is based on methods designed by statistical experts at the Eurostat and the OECD and can therefore be relied upon to be statistically relevant, accurately reflecting the requirements of a salary adjustment procedure. In contrast, the Office proposal appears to have been designed with lack of knowledge of the true function of a salary adjustment procedure.

128. The impact on purchasing power can be correctly assessed by comparing the applied results to the costs of living in the places of employment.

Comparison with costs of living

129. The purchasing power parities (PPPs) are complex indices measuring the evolution of the cost of living at specific locations relative to Brussels: The Hague (for salaries in the Netherlands), Munich (for salaries in Germany), and Vienna (for salaries in Austria).³³
130. They are calculated by ISRP thanks to surveys on costs of goods and services organised among international civil servants in the precise places of employment of Munich, The Hague and Vienna. The reference for this parameter is considered to be Brussels which is indexed on national inflation (HICP) in Belgium.
131. The evolution of the costs of living in a place of employment can therefore be determined by multiplying national HCIP in Belgium by the evolution of the PPPs.
132. The comparison of the new salary adjustment procedure with costs of living over 12 years of simulation shows:

	DE		NL		AT	
	New SAP	Costs living	New SAP	Costs living	New SAP	Costs living
2014	0,7%	0,2%	0,2%	-0,3%	0,2%	-0,3%
2015	0,3%	-0,2%	0,8%	0,3%	0,0%	-0,4%
2016	-0,7%	0,4%	1,0%	2,1%	-0,9%	0,2%
2017	1,9%	3,5%	0,3%	1,9%	1,8%	3,4%
2018	2,5%	4,0%	1,3%	2,7%	0,6%	2,1%
2019	1,3%	2,1%	1,7%	2,8%	0,1%	1,2%
2020	0,3%	2,1%	0,3%	2,2%	-0,7%	1,1%
2021	3,0%	3,7%	0,2%	0,9%	4,0%	4,8%
2022	8,5%	9,7%	8,7%	9,9%	9,2%	10,4%
2023	4,8%	4,5%	6,7%	6,4%	5,4%	5,2%
2024	2,9%	2,4%	2,0%	1,5%	-1,5%	-1,9%
2025	0,9%	2,2%	3,6%	4,9%	3,1%	4,4%
Average	2,2%	2,9%	2,2%	2,9%	1,7%	2,5%
Cumulative	29,5%	40,3%	30,0%	41,2%	23,1%	33,7%
Difference	-10,8%		-11,2%		-10,6%	

³³ [CA/19/20, par. 19](#)

Comparison with national civil servants

133. The comparison between the new salary adjustment procedure and the salary increases of national civil servants in the respective countries over 12 years of simulation shows:

	DE		NL	
	New SAP	Civil servants	New SAP	Civil servants
2014	0,7%	1,1%	0,2%	0,0%
2015	0,3%	2,3%	0,8%	0,8%
2016	-0,7%	0,1%	1,0%	5,6%
2017	1,9%	2,2%	0,3%	-1,2%
2018	2,5%	0,0%	1,3%	3,4%
2019	1,3%	2,9%	1,7%	3,3%
2020	0,3%	2,7%	0,3%	1,0%
2021	3,0%	1,4%	0,2%	1,2%
2022	8,5%	1,6%	8,7%	7,9%
2023	4,8%	0,7%	6,7%	4,2%
2024	2,9%	8,5%	2,0%	12,0%
2025	0,9%	3,1%	3,6%	-0,1%
Average	2,2%	2,2%	2,2%	3,1%
Cumulative	29,5%	29,8%	30,0%	44,3%
Difference	-0,3%		-14,3%	

Comparison with underlying methodology

134. The comparison between the new salary adjustment procedure and the underlying methodology over 12 years of simulation shows:

	DE		NL		AT		BE	
	New SAP	UL	New SAP	UL	New SAP	UL	New SAP	UL
2014	0,7%	1,9%	0,2%	1,4%	0,2%	1,4%	1,2%	2,4%
2015	0,3%	0,9%	0,8%	1,5%	0,0%	0,7%	1,4%	2,0%
2016	-0,7%	2,2%	1,0%	3,9%	-0,9%	2,0%	0,7%	3,6%
2017	1,9%	3,5%	0,3%	1,9%	1,8%	3,4%	-0,1%	1,5%
2018	2,5%	2,9%	1,3%	1,6%	0,6%	1,0%	1,1%	1,5%
2019	1,3%	2,9%	1,7%	3,7%	0,1%	2,0%	0,2%	2,1%
2020	0,3%	3,8%	0,3%	3,8%	-0,7%	2,7%	-1,6%	1,8%
2021	3,0%	2,7%	0,2%	0,0%	4,0%	3,8%	1,9%	1,7%
2022	8,5%	5,4%	8,7%	5,6%	9,2%	6,1%	9,3%	6,2%
2023	4,8%	2,7%	6,7%	4,6%	5,4%	3,4%	1,8%	-0,1%
2024	2,9%	5,0%	2,0%	4,2%	-1,5%	0,6%	5,9%	8,1%
2025	0,9%	2,3%	3,6%	5,0%	3,1%	4,5%	1,6%	3,0%
Average	2,2%	3,0%	2,2%	3,1%	1,7%	2,6%	1,9%	2,8%

Cumulative	29,5%	43,0%		30,0%	43,9%		23,1%	36,3%		25,7%	39,2%
Difference	-13,5%			-13,9%			-13,2%			-13,5%	

Benchmark with International Organisations

Comparison with Coordinated Organisations (COs)

135. A comparison between the new salary adjustment procedure and the result of the Coordinated Organisations in the respective countries over 12 years of simulation shows:

	DE			NL			AT	
	New SAP	COO		New SAP	COO		New SAP	COO
2014	0,7%	2,0%		0,2%	1,3%		0,2%	3,4%
2015	0,3%	1,5%		0,8%	1,9%		0,0%	-1,0%
2016	-0,7%	1,5%		1,0%	2,4%		-0,9%	2,4%
2017	1,9%	3,1%		0,3%	2,4%		1,8%	3,5%
2018	2,5%	3,3%		1,3%	2,0%		0,6%	1,6%
2019	1,3%	2,4%		1,7%	3,2%		0,1%	1,9%
2020	0,3%	4,2%		0,3%	4,2%		-0,7%	3,1%
2021	3,0%	3,8%		0,2%	1,8%		4,0%	2,9%
2022	8,5%	7,5%		8,7%	7,7%		9,2%	6,9%
2023	4,8%	3,5%		6,7%	3,1%		5,4%	4,4%
2024	2,9%	2,7%		2,0%	3,6%		-1,5%	0,0%
2025	0,9%	2,9%		3,6%	3,7%		3,1%	4,1%
Average	2,2%	3,2%		2,2%	3,1%		1,7%	2,7%
Cumulative	29,5%	45,7%		30,0%	44,2%		23,1%	38,4%
Difference	-16,2%			-14,2%			-15,3%	

Comparison with the European Union (EU) institutions

136. A comparison between the new salary adjustment procedure and the result of the European Institutions in the respective countries over 12 years of simulation shows:

	DE			NL			AT	
	New SAP	EU inst.		New SAP	EU inst.		New SAP	EU inst.
2014	0,7%	0,0%		0,2%	0,0%		0,2%	0,0%
2015	0,3%	0,1%		0,8%	2,4%		0,0%	1,2%
2016	-0,7%	2,8%		1,0%	3,5%		-0,9%	2,3%
2017	1,9%	3,4%		0,3%	1,8%		1,8%	3,3%
2018	2,5%	4,1%		1,3%	3,2%		0,6%	3,2%
2019	1,3%	2,3%		1,7%	3,4%		0,1%	1,7%
2020	0,3%	0,4%		0,3%	2,9%		-0,7%	2,5%
2021	3,0%	1,4%		0,2%	-0,3%		4,0%	3,4%

2022	8,5%	5,9%	8,7%	5,5%	9,2%	6,2%
2023	4,8%	5,5%	6,7%	7,1%	5,4%	5,7%
2024	2,9%	6,4%	2,0%	5,5%	-1,5%	2,1%
2025	0,9%	2,0%	3,6%	4,7%	3,1%	4,2%
Average	2,2%	2,8%	2,2%	3,3%	1,7%	3,0%
Cumulative	29,5%	39,8%	30,0%	47,4%	23,1%	42,1%
Difference	-10,3%		-17,4%		-18,9%	

137. The simulations over the 12-year period 2014-2025 shows a severe loss of purchasing power and that EPO salary adjustments would be far below the benchmark with national and international civil servants.

Conclusion

138. At the time of the reform in 2020, the staff representation expressed the opinion that:

“The Office already has the worst career system of any International Organisation. It will now also have the worst salary adjustment method.”³⁴

139. The results over the 6-year period 2020-2025 confirm our analysis and that it was an industrial accident with long-term consequences for staff.

140. Instead of repairing the damages caused, the Office intends to continue and accelerate the erosion of salaries, pensions and other benefits below all benchmarks and without any financial justification.

The CSC members in the GCC

³⁴ Report on the GCC meeting of 6 May 2020 ([sc20084cp](#))

ANNEX 1

Munich, 15-01-2026
sc26009cp

Future Orientations on the Salary Adjustment Procedure Report on the First Technical Meeting of 14 January 2026

The 6-year cycle of the 2020 salary adjustment procedure comes to an end. Mr Campinos intends to table the new “future orientations on the salary adjustment procedure” in the next meeting of the Council on 18 and 19 March 2026. The administration invited the staff representation to a first technical meeting on the topic, which took place on 14 January 2026 and provided presentation slides in advance of the meeting. This paper reports on the content of discussions.

“Financial sustainability” down to EZ inflation $\pm 0.0\%$

The administration explained that “financial sustainability” shall remain the main principle with a guaranteed growth of the salary mass at Eurozone (EZ) inflation $\pm 0.0\%$. They justified this as a reference by the fact that all staff and most pensioners reside in Eurozone countries, and therefore EPO expenses are in the Eurozone. The fees would remain adjusted to EU inflation as the Office receives patent applications from all over the EU.

The staff representation recalled that the long-term actuarial assumption of the EPO on the salary adjustments had already been lowered from “inflation” + 0.5% down to EZ inflation + 0.2% since the entry into force of the 2020 reform. At the time, the Office had justified this cut by the Financial Study 2019 of Oliver Wyman & Mercer. Since then, the alleged 5.8B€ gap¹ was entirely covered and there is even a large surplus cited as 4.2B€ in the Financial Study 2023². Therefore, there is absolutely no financial justification to lower the cap in salary growth by an extra 0.2%.

The administration stated that this new lower cap on the salary mass growth of Eurozone inflation will produce an extra 1.4B€ savings on long-term liabilities on top of the 2B€ already planned with the 2020 reform. The total target would now be 3.4B€.

The staff representation replied that the EPO is in an excellent financial situation thanks to the efforts of staff and we cannot understand why staff shall bear the burden of making yet more additional savings. The EPO would breach ILOAT jurisprudence which states that (e.g. [Judgment 3324](#), cons. 20), “the goal of achieving savings does not in itself constitute a valid reason for depriving staff of a salary adjustment to which they are entitled.”³

The staff representation stressed again that the two basic principles of remuneration policies among International Organisations are:

- 1) to maintain **purchasing power** i.e. the value of salaries and benefits, with purchasing power parities (PPPs) measuring the evolution of the prices of goods and services at specific locations relative to a reference (e.g. Brussels indexed on national HICP)

¹ [CA/83/19, page 4](#)

² [CA/23/24, page 5](#)

³ [Comments on GCC/DOC 23/2025, par. 63](#)

- 2) to ensure **parallelism with wage inflation** of civil servants (net of local inflation) via a specific indicator

No other International Organisation uses a “financial sustainability” principle on growth of salary mass with an arbitrary reference. The EPO would again severely depart from the basic principles of remuneration and attempt to reinvent the wheel with untested vague mechanisms bearing significant legal risks.

EZ inflation but as long as EZ is not high: a new “safeguard clause”

The administration announced that they are currently designing a new “safeguard clause” in case of high inflation. We are yet to see any single detail about it, but it has been described vaguely as having an aim to avoid high (e.g. two-digit) salary adjustments, that are not to the liking of the Council.

This is in stark contrast to the administration’s claim that this new proposal is an “improvement” for staff since it *guarantees* that we get EZ inflation, unlike the upper cap of the current method that just acts as a maximum. However, the “safeguard clause” looks very much like a secondary cap that would act as another limit to the adjustment, thus the *guarantee* is void.

The staff representation recalled that the two-digit adjustment that occurred in the past cycle was solely due to the poorly designed salary adjustment method (i.e. the sustainability clause with carry-forward) combined with the exception clause. Over the last 6-year period, a comparison of the results show that the historical underlying methodology would have produced much less volatile results⁴ than the current salary adjustment procedure.

On top of that, since the Office intends to remove the sustainability clause and the carry-forward “redistribution pool” that can be used to increase the salary scales, which was the main cause of the “high “ adjustment in a single year, there is no need for this new “safeguard clause”.

Review clause after 3 years: even less than EZ inflation \pm 0.0%?

The administration explained that the reference growth of salary mass at EZ inflation \pm 0.0% would not be guaranteed over the 6-year cycle of the next salary adjustment procedure. The regulations would include a review after 3 years allowing the Council to “modify” (e.g. further reduce) the reference.

The staff representation argued that this would again be an unacceptable risk for staff and a further breach of the purpose of a salary adjustment procedure. The basic principle of remuneration policies is to select the right indicators and to respect the result over time (stability) – not to change them based on recent outcomes.

No maintenance of purchasing power

The administration explained that while the growth of the salary mass would be referenced at EZ inflation \pm 0.0%, the calculations for each place of employment would strictly maintain the “purchasing power parity **coefficients**” to respect the principle of equal treatment. This would be achieved via a mechanism of calibration of the country calculated growth factor.

The staff representation repeated that the aim of a salary adjustment procedure is to maintain purchasing power i.e. the value of salaries and benefits. This is not the same as purchasing power **parity** which is only a sub-clause intended to ensure equal treatment across different places of employment. A procedure which does not respect the evolution of the prices of goods and services at the reference country (HICP BE) would not respect the principle of maintaining purchasing power at all for any site.

The administration admitted that with the current proposal, some places of employment might be

⁴ [Comments on GCC/DOC 23/2025, par. 119](#)

below the evolution of costs of living (HCIP BE x PPP) and below their “local inflation” (national HICP). They added that over the last 6-year cycle, the implementation resulted in a yearly average at EZ inflation *minus* 0.2% which caused an erosion of salaries and benefits. However, the fact that the current method did not achieve its intention of providing EZ inflation + 0.2% due to poor drafting and a failure of the architects of the method to fully understand the implications, cannot be considered justification for them to cut further. Now, they pretend that with a EZ inflation \pm 0.0%, this is an improvement and that there would be no erosion.

The staff representation replied that EZ inflation \pm 0.0% cannot be the right indicator as it is calculated over a much broader territory than each place of employment. The right indicator to prevent an erosion is to respect the evolution of costs of living via HICP BE x PPP. The current proposal of the administration would cause a further erosion of salaries and benefits.

The staff representation reminded that in the [Communiqué](#) of 9 April 2020, Mr Campinos had assured staff that with the reform of the 2020 salary adjustment procedure “[t]here is no desire to cut staff purchasing power or impose unnecessary savings” but “There is a desire, however, to [...] ensure salaries continue to grow, even above eurozone inflation”. This promise was broken over the last 6 years and the Office would further persist in breaking it.

No parallelism with civil servants

The administration announced that in order to simplify the salary adjustment procedure, the **specific indicator** would be removed from the formula, and hence the principle of parallelism with **wage inflation** of civil servants would be abolished.

The staff representation recalled that the specific indicator had been part of the historical underlying methodology since its inception in 1977. While the current salary adjustment procedure distorted the parallelism with civil servants since 2020 there was at least a reference to it in the formulas. The new proposal now totally ignores it. From a strategical and political point of view, this move would be a mistake. The specific indicator reflects how the eight reference countries among our Member States treat their civil servants and hence makes our salary adjustments less debatable to them.

The administration argued that the specific indicator is not an “acute point” of discussion. They pretended that the specific indicator can be considered to be legally linked only to the Noblemaire Principle which is however not applicable to the EPO according to ILOAT jurisprudence ([Judgment 1912](#) and [4842](#)). Therefore, there is in their view no legal necessity to maintain it. The Noblemaire Principle actually states that an international civil service should pay at least as much as the highest national civil service. This is completely different from wage inflation and hence is irrelevant to the specific indicator.

The staff representation replied that every International Organisation uses wage inflation in their remuneration policies. In growing economies, increases of productivity are rewarded with an increase of wealth, namely by an excess in salary adjustments over the evolution of prices of goods and services. In times of economic struggle, stagnations in salary growth are also reflected in the SI, such that the adjustments are aligned with the reference member states economic evolution. EPO staff have constantly increased productivity, yet we actually suffered from an erosion of salaries and benefits.

Finally, the staff representation noted that the Office is not consistent. Back in 2019, the Actuarial Advisory Group⁵ explained that the specific indicator was the indicator responsible for assuming in the long-term +0.5% on top of “inflation” in our salary adjustments. Now, if the Office removes the specific indicator from the underlying methodology, our salary adjustments remain in the long-term at “inflation” only and there is no need for any yearly calibration mechanism at EZ inflation.

More worryingly, when the staff representation noted the huge impact of a below local inflation adjustment that is applied also to the capped defined benefit of the New Pension Scheme, the

⁵ [CA/56/19, par. 66](#)

administration said they had not considered the effects. NPS members will be set to suffer from an erosion of their expected monthly pension. Furthermore, the Office ignored the effects on the salary scale of countries experiencing high inflation rates (e.g. Turkey, Romania).

Conclusion

At the time of drafting the present report, it was not fully clear to the staff representation how the explanations in the slides would be implemented mathematically, especially the “calibration of country calculated growth”. We therefore asked for the Excel sheets showing the explicit formulas that reproduce the simulations presented in annex of the slides. We were told we could expect to receive them before the end of the week.

According to ILOAT jurisprudence, while an International Organisation is free to choose a methodology, system or standard of reference for determining salary adjustments it must be a methodology which ensures that the results are stable, foreseeable and clearly understood or transparent. These principles currently do not appear to be fulfilled. First, the staff representatives have not been provided with the means for understanding the proposed salary adjustment procedure and are unable to calculate it. Second, the planned “safeguard clause” and “review clause” appear to be arbitrary as they would allow the Office to apply them when and if results are not to their liking.

The next Technical Meetings on the “future orientations on the salary adjustment procedure” are foreseen to take place on 19, 20 and 28 January.

The Central Staff Committee

ANNEX 2

Munich, 27-01-2026
sc26010cp

Future Orientations on the Salary Adjustment Procedure Report on the Second Technical Meeting of 19 January 2026

The [first technical meeting](#) on the “future orientations on the salary adjustment procedure” took place on 14 January 2026. On 16 January 2026 the administration provided the staff representation with an Excel sheet showing simulations of the new salary adjustment procedure over the 12-year period 2014–2025. The results show a severe loss of purchasing power in double digits for all sites. A second technical meeting took place on 19 January 2026 to discuss the simulations. This paper reports on the content of discussions.

The EPO departs from basic principles of remuneration

The two basic principles of remuneration policies among International Organisations are:

- 1) to maintain purchasing power i.e. the value of salaries and benefits, with purchasing power parities (PPPs) measuring the evolution of the prices of goods and services at specific locations relative to a reference (e.g. Brussels indexed on national HICP)
- 2) to ensure parallelism with wage inflation of civil servants (net of local inflation) via a specific indicator

No other International Organisation uses a “financial sustainability” principle on growth of salary mass with an arbitrary reference.

Loss of purchasing power in two digits

The staff representation pointed out that with such an adjustment formula the salary scales in Belgium are not linked to anything reflecting the evolution of the prices of goods and services at the reference country (i.e. HICP BE). The staff representation repeated that the aim of a salary adjustment procedure is to maintain purchasing power i.e. the value of salaries and benefits. According to the simulations, the new salary adjustment procedure produces over the period 2014–2025 Belgium scales which are **–10.8 percentage points** below the evolution of HICP BE¹.

The administration explained the formula for the salary adjustments to arrive at a pre-determined target of an overall growth of salaries equal to Eurozone (EZ) inflation. They acknowledged that although the national inflation parameter for Belgium (HICP BE) is cited in the formula, the value of HICP BE does not impact the final result.

The administration argued that the application of the purchasing power parity (PPP) coefficients on the Belgium scale, which by definition are equal to 1 every year, ensures fairness among places of employment.

The staff representation repeated that the aim of a salary adjustment procedure is to maintain purchasing power i.e. the value of salaries and benefits. This differs from purchasing power **parity**,

¹ “Salary Erosion Procedure – More erosion from 20262 onwards”, SUEPO Munich paper of 20 January 2026 ([su26002mp](#))

which is a sub-clause intended to ensure equal treatment across different places of employment. A procedure which violates it at the reference country (HICP BE) would violate the principle of maintaining purchasing power for any site. This is confirmed by the calculations showing a loss of purchasing power in double digits for all sites over the period 2014–2025. In addition, if the applied adjustment in one place of employment varies vastly from its reference parameter and the others have to follow, then the methodology can be considered to be unpredictable.

Decrease of the average growth of salaries from EZ inflation +0.2% to EZ inflation $\pm 0.0\%$

The staff representation asked the administration to justify why the average growth of salaries should now be further limited from EZ inflation +0.2% to EZ inflation $\pm 0.0\%$.

The administration replied that the Financial Study 2023 highlighted high inflation risks. In their view, having salary adjustments linked to inflation constitutes a financial risk and this risk should be limited. The administration added that any chosen salary adjustment procedure may cause problems and consider the procedure they propose to be acceptable.

The staff representation replied that this argument cannot be followed, since this method specifically *follows* the EZ inflation, and again reiterated the request for justification for the increase in cuts in long-term liabilities at the expense staff, to no avail. Staff representation pointed out that high inflation is already offset through fee indexation, making additional cuts on salaries unnecessary. Furthermore, it was emphasised that if high inflation *is* to be considered a risk, then the specific indicator is the right indicator to preserve. The specific indicator smoothens the adjustments by ensuring that wage evolution remains in parallel with government decisions on civil service pay. While it is true that any chosen salary adjustment procedure may cause problems, some cause much more problems than others.

Safeguard clause for limiting adjustments in case EZ inflation is high

The administration justified the introduction of a safeguard clause by the need to prevent double-digit adjustments in a single year. The Office calculates liabilities by taking account of the real increase (i.e. on top of inflation) of salaries and this has an immediate and visible impact on the balance sheet. According to them, the EPO stakeholders might then perceive that the Office is unable to control its liabilities.

The staff representation pointed out that the new procedure brings higher results than the underlying methodology only in 2022 and 2023, which were exceptional years of Covid and invasion of Ukraine during which inflation spiked. However, the comparison over the 12-year period shows that the trend is a very clear reduction of the adjustments.

When asked what was being considered regarding the design of the safeguard clause, the administration explained that it could consist of a postponement of all/part of the salary adjustment or a permanent cancellation of part of the adjustment replaced with a one-off payment in cash.

The staff representation answered that the “safeguard clause” makes the promise of EZ inflation guarantee void as it seems to be just another “sustainability clause” with a different name bringing about another layer of cut of the adjustments.

Benchmark with civil servants and other International Organisations

The administration stated that ESA and CERN have lower salaries than at the Office, and that the OECD introduced a third pension scheme and third salary grids for its newcomers. They added that not all companies index their salaries with inflation and that national civil servants do not have the “nominal guarantee” clause the EPO has.

The staff representation replied that the new salary adjustment procedure would further widen the gap in terms of salary adjustments with the Coordinated Organisations (COOs) and the European Union (EU) institutions. ESA remains at the higher end of COO levels because it also recruits scientists and engineers. ESA salaries remain comparable to EPO salaries for younger staff but

the ESA does not have a career system blocking advancement and has a proper salary adjustment procedure. CERN is primarily a research centre with mostly temporary staff and does pay slightly lower salaries but it does have a proper salary adjustment procedure. After the last 6-year period 2020–2025, EPO salary adjustments in the Netherlands are now severely lagging behind the evolution of national civil servants².

The staff representation asked for the salary scales of other International Organisations on which the Office bases its benchmark and their analysis as to how EPO jobs (e.g. in DG1) can be considered to be comparable.

The administration declined to offer any justification of their claims related to salary levels of other organisations, or any mapping of roles and grade ranges, and suggested we search for them ourselves.

Counter-proposal from the staff representation

The staff representation proposed that the Office revert to the historical underlying methodology or adopts the methodology of the EU insofar that the Office could apply a filter over it such as a “moderation clause” acting on the contribution of the specific indicator that under certain circumstances would postpone a part of the adjustment.

The administration considered that such proposals have very low chances to be approved by the Contracting States in the Council.

The staff representation insisted on the fact that the EU methodology has been in place since 2014 and was agreed upon by 27 Contracting States. This demonstrates a guarantee of legal certainty and evidences sustained acceptance at Contracting State level. The EU methodology was even confirmed for a second 10-year term despite Brexit. Brexit put real financial pressure on the EU (and not fictional problems that the EPO supposedly has).

Alleged prudent approach vs excessive savings

The administration recalled that the Office has adopted a policy of lowering the “risk appetite” that was reflected in the Actuarial Study 2025, and this implies limiting risks on salary adjustments.

The staff representation replied that the policy of lowering the risk appetite is reflected already on the decrease of the discount rate (expected returns on RFPSS investments), which causes a historically high increase of pension contributions as of January 2026³. The argument of applying a “risk appetite” now on staff adjustments does not hold and staff would be penalized twice.

The staff representation found the administration’s arguments on risks very confusing. Investment risk refers to the exposure to equities of a fund. De-risking refers specifically to moving a strategic asset allocation from relying heavily on equities to less volatile options like bonds. This discussion has nothing to do whatsoever with reducing costs and is absolutely not relevant to discussions on real-term salary cuts.

The staff representation stressed that an additional reform increasing the savings of the Office by a *further* 1.4B€ might trigger the Contracting States to ask for their share of it by e.g. requesting a change of the distribution key of renewal fees in their favour. Currently, the EPO is in an excellent financial situation. If salary adjustments are not decent in good times, how will they be in bad times?

² [Comments on GCC/DOC 23/2025, par. 108](#)

³ “Pay cut in Germany –1.0% and Austria –0.6% as of 1 January 2026: Work more for less at the EPO”, CSC paper of 9 October 2025 ([sc25060cp](#))

Mandate given by the President to Compensation and Benefits

The staff representation inquired about the mandate given by the President to Compensation and Benefits.

The administration replied that the mandate includes “financial sustainability” and “maintaining purchasing power as far as possible”.

The staff representation expressed its regrets that the President could give such a mandate. Maintaining purchasing power is an essential principle of remuneration policy. Either it is respected or it is not respected. It is bad for the future of the Office to erode salaries and benefits. The EPO would ultimately lose its competitiveness on the job market.

Conclusion

In the [Communiqué](#) of 16 January 2026, the Office announced its initial orientations for 2027 on the new salary adjustment procedure. The Communiqué tries to shed a positive light on the reform by pretending that the aim is to “*prevent salary decrease in times of crises (the so-called nominal guarantee)*” and “*focus on protecting purchasing power*”. Both statements are wrong.

First, the nominal guarantee is not a crisis clause. The nominal guarantee usually arises because of temporary differences in costs of living evolution (i.e. PPPs) between Brussels and the EPO sites. Second, the proposal absolutely does not protect purchasing power. The simulations show a clear loss of purchasing power in double digits across all sites.

The Office communication is misleading and shows a lack of understanding of the historical underlying methodology. The staff representation is very concerned that in this context, the Office would again severely depart from the basic principles of remuneration and attempt to reinvent the wheel with untested vague mechanisms bearing significant legal risks.

The next Technical Meetings on the “future orientations on the salary adjustment procedure” are foreseen to take place on 20 and 28 January 2026.

The Central Staff Committee

ANNEX 3

Munich, 27-01-2026
sc26011cp

Future Orientations on the Salary Adjustment Procedure Report on the Third Technical Meeting of 20 January 2026

The simulations of the new salary adjustment procedure over the 12-year period 2014–2025 show a severe loss of purchasing power in two digits for all sites. A third technical meeting took place on 20 January 2026. This time, the staff representation addressed the legal and social risks. This paper reports on the content of discussions.

The EPO departs from basic principles of remuneration

The two basic principles of remuneration policies among International Organisations are:

- 1) to maintain purchasing power i.e. the value of salaries and benefits, with purchasing power parities (PPPs) measuring the evolution of the prices of goods and services at specific locations relative to a reference (e.g. Brussels indexed on national HICP)
- 2) to ensure parallelism with wage inflation of civil servants (net of local inflation) via a specific indicator

No other International Organisation uses a “financial sustainability” principle on growth of salary mass with an arbitrary reference.

Legal risks

During the meeting, one of the major topics addressed by staff representation was the legal risks identified on the methodology proposed by the administration:

First, the proposal abolishes the historical principle of parallelism with civil servants (i.e. specific indicator). According to ILOAT jurisprudence, there may be no right to parallelism, however there should be good reasons to diverge from it. The proposal seems to replace it with a 'guarantee', and this guarantee is EZ inflation. This is an inadequate replacement as it is completely unrelated to any wage inflation. In any healthy economy, wage inflation is higher than price inflation (HICP). This is why International Organisations use a separate measure of wage growth as an element in their salary adjustment procedure. In addition, the fees of the EPO are not even adjusted on the basis of EZ inflation but on EU inflation. There is therefore no strict causal link as to why EZ inflation should be used, nor why it is necessary as a strict limit.

Second, “stability” is an essential principle of a salary adjustment procedure. The proposal contains a “review clause” to potentially give even less than EZ inflation in only three years’ time and a “safeguard clause” to further limit the adjustments in case EZ inflation is deemed 'too high'. Both are in contradiction with the principle of stability. The ILOAT jurisprudence indicates that the results of a salary adjustment method are to be stable, foreseeable and clearly understood. A procedure cannot be simply stopped if the results are subjectively considered 'too high'.

Third, the proposal will produce an extra 1.4B€ savings on long-term liabilities on top of the 2B€ already planned with the 2020 reform. There is no financial justification for additional savings. The EPO would breach ILOAT jurisprudence which states that “*the goal of achieving savings does not*

in itself constitute a valid reason for depriving staff of a salary adjustment to which they are entitled.”¹

Fourth, in the proposed adjustment formula the salary scales in Belgium are not linked to anything reflecting the evolution of the prices of goods and services at the reference country such as national inflation (HICP BE). While calculation steps include HICP BE, the latter is neutralized and has no impact on the final result. Only EZ inflation has an impact. However, EZ inflation is calculated on a much broader territory including 20 other countries.

The Office is taking again legal and financial risks to design a salary adjustment procedure with no equivalent in any other International Organisation. Following the unanimous opinion of the Appeals Committee, in favour of staff on the 2020 salary adjustment reform, the Office had to provision 2 B€² to financially cater for legal risks.

The administration denied any *obligation* from the Office to provision 2B€ as confirmed by the external auditors and said that it was solely a prudent approach.

The staff representation noted that accounting standards require prudence on legal risks and this is not a choice the Office can make.

The administration considered that this meeting is not the appropriate forum to discuss legal risks but added that the New Career System and the Invalidity Reform were found legal by the Tribunal. They took note that the staff representation disagrees with the proposed reform. However, they claimed that the Council would not consider a return to the historical underlying methodology, even despite the excellent financial situation of the EPO. They suggested that if the staff representation considers EZ inflation to be not the right parameter, then EU inflation (like for the fees) could be an option to find an agreement with staff. **They noted the coming industrial actions.** They concluded that they would try to shape a salary adjustment procedure which is politically acceptable for the Council and socially acceptable for staff.

Counterproposals from the staff representation

The staff representation recalled that the Council complained the most when the Office proposed high salary adjustments, due to flaws of the current method giving 3 years-worth of adjustments in one year, and the economic situation did not justify it. One way to mitigate the issue is to keep the parallelism with national civil servants. There is a delay of 1,5 years between the date the civil servants receive their adjustment and the date of application of the EPO adjustment taking these into account via the parallelism principle. This delay could be shortened in order to avoid such complaints by the Council. The adjustment of civil servants is the result of the decision of the governments of 8 reference countries represented in the Council. If these governments decide not to adjust the salaries of their civil servants, then the EPO adjustments follow in parallel and vice versa. The sooner such national adjustments are passed on to EPO staff, the easier it should be for the Council to follow.

The staff representation repeated the proposal to revert to the historical underlying methodology and to adopt some elements of the methodology of the EU. A solution could be a “moderation clause” acting on the contribution of the specific indicator that would under certain circumstances postpone a part of the adjustment. Staff representation further stressed the necessity to have legally tested and proven mechanisms in line with other International Organisations, and the principles of stability and foreseeability.

The administration noted that the proposal to moderate the specific indicator was already formulated by the staff representation 6 years ago. They asked whether the proposal would correspond to the moderation clause of the EU. In their view, this might not be accepted by the Council and they already have expectations for which direction some Contracting States might go.

¹ [Comments on GCC/DOC 23/2025, par. 63](#)

² [“Salary adjustment method: Opinion of the Appeals Committee and reaction of the Office”](#), Communiqué of 13 June 2024

The staff representation noted that trying to please the German delegation is not worth the price of social unrest. Upper management already acknowledged that no matter what the Office proposes, Germany would be against it.

The administration asked for a detailed written proposal from the staff representation and to provide it within one week before the technical meeting of 28 January 2026.

The staff representation replied that it already provided skeletons of counterproposals. The Office is the one having all the necessary data for making further simulations. Staff representation could only work on the details with the administration if good faith is shown and cutting is not a prerequisite.

Lack of financial justification

The staff representation repeated that the EPO is in an excellent situation in terms of productivity, production and finances. The EPO achieved better than the best scenarios quoted by the Mercer consultants. Staff cannot accept a further erosion of their salaries.

The administration denied having ever said that the problems identified in the Financial Study 2019 were now solved. While the Office is in a much better position, the Office should remain careful with its liabilities for several reasons:

- 1) markets returns are not in the hands of the Office,
- 2) nor is inflation either, and
- 3) the non-replacement of 500 staff members might have to be reversed in case the Office needs to recruit.

The staff representation disagreed and reminded that the Office already created funds and multiple financial buffers to cover risks. The pension schemes are funded; buffers cover markets crashes and even one buffer allows for the closure of the Office for one year. These buffers will fill up even more. Market returns are currently way above the discount rate. The pension contributions will rise as of January 2026 to the highest level ever seen. The administration's attempt to link the reform of the salary adjustment procedure to any necessary financial measure is clearly misleading.

The administration replied that adjustments above EZ inflation introduces volatility in the calculation of liabilities. The aim is to put a frame on the evolution of the liabilities so that they remain in a corridor. Otherwise, the Office will have to do a reform to reduce the benefits.

The staff representation pointed out that when inflation rises so do the fees and there is hence no additional risk.

The administration replied that several Contracting States including Germany consider the EPO work package to be too high. While the Office needs such a work package to find examiners working in three languages, Contracting States consider the difference with national civil servants and other International Organisations to be not justified.

The staff representation reminded that the EPO needs examiners from all Contracting States (including those with high cost of living), mastering the three official languages of the EPO, in addition to their native language. The candidates shall preferably hold a PhD and/or have experience in the industry or R&D in all technical fields (including niche fields). 500 more staff members would not just bring costs. They would bring skills and examine patents, and therefore bring income. The liabilities are minimal as they would be NPS members.

The staff representation pointed out that the performance of the RFPSS is not based on EZ inflation but German CPI. The fund has not only achieved its target and the benchmark but even overachieved both of them. The idea to reduce the performance by reducing the risk and buying for example German bonds is a weird one.

The administration explained that the strategic asset allocation of the RFPSS has not changed yet and remains risky for a fund which should cover liabilities. Donald Trump is also a risk as he has an impact on the macroeconomic environment. In 2022, the RFPSS saw a loss of –28%, which is a huge amount. The impact would be even higher should it happen this year.

The staff representation reminded that most staff stay at least 20 years in the Office and remember the past. The losses actually amounted in 2022 to –13.72% only³. The RFPSS has always largely recovered from market crashes and the Office has already set aside a 1 B€ market crash buffer fund.

The administration added that the financial gap identified by Mercer in the Financial Study 2019 was now covered. However, this should be viewed as a snapshot. Over the long-term, the Office needs to be cautious in order to protect the work package. The administration said they try their best but have constraints.

The staff representation repeated that the Financial Study 2019 looked at the long-term. The proposed reform slows down the salary adjustments considerably more than planned and the savings will be much higher. The Financial Study was already prudent and now there will be yet another layer of prudence. By analogy, if a car drives on the highway and decides to slow down to 5 km per hour, this is not a prudent approach, it is reckless. The current proposal does not protect the work package but severely erodes it.

Erosion of salaries and benefits

The staff representation referred to the [SUEPO publication](#)⁴ made in the morning and showing striking comparison histograms. The loss of purchasing power is in two digits among all places of employment. Over the 12-year period 2020–2025, the reference country Belgium remains –10.8 percentage points below national HICP and the difference is then spread via the purchasing power parities to all sites. EPO staff may not be familiar with the principle of parallelism with civil servants, but they understand purchasing power very well. If Compensation and Benefits does not have a mandate from the President to maintain purchasing power, then there is a serious problem. EPO staff have worked hard to significantly increase the productivity of the Office, and in return they have been rewarded with a decrease in purchasing power rather.

The administration replied that they understood that the role of the staff representation is to protect the package of staff. However, they alleged that politically the Office had no control over how productivity increases should benefit staff. In view of the pressure of the Council, they could not propose a method giving results above national inflation (HICP).

The staff representation noted that the proposed methodology causes a long-term and systematic erosion of the salaries and benefits. This is not acceptable for staff especially in the lower grades. They already have less recognition of experience, slower career, are asked to make double-digit increases in productivity in one year. Staff representation noted that the alternatives are then that either the Office erodes the benefits or it will have to cut the benefits. For the staff representation, none of them is justified, legal or acceptable. Staff representation asked again if the administration wants to maintain purchasing power or not.

The administration replied that the question is not about what they want or not.

³ [RFPSS/SB 61/22](#)

⁴ “Salary Erosion Procedure – More erosion from 2026 onwards”, SUEPO Munich paper of 20 January 2026 ([su26002mp](#))

Conclusion

The third technical meeting showed no progress in the discussions. The mandate given by the President to his services is obviously a major issue.

The administration promised to send minutes of the previous meetings and intends to discuss the “safeguard clause” further limiting the adjustments in case EZ inflation is too high – a red flag for the staff representation.

The next Technical Meeting on the “future orientations on the salary adjustment procedure” is foreseen to take place on 28 January 2026.

The Central Staff Committee

ANNEX 4

Munich, 11-02-2026
sc26015cp

Future Orientations on the Salary Adjustment Procedure Report on the Fourth Technical Meeting of 28 January 2026

The “future orientations on the salary adjustment procedure” will be on the agenda of the next meeting of the Council on 18 and 19 March 2026. The simulations of the new salary adjustment procedure over the 12-year period 2014–2025 show a severe loss of purchasing power in double digits for all sites. A fourth technical meeting took place on 28 January 2026. In preparation of the meeting, the administration had sent an amended proposal introducing a one-off lump-sum compensation when the yearly result of the salary adjustment procedure is below national inflation HICP. This paper reports on the content of discussions.

The EPO departs from basic principles of remuneration

The main goal of a salary adjustment procedure is to ensure the maintenance of purchasing power. The two basic principles of remuneration policies among International Organisations are:

- 1) to maintain purchasing power i.e. the value of salaries and benefits, with purchasing power parities (PPPs) measuring the evolution of the prices of goods and services at specific locations relative to a reference (e.g. Brussels indexed on national HICP)
- 2) to ensure parallelism with wage inflation of civil servants (net of local inflation) via a specific indicator

No other International Organisation uses a “financial sustainability” principle on growth of salary mass with an arbitrary reference.

Lump-sum compensation in case the yearly adjustment is below national inflation HICP

During the meeting, the administration presented an amended proposal introducing lump-sum compensation in case the yearly adjustment is below national inflation HICP.

The staff representation requested the reasons for this amendment.

The administration replied that the yearly adjustment might not be sufficient to cover increases of costs of living at national level on that year (national inflation HICP). The difference would be compensated via a top-up amount which could be paid on a monthly basis.

The staff representation noted that the salary scales would not be correspondingly corrected. Staff representation asked whether the lump-sum compensation would take into account national inflation HICP of that year or also include any difference with national inflation HICP of the previous.

The administration clarified that the lump-sum compensation would be paid for the difference with national inflation HICP of the year and that year only, i.e. it would not take into account the difference with national inflation HICP of the previous year.

The staff representation asked the administration to confirm that the compensation would be an annual lump-sum spread over 12 months. The administration confirmed.

The staff representation stated that such a mechanism would be completely insufficient in addressing the problem acknowledged by the administration – that an adjustment calculated by their proposed method would not cover the change in costs of living in the country of employment. Giving just one year's worth of compensation is a mere drop in the ocean compared to the losses that are generated for every single remaining year of a staff member's career and every year in pension.

The staff representation also noted that the amended proposal is a regression. First, the new mechanism increases complexity by using yet another indicator, namely national inflation HICP, which is not as relevant as the purchasing power parity, which is city-based and calculated for the specific places of employment. As an example, the difference between the costs of living in Vienna and national inflation HICP in Austria can be very important. Second, this new mechanism is legally risky as it would break the purchasing power parity. The Office seems not to have learnt the lessons from the currently running legal cases.

The administration replied they understood staff representation would like a more favourable salary adjustment procedure and in particular a return to the historical underlying methodology. However, the mandate from the President contains limitations, the main one being “financial sustainability”. They pretended they heard the arguments of the staff representation on purchasing power and now came back with a correcting mechanism based on cash and not affecting long-term liabilities. They reproached the staff representation for making *“use and abuse of the costs of living argument in front of staff”* and for refusing at the same time an offer from the Office to address the problem. They again reiterated their fear that there would be a discrepancy between the calculated adjustment and local inflation, and stated that this measure was an attempt to address the issue based on cash, and therefore not affecting long-term liabilities.

The staff representation strongly disagreed and insisted that a one-off lump-sum compensation cannot make up for an erosion of the salary scales. Nobody can pretend this is the case and everyone in the meeting knows it. Staff representation asked about the impact of the lump-sum on the pensions and whether the lump-sum would be tax-free and how.

The administration replied they did not know yet how the lump-sum would impact the pensions.

The staff representation asked whether the administration could find any other International Organisation making use of the same proposed mechanism.

The administration did not reply to the question and attempted to create a diversion by saying that in the private sector employers do not commonly give their employees compensation for inflation.

The staff representation concluded that the Office proposal departs from remuneration policies among International Organisations.

Lack of financial justification

The administration explained that the philosophy of the EPO salary adjustment procedure is to keep the control over long-term liabilities. This why the Council already adopted a methodology 6 years ago to cap at EZ inflation +0.2%. They alleged that there is still a need to “curb” or “moderate” salary adjustments. The new salary adjustment procedure is not for the next 20 years but only for 6 years. Although actuaries make assumptions for the next 20 years, no one can predict what will happen in 6 years. They said they came to the meeting to test the temperature on their amended proposal.

The staff representation replied that the temperature on the amended proposal is ice cold. Staff representation rejected the terminology “moderate” because the EPO proposal has nothing to do with the “moderation clause” applied in the EU. The “moderation clause” of the EU only postpones adjustments. The EPO proposal is a cut without recovery of the loss. Staff representation recalled

that the Office made in the Financial Study 2019 a promise of [reversibility](#)¹ if the financial situation of the EPO does not show a downturn. Six years later, the EPO performed much better than the best scenarios of Oliver Wyman & Mercer. Instead of reversibility, further cuts are now on the table without any financial justification.

The administration pretended that they need to ensure that *“the Office still has a 66% probability of being able to pay its liabilities in 20 years”*. They stressed that one cannot pretend that the EPO is out of troubles. They added that the reference to reversibility cannot be interpreted in the sense meant by the staff representation. The 2020 reform of the salary adjustment procedure may have brought the impact expected but reverting to the historical underlying methodology would still change the future. The arguments of the staff representation regarding the current outstanding financial situation of the Office should be considered as only a “snapshot” and is not relevant and the financial strategy of the Office, and the plans set out in [CA/39/24](#) need to be continued.

The staff representation replied that the 66% relate to the probability of reaching returns on investment in the RFPSS. A probability over 50% actually aims at overfunding. The topic is already covered by the Actuarial Study 2025 with a historically high increase of pension contributions. This is completely unrelated to a remuneration policy.

The administration repeated that they need to continue with the cautious approach. They added that the reference to reversibility made at the time of the Financial Study 2019 is not a promise in the sense of ILOAT jurisprudence.

The staff representation asked that if the present exceptional financial situation is not enough for the Office to stop the erosion of salaries, what economic situation would be required? And if this is what we get in the good times, what can we expect in the bad?

The administration replied that reversibility could be possible only when all the political and financial parameters are met. For instance, the erosion of salaries could stop when the EPO has fully absorbed the impact of the Old Pension Scheme and of the Old Career System, the digitisation is fully in place and the workforce has been reduced to a moderate number. They said that the EPO might be in a better position but it is not out of troubles. They stated that it would be possible to revert to the old method only if and when all the parameters, including the political one, are met.

The staff representation stated that they could see no way in which the political parameters could be met, as it appears that if only one delegate expresses the desire for more cuts, then the parameter is not met.

Situation in the Administration Council

The staff representation recalled the situation in the Administrative Council where the delegations essentially care about the number of published patents for which they receive cash in renewal fees. First, staff representation noted that the liabilities of the EPO are covered. This is far from being the case in the countries of some very critical delegations. Germany has no coverage of its liabilities, nor have United Kingdom and France. Second, staff representation pointed out that [Article 40 EPC](#) defines that the fees shall be fixed at such a level as to ensure that the revenue in respect thereof is sufficient for the budget of the Organisation to be balanced. However, it appears that the opposite is happening, that the costs are being reduced to fit the fees. [Article 42 EPC](#) defines that the budget of the Organisation shall be balanced. However, the situation is that the [2026 Budget](#)² foresees a staggering operating surplus of 643 M€. Some delegations are now considering that the income of the Organisation is too high and are pushing for an application of [Article 39 EPC](#) to go below the 50% distribution key used for the reimbursement of renewal fees to the EPO. Staff representation concluded that there is therefore very good basis for reverting to the EPO’s historical underlying methodology for salary adjustments. Third, staff representation reminded that national patent offices have difficulties in recruiting. In order to remain a success

¹ [CA/18/20, page 3/15](#)

² [CA/50/25, page 12/50](#)

story, the EPO should maintain its work package to maintain its position. To do so, salary adjustments should go along with those of national civil servants, i.e. parallelism with a specific indicator.

The administration replied that they want the EPO to remain a success story. However, they added that the EPO fees for the whole procedure are much higher than for the patent offices of the United States, Korea and Japan. The Contracting States might also not want to endlessly increase the fees and stated that the Office cannot systematically increase the fees.

The staff representation were alarmed at this statement and asked if the administration had, as a goal, the reduction in the real cost of the fees by not adjusting them with inflation. Such a goal would have a huge impact on the salary adjustment procedure since the income from fees and outgoings from staff costs are inextricably linked. The staff representation further disagreed with the statement about the level of EPO fees and noted that contrary to the cited national patent offices, the EPO covers 39 Contracting States with extension states. The difference in fees is therefore entirely justified.

The administration then attempted to stop the discussion on the fee policy. They said that they have no mandate to discuss the fee policy and that staff representatives should address the competent people on the topic.

Provocations from the administration

The staff representation reminded that the EPO never reached the planned EZ inflation +0.2% over the last 6 years of methodology but only EZ inflation -0.2%. Staff representation stressed that the administration made a mistake and asked why EZ inflation +0.2% is not possible now.

The administration denied any mistake and defended that EZ inflation +0.2% was set as a maximum as it seemed the best way to reach it. They pretended that they addressed the critics of the staff representation now by fixing overall adjustment of the scales at EZ inflation $\pm 0.0\%$. They reproached staff representation to misquote in their papers the statements made in the meetings.

The staff representation rejected the administration's attempts to attribute to staff representation any responsibility for the decrease from EZ inflation +0.2% to EZ inflation $\pm 0.0\%$. Staff representation proposed the administration makes its own General Assembly in front of hundreds of staff members in which they explain the philosophy on prudent approach with "risk appetite" to be further reduced and a salary erosion until the last OPS member is dead. Staff representation pointed out that for the time being the [Communiqué](#) of 16 January 2026 tries to shed a positive light on the reform by pretending that the aim is to "focus on protecting purchasing power". This Communiqué is bluntly incorrect.

The administration said that staff representatives just defend the historical underlying methodology in order to get the support of staff for their re-election in the next staff committee elections of June this year.

The staff representation strongly denied any such motives and reminded that it is the administration themselves who had put the reference to reversibility in the Council document. Staff representation defends the position of staff who worked well and faithfully to allow the Office to be in such a financially robust position and do not deserve a further cut of purchasing power without any financial justification.

The administration said that the EPO compares very well with other International Organisations in terms of remuneration and in terms of funding of liabilities. They recalled the EPO underwent three major reforms made by three different Presidents: 1) the new pension scheme, 2) the new career system and 3) the salary adjustment procedure. Now the EPO is in a very good situation and if it continues like that it will be very good in 20 years' time. Concerning legal risks, they said that all reforms have been systematically legally challenged by staff and their representation in the last 20 years. They expect the staff representation to go to litigation again: "We will see each other in

court, yes". The administration was of the opinion that it is not possible to avoid a legal risk, but they did not address the fact that not all legal risks are equal.

The staff representation replied that the EPO has been testing the limits of employment law over the last 20 years. Staff and their representation had no other choice than to legally challenge such reforms to restore the right to strike, the right to mass-communication and the right to freely organise staff committee elections. Staff representation concluded that the reduction of legal risks and the prudent approach should have as consequence that the Office refrains from drafting an in-house new salary adjustment procedure from scratch that has no basis in other International Organisations and is not legally tested. In this respect, the removal of the parallelism with national civil servants is not prudent as salary adjustments would depart from the decision of the governments of delegations in the Administrative Council.

The administration considered that the discussion has been long enough. They pretended they would prefer to agree with the staff representation and opt for a culture of compromise. They said they would never criticise staff representation for going to the Tribunal. They alleged that staff representatives are more moderate in the discussions when they attend meetings of the Administrative Council.

The staff representation reacted to the administration's implication that staff representatives could be more courageous in front of the Council. Staff representation replied that the feeling is mutual, and that the administration should show more courage in front of the delegates by standing against pressure to further cut purchasing power – pressure driven more by opinions and conflict of interest than by facts and data.

Conclusion

The fourth technical meeting showed regression rather than progress in the discussions. The "sustainability" mandate given by the President to his services remains a major issue.

The administration was set to meet in the week of 2 to 6 February 2026 with delegations in the Administrative Council to present their proposal. The status of the proposal presented was not known by the staff representation at the time of the meeting.

The next meeting on the "future orientations on the salary adjustment procedure" will be the one of the GCC foreseen to take place on 24 February 2026.

The Central Staff Committee

ANNEX 5

Technical meeting Orientations for new salary adjustment procedure

No Response Required

Social Dialogue

Required Elodie Bergot; Jean-François Vaccaro; Konstantinos Kortsaris; Laurent Germond; Lucie Decoudu; Rhiannon Mitchell-Thomas; Derek Kelly; Imanol Cominges; Fausto Ciotta; Thomas Franchitti; Michael Sampels; Nellie Simon

Fri 09-01-2026 16:57

Optional Maria Arranz Gomez; VP4 OFFICE

Follow up. Completed on 26 February 2026.
Tentatively accepted on 08-01-2026 10:33.

Future orientations - SAP GCC_SSPR_14-01-2026.pdf 959 KB

14 January 2026 10:00-12:00 Microsoft Teams Meeting

Dear colleagues,

You are kindly invited to the 1st TM on Orientations for the new salary adjustment procedure. In preparation for the 1st TM, please find the attached presentation.

Best wishes,

Social Dialogue

Microsoft Teams [Need help?](#)

[Join the meeting now](#)

Meeting ID: 393 733 328 552 49

Passcode: 282bm2wG

For organizers: [Meeting options](#)

ANNEX 6

REVISION OF THE SALARY ADJUSTMENT PROCEDURE FUTURE ORIENTATIONS

MEETING GCC-SSPR 14-01-2026

AGENDA

- 1. Future orientations – general principles**
- 2. Analysis and simulations**
- 3. Next steps**
- 4. Annex**

1. FUTURE ORIENTATIONS - GENERAL PRINCIPLES

■ Financial sustainability principle:

- Evolution of costs in line with financial orientations of the EPO
- Salary mass growth reference (e.g. EZ inflation)

■ Adaptability to economic circumstances:

- Exception clause maintained
- NEW: Safeguard clause in case of high inflation
- Reference for the evolution of salaries at EPO's level defined for 3 years (proposal for the first 3 years: EZ HICP). New AC decision to confirm or modify the reference after 3 years.

1. FUTURE ORIENTATIONS - GENERAL PRINCIPLES

■ Financial orientations:

- Maintain financial sustainability
- EZ as a reference as all staff and most pensioners reside in Eurozone countries

1. FUTURE ORIENTATIONS - GENERAL PRINCIPLES

■ Fairness for the staff

- Regular evolution of salaries linked to EZ HICP, which will be **guaranteed** at EPO's level (not less, not more)
- Purchasing power parity **coefficients** between sites are **strictly** maintained
- Nominal guarantee maintained

■ Simplifications

- Specific indicator removed
- Carry-forward and periodical settlement removed
- Sustainability clause removed, replaced by a fixed reference value (EZ) as guaranteed average adjustment.

2. ANALYSIS AND SIMULATIONS: TECHNICAL IMPLEMENTATION

■ Technical challenge: hybrid system

- global evolution of the salary mass (sustainability) is calculated **at EPO level**
- purchasing power parity between sites requires calculations **per salary scale** (in comparison to a reference scale, i.e. Belgium)

■ To match both objectives, a two-step approach is needed:

- First step: determination of the adjustment following a formula, including PPPs
- Second step: Scales are adjusted (downwards or upwards), to guarantee a global **salary mass growth equal to EZ inflation**

2. ANALYSIS AND SIMULATIONS

■ Simplified formula:

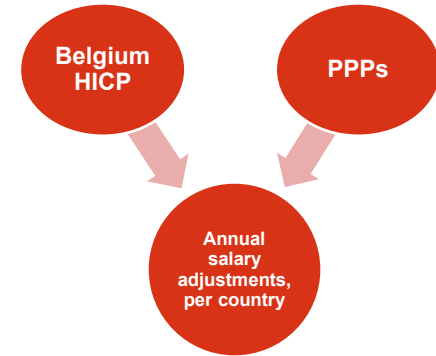
- 2 factors are used to determine annual salary increase per country
- Specific Indicator is removed from the formula
- In order to calculate the increase in salaries per country, we start by Belgium (as now):

$$salary\ next\ year_{Belgium} = current\ salary_{Belgium} * (1 + HICP_{Belgium})$$

- **Salary scales for other countries** will then be calculated based on the salary of Belgium adjusted for the PPPs

$$salary\ next\ year_{country} = salary\ next\ year_{Belgium} * PPP_{country}$$

- **Country calculated growth factor** will then be calibrated (downwards or upwards), considering the pre-determined target of a global salary mass growth **equal to EZ inflation**



2. ANALYSIS AND SIMULATIONS

- A retrospective analysis was made for the salary adjustment periods 2021 to 2026, and 2015 to 2026.
 - Comparison of results based on EZ HICP (guaranteed) and EZ HICP +0.2% spread as a maximum (current method)
 - Analysis on a six-year period (current methodology) and a twelve-year period for a longer-term perspective (and less volatile macro-economic circumstances)
 - Results are based on the historical period and may not reflect future outcomes

2. ANALYSIS AND SIMULATIONS: 6 – YEAR PERIOD (2021-2026)

- Results for 6-year period (2021 - 2026) for a **G9/5** basic salary
 - Weighted average results match EZ HICP (compared to current method in the last 6 years it would lead to additional 0.2% per year on average)

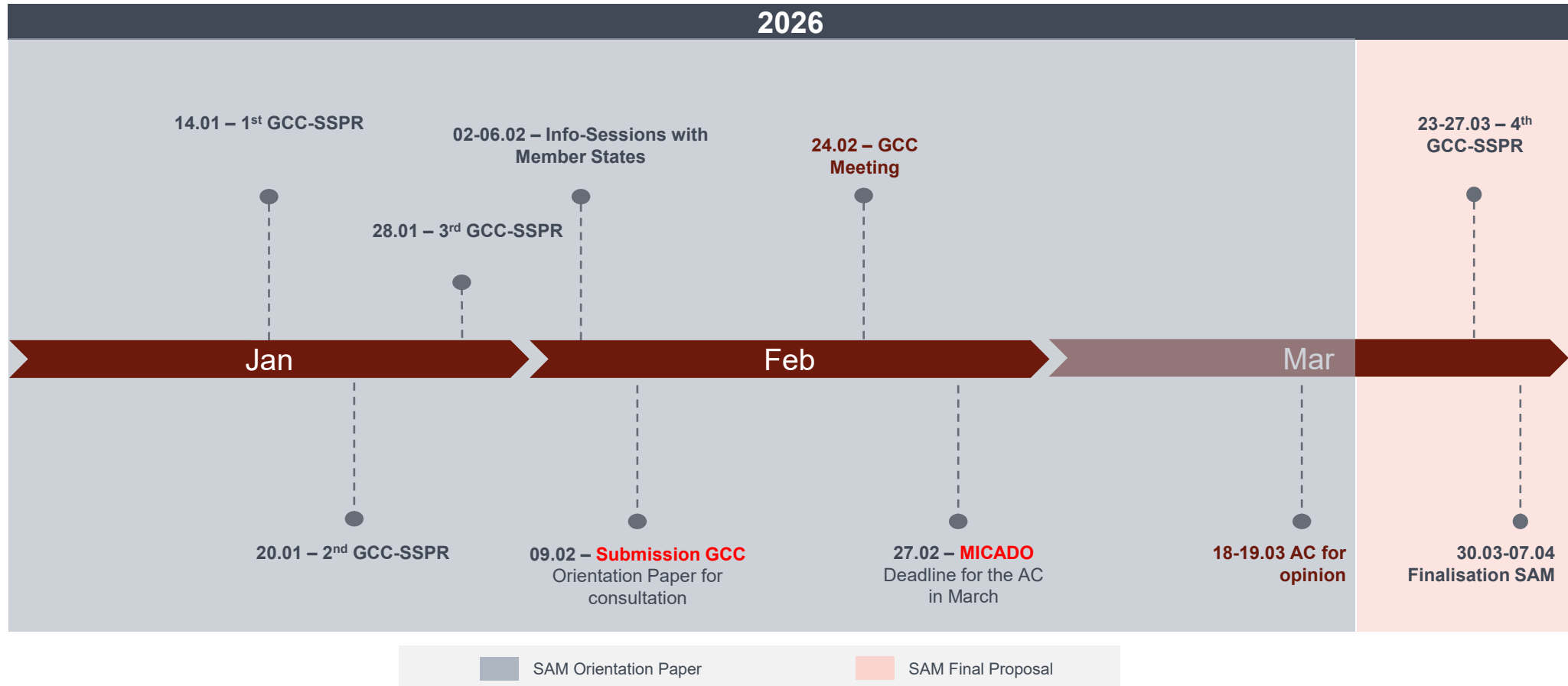
	Final scales (alternative method)	Final scales (2021-2026 current method)	Variation
Final BE scale	8 860.69	8 758.01	1.17%
Final AT scale	9 394.99	9 273.81	1.31%
Final DE scale	9 852.20	9 721.75	1.34%
Final NL scale	9 972.70	9 860.42	1.14%

2. ANALYSIS AND SIMULATIONS: 12 - YEAR PERIOD (2015-2026)

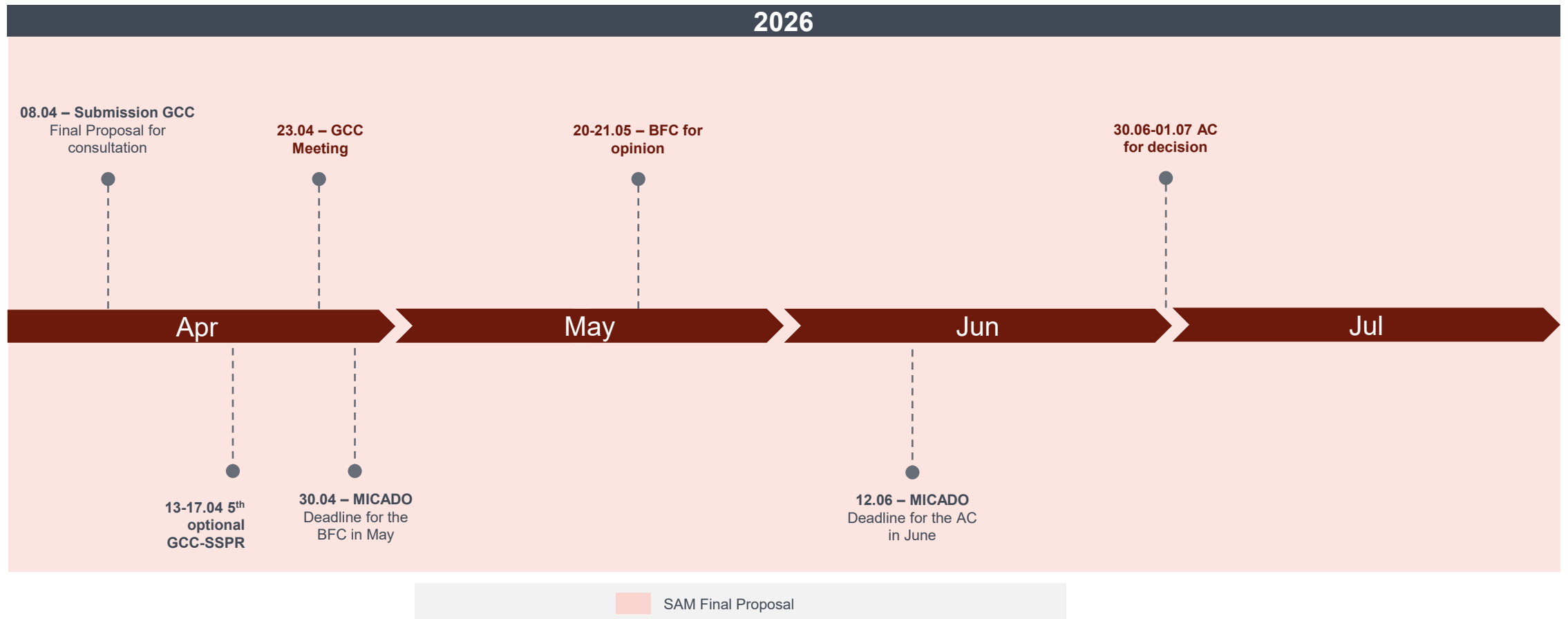
- Results for 12-year period (2015 - 2026) for a **G9/5** basic salary and reference to EZ HICP adjustment (current method with cap at EZ HICP +0.2% spread for the whole period):

	Final scales (alternative method)	Final scales (2015-2026 current method)	Variation
Final BE scale	8 103.85	8 117.84	-0.17%
Final AT scale	8 592.52	8 595.94	-0.04%
Final DE scale	9 010.67	9 011.14	-0.01%
Final NL scale	9 120.89	9 139.67	-0.21%

3. NEXT STEPS



3. NEXT STEPS



ANNEX



6-YEAR SIMULATION (2021–2026) FOR G17/1

- EZ indexation leads to higher scale levels than the current methodology.

Difference in applied scales (alternative method - current method) - G17/1 monthly EUR						
	2021	2022	2023	2024	2025	2026
BE	- 289.94	- 160.45	- 50.44	264.39	508.78	218.65
AT	- 177.49	8.25	- 54.72	321.56	- 32.41	258.02
DE	- 33.69	- 1.50	- 56.52	330.04	330.87	277.75
NL	- 30.19	- 173.67	- 55.22	328.35	256.83	239.10

6-YEAR SIMULATION (2021–2026) FOR G9/5

- EZ indexation leads to higher scale levels than the current methodology.

Difference in applied scales (alternative method - current method) - G9/5 monthly EUR						
	2021	2022	2023	2024	2025	2026
BE	- 136.20	- 75.38	- 23.71	134.48	238.96	102.68
AT	- 83.37	3.88	- 25.72	151.02	- 15.24	121.18
DE	- 15.83	- 0.71	- 26.57	155.00	155.38	130.45
NL	- 14.17	- 81.58	- 25.96	154.21	120.62	112.28

6-YEAR SIMULATION (2021–2026) FOR G7/1

- EZ indexation leads to higher scale levels than the current methodology.

Difference in applied scales (alternative method - current method) - G7/1 monthly EUR						
	2021	2022	2023	2024	2025	2026
BE	- 99.13	- 54.87	- 17.24	97.90	173.96	74.76
AT	- 60.69	2.82	- 18.71	109.95	- 11.08	88.22
DE	- 11.52	- 0.51	- 19.32	112.85	113.13	94.98
NL	- 10.32	- 59.38	- 18.88	112.27	87.82	81.75

ANNEX 7

Thomas Franchitti

From: Compensation and Benefits
Sent: 16 January 2026 17:32
To: Rhiannon Mitchell-Thomas; Compensation and Benefits; Michael Sampels; Derek Kelly; Thomas Franchitti; Imanol Cominges; Fausto Ciotta
Cc: Social Dialogue; Konstantinos Kortsaris; Elodie Bergot; Jean-François Vaccaro; Duarte Nuno Semedo Leite; Henry-Miles van der Heyden; Irene Domínguez; Sebastian Kluth; Edoardo D'Attilia
Subject: RE: Technical meeting on Orientations for new SAP - supporting documents

Dear colleagues,

The limitation is now lifted, the unprotected file was uploaded in Gehalt.

Wishing you a nice weekend as well,

Best regards / Mit freundlichen Grüßen / Sincères salutations

Dir. 431 Compensation & Benefits

From: Rhiannon Mitchell-Thomas <rmitchellthomas@epo.org>
Sent: 16 January 2026 16:33
To: Compensation and Benefits <compensationandbenefits@epo.org>; Michael Sampels <msampels@epo.org>; Derek Kelly <dkelly@epo.org>; Thomas Franchitti <tfranchitti@epo.org>; Imanol Cominges <icominges@epo.org>; Fausto Ciotta <fciotta@epo.org>
Cc: Social Dialogue <socialdialogue@epo.org>; Konstantinos Kortsaris <kkortsaris@epo.org>; Elodie Bergot <ebergot@epo.org>; Jean-François Vaccaro <JVaccaro@epo.org>; Duarte Nuno Semedo Leite <dsemedoleite@epo.org>; Henry-Miles van der Heyden <hvanderheyden@epo.org>; Irene Domínguez <idominguez@epo.org>; Sebastian Kluth <skluth@epo.org>; Edoardo D'Attilia <edattilia@epo.org>; Spela Nedelkowska <snedelkowska@epo.org>
Subject: RE: Technical meeting on Orientations for new SAP - supporting documents

Dear colleagues,

We accept that this is a working document, and we thank you for sharing it with us. One of the things that this protected format prevents is being able to click on the formulas to highlight the cells that are being referenced. The ability for the document to automatically highlight cells makes it much more user friendly and quick to check the formulas, otherwise it is much more difficult to try to track the calculations.

Since we only have the weekend to work on it, we would very much appreciate if this limitation on the document being lifted. Our only intention is to understand the method being proposed mathematically.

Wishing you a nice weekend,

Rhiannon

From: Compensation and Benefits <compensationandbenefits@epo.org>
Sent: 16 January 2026 16:16
To: Rhiannon Mitchell-Thomas <rmitchellthomas@epo.org>; Michael Sampels <msampels@epo.org>; Derek Kelly <dkelly@epo.org>; Thomas Franchitti <tfranchitti@epo.org>; Imanol Cominges <icominges@epo.org>; Fausto Ciotta <fciotta@epo.org>

Cc: Social Dialogue <socialdialogue@epo.org>; Konstantinos Kortsaris <kkortsaris@epo.org>; Elodie Bergot <ebergot@epo.org>; Jean-François Vaccaro <JVaccaro@epo.org>; Duarte Nuno Semedo Leite <dsemedoleite@epo.org>; Henry-Miles van der Heyden <hvanderheyden@epo.org>; Irene Domínguez <idominguez@epo.org>; Sebastian Kluth <skluth@epo.org>; Edoardo D'Attilia <edattilia@epo.org>; Spela Nedelkowska <snedelkowska@epo.org>

Subject: RE: Technical meeting on Orientations for new SAP - supporting documents

Dear colleagues,

Thank you for your message.

Please note that this file is an internal working document, intended to transparently disclose the calculations and formulas used, solely for viewing and understanding how the results were derived, as requested. The spreadsheet is therefore provided for information and reference purposes only rather than for editing.

Should there be a need to discuss specific assumptions, formulas, or calculations, we would of course be happy to address these during the technical meeting.

Best regards / Mit freundlichen Grüßen / Sincères salutations

Dir. 431 Compensation & Benefits

From: Rhiannon Mitchell-Thomas <rmitchellthomas@epo.org>

Sent: 16 January 2026 15:36

To: Compensation and Benefits <compensationandbenefits@epo.org>; Michael Sampels <msampels@epo.org>; Derek Kelly <dkelly@epo.org>; Thomas Franchitti <tfranchitti@epo.org>; Imanol Cominges <icominges@epo.org>; Fausto Ciotta <fciotta@epo.org>

Cc: Social Dialogue <socialdialogue@epo.org>; Konstantinos Kortsaris <kkortsaris@epo.org>; Elodie Bergot <ebergot@epo.org>; Jean-François Vaccaro <JVaccaro@epo.org>; Duarte Nuno Semedo Leite <dsemedoleite@epo.org>; Henry-Miles van der Heyden <hvanderheyden@epo.org>; Irene Domínguez <idominguez@epo.org>; Sebastian Kluth <skluth@epo.org>; Edoardo D'Attilia <edattilia@epo.org>

Subject: RE: Technical meeting on Orientations for new SAP - supporting documents

Dear colleagues,

Thank you for having uploaded the spreadsheet and shared it with us.

However, it appears to be protected, unlike the usual annual spreadsheets. Even when downloading a copy to a local drive, the sheet cannot be unprotected without a password.

Was this intentional or could you upload a version that is in the usual unprotected format?

Thanks

Rhiannon

From: Compensation and Benefits <compensationandbenefits@epo.org>

Sent: 16 January 2026 14:20

To: Rhiannon Mitchell-Thomas <rmitchellthomas@epo.org>; Michael Sampels <msampels@epo.org>; Derek Kelly <dkelly@epo.org>; Thomas Franchitti <tfranchitti@epo.org>; Imanol Cominges <icominges@epo.org>; Fausto Ciotta <fciotta@epo.org>

Cc: Social Dialogue <socialdialogue@epo.org>; Konstantinos Kortsaris <kkortsaris@epo.org>; Elodie Bergot <ebergot@epo.org>; Jean-François Vaccaro <JVaccaro@epo.org>; Duarte Nuno Semedo Leite <dsemedoleite@epo.org>; Henry-Miles van der Heyden <hvanderheyden@epo.org>; Irene Domínguez

<idinguez@epo.org>; Sebastian Kluth <skluth@epo.org>; Edoardo D'Attilia <edattilia@epo.org>

Subject: Technical meeting on Orientations for new SAP - supporting documents

Dear members of the Sub-committee of the GCC on SSPR,

For your information, you can now find the supporting documents for the next technical meeting GCC SSPR on the orientations for the new salary adjustment methodology uploaded on Gehalt (folder: 2025 review of salary adjustment method).

Best regards / Mit freundlichen Grüßen / Sincères salutations

Dir. 431 Compensation & Benefits

ANNEX 8

3rd technical meeting: Orientations for new salary adjustment procedure

No Response Required

Social Dialogue

Required Elodie Bergot; Jean-François Vaccaro; Rhiannon Mitchell-Thomas; Derek Kelly; Imanol Cominges; Fausto Ciotta; Konstantinos Kortsaris; Laurent Germond; Lucie Decoudu; Thomas Franchitti; Michael Sampels

Mon 26-01-2026 12:47

Optional VP4 OFFICE; Maria Arranz Gomez; Nellie Simon; Helen Ewald; Anikó Tolnai; Duarte Nuno Semedo Leite

Tentatively accepted on 08-01-2026 15:47.

Future orientations - SAP 2026_GCC_SSPR_3rd_meeting_20260126.pdf 892 KB

28 January 2026 10:00-12:00 Microsoft Teams Meeting

Dear colleagues,

You are kindly invited to the 3rd TM on Orientations for the new salary adjustment procedure. In preparation for the 3rd TM, please find the attached presentation.

Best wishes,

Social Dialogue

Microsoft Teams [Need help?](#)

[Join the meeting now](#)

Meeting ID: 321 415 956 503 04

Passcode: MB2gW3Wt

For organizers: [Meeting options](#)

ANNEX 9

REVISION OF THE SALARY ADJUSTMENT PROCEDURE FUTURE ORIENTATIONS

GCC-SSPR MEETING 28-01-2026

AGENDA

- 1. Future orientations – general principles**
- 2. Technical Implementation**
- 3. New proposal**
- 4. Analysis and Simulations**
- 5. Next steps**
- 6. Annex**

1. FUTURE ORIENTATIONS - GENERAL PRINCIPLES

■ Financial sustainability principle:

- Evolution of costs in line with financial orientations of the EPO
- Salary mass growth reference (e.g. EZ inflation)

■ Adaptability to economic circumstances:

- Exception clause maintained
- NEW: Safeguard clause for the Office in case of high inflation (as a backup version)
- Reference for the evolution of salaries at EPO's level defined for 3 years (proposal for the first 3 years: EZ HICP level). New AC decision to confirm or modify the reference after 3 years.

1. FUTURE ORIENTATIONS - GENERAL PRINCIPLES

■ Financial orientations:

- Maintain financial sustainability
- Eurozone as a reference as most of staff and pensioners are located in EZ

1. FUTURE ORIENTATIONS- GENERAL PRINCIPLES

■ Fairness for the staff

- Regular evolution of salaries linked to EZ HICP, which will be **guaranteed** at EPO's level
- **NEW PROPOSAL: Additional guarantee for purchasing power for staff and pensioners: compensation of (negative) difference to local inflation with an annual cash settlement (on basic salary/pension)**
- Purchasing power parity **coefficients** between sites are **strictly** maintained
- Protection of staff and pensioners against decrease of salary scales: nominal guarantee

■ Simplification

- Specific indicator is removed
- Carry-forward and periodical settlement removed
- Sustainability clause removed, replaced by a fixed reference value (EZ) as guaranteed average adjustment.
- **Simpler cash compensation**

2. TECHNICAL IMPLEMENTATION

■ Technical challenge: hybrid system

- global evolution of the salary mass (sustainability) is calculated **at EPO level**
- purchasing power parity between sites requires calculations per salary scale (in comparison to a reference scale , i.e. Belgium)

■ To match both objectives, a two-step approach is needed:

- First step: determination of the adjustment following a formula, including PPP
- Second step: scales are adjusted (downwards or upwards), to guarantee a global **salary mass growth equal to Eurozone inflation (EZ)**

2. TECHNICAL IMPLEMENTATION

■ Simplified formula:

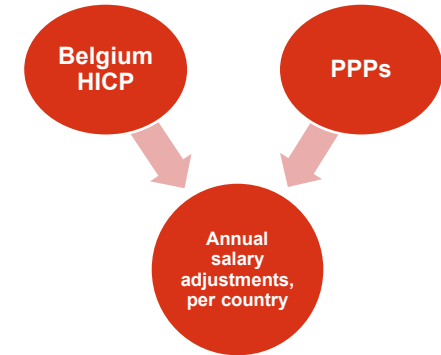
- 2 factors are used to determine annual salary increase per country
- Specific Indicator is removed from the formula
- In order to calculate the increase in salaries per country, we start by Belgium (as now):

$$salary\ next\ year_{Belgium} = current\ salary_{Belgium} * (1 + HICP_{Belgium})$$

- **Salary scales for other countries** will then be calculated based on the salary of Belgium adjusted for the PPPs

$$salary\ next\ year_{country} = salary\ next\ year_{Belgium} * PPP_{country}$$

- **Country calculated growth factor** will then be calibrated (downwards or upwards), considering the pre-determined target of a global salary mass growth **equal to Eurozone inflation**



3. NEW PROPOSAL

■ FINAL PHASE:

- After scales are finalised, the Office compares the **applied adjustments** to local inflation
- In case of negative difference, additional compensation as cash payment **on basic salary/pension**
- **NEW:** Measure covers both staff and pensioners

4. ANALYSIS AND SIMULATIONS

- A retrospective analysis was made for the salary adjustment periods 2021 to 2026, and 2015 to 2026.
 - Comparison of results based on EZ HICP (guaranteed) and EZ HICP +0.2% spread as a maximum (current method)
 - Analysis on a six-year period (current methodology) and a twelve-year period for a longer-term perspective (and less volatile macro-economic circumstances)
 - Results are based on the historical period and may not reflect future outcomes

4. ANALYSIS AND SIMULATIONS: 6 – YEAR PERIOD (2021-2026)

- Results for 6-year period (2021 - 2026) for a **G9/5** basic salary
 - Weighted average results match EZ HICP (compared to current method in the last 6 years it would lead to additional 0.2pp per year on average)
 - **Yearly cash settlement to adjust to local inflation resulting in a top-up of + 0.5pp per year (above EZ inflation)**

	Final scales (alternative method)	Final scales (2021-2026 current method)	Variation
Final BE scale	8 860.69	8 758.01	1.17%
Final AT scale	9 394.99	9 273.81	1.31%
Final DE scale	9 852.20	9 721.75	1.34%
Final NL scale	9 972.70	9 860.42	1.14%

4. ANALYSIS AND SIMULATIONS: 12 - YEAR PERIOD (2015-2026)

- Results for 12-year period (2015 - 2026) for a **G9/5** basic salary and reference to EZ HICP adjustment (current method with cap at EZ HICP +0.2pp for the whole period):

	Final scales (alternative method)	Final scales (2015-2026 current method)	Variation
Final BE scale	8 103.85	8 117.84	-0.17%
Final AT scale	8 592.52	8 595.94	-0.04%
Final DE scale	9 010.67	9 011.14	-0.01%
Final NL scale	9 120.89	9 139.67	-0.21%

- Weighted average results match EZ HICP
- Yearly cash settlement to consider for local inflation resulting in an average salary mass increase of EZ HICP + **0.4pp per year**

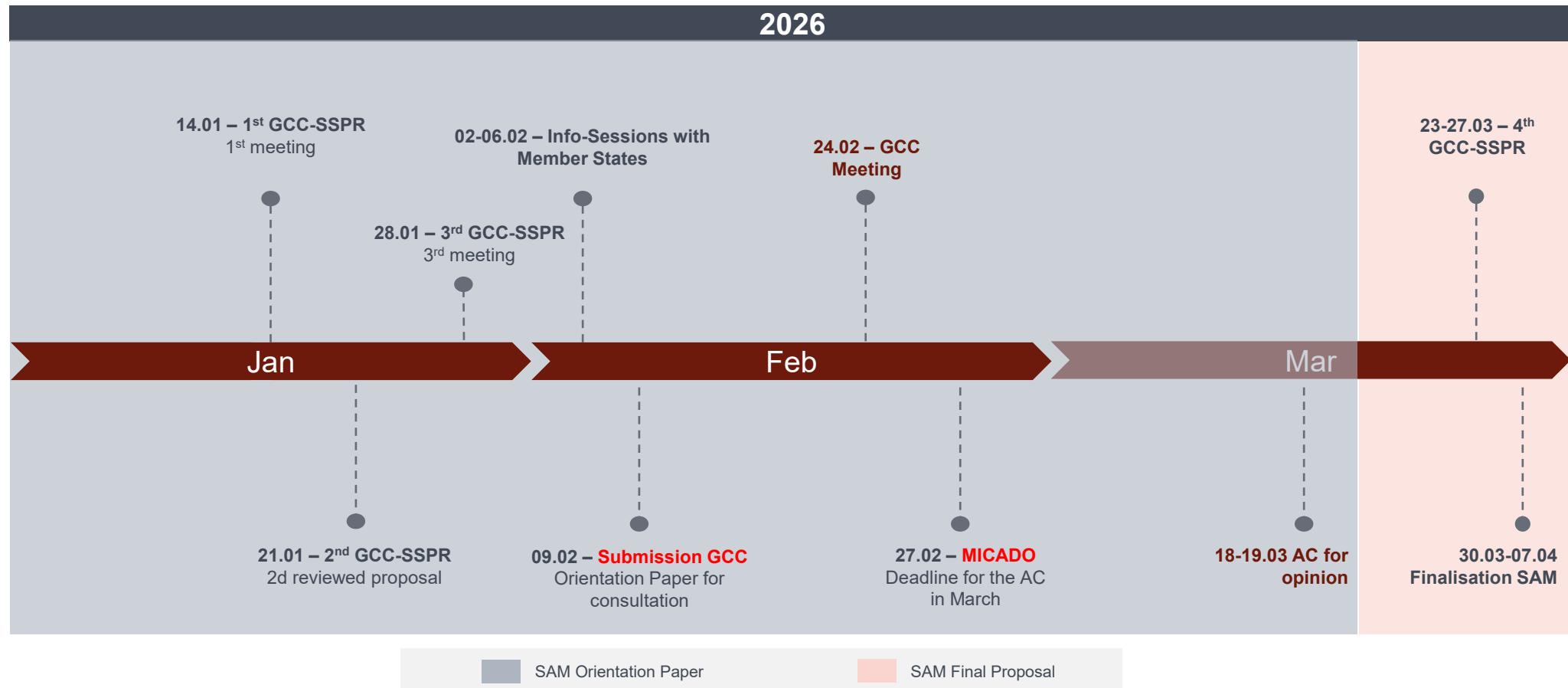
4. ANALYSIS AND SIMULATIONS: FINANCIAL IMPLICATIONS (2020-2026)

- Over a twenty-year period, a **further reduction of long-term liabilities of EUR 1.3 billion** by 2042 is expected.
- The average annual increase of salary mass would have been **EZ + 0.5pp** (for the last 6-year period)
- EZ indexation would lead to higher scale levels than the current methodology.
- Cash settlements represent an additional cost component on top of the scale evolution (around **EUR 47m** for the period of 6 years).

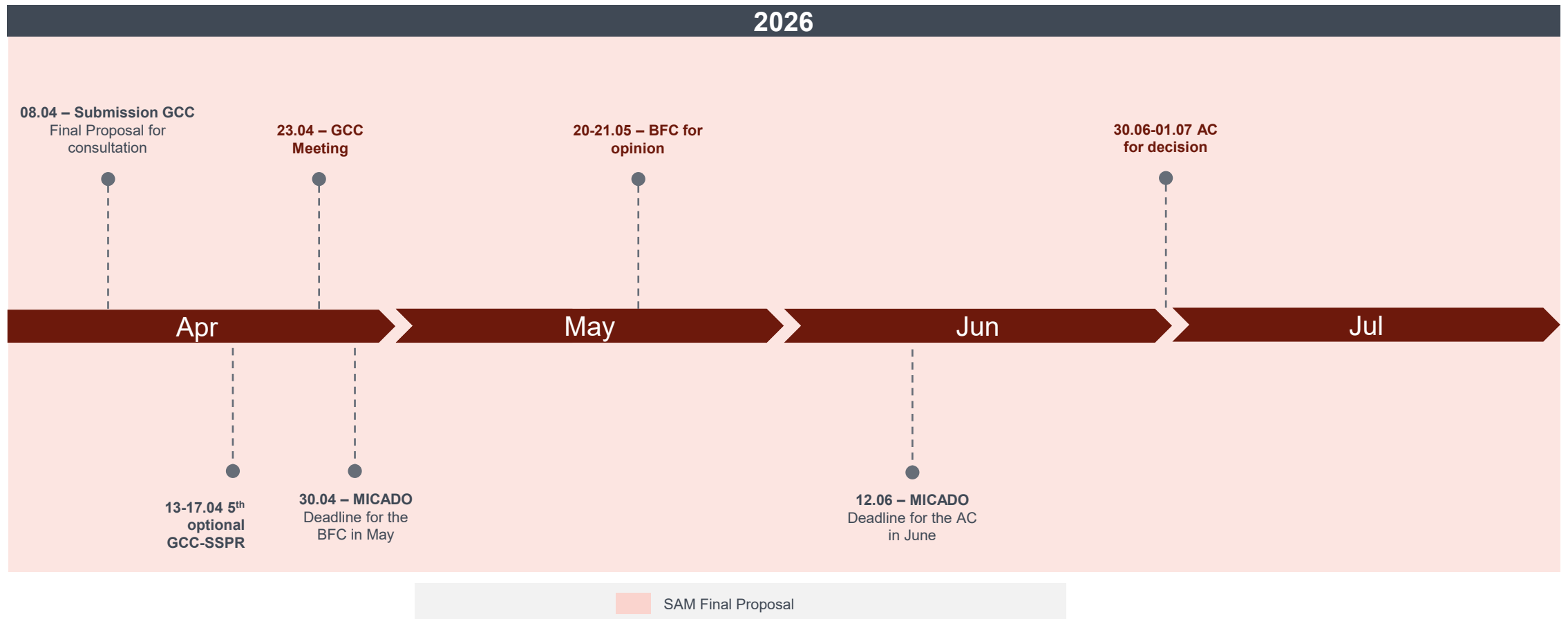
ANNEX



3. NEXT STEPS: AC FOR OPINION, INCLUDING SR FEEDBACK



3. NEXT STEPS: FINALISATION OF THE SAM BY THE APRIL 2026, BFC OPINION IN MAY, AC DECISION IN JUNE



ANNEX 10

Salary adjustment method

Understanding the future orientations

Show target groups ⓘ

12.2.2026 in Office

👍 28



As [previously outlined](#), the Office published its [orientations for the future salary adjustment method](#) on Monday 9 February, ahead of the consultation at the meeting of the General Consultative Committee (GCC) on 24 February. This follows several meetings with staff representation and the pensioners' association, as well as information sessions with the contracting states. The orientations are also based on learnings from the extensive [review of the current method](#) presented to the Administrative Council in December 2025.

Achieving long-term financial sustainability requires a prudent approach that balances the interests of staff and of the organisation as a whole. The following provides a summary of the current context, explains the proposed orientations and concludes with a range of frequently asked questions gathered during consultations with staff representatives.

Understanding the parameters, risks and long-term considerations that shape the future salary adjustment method

Collapse all

Maintaining a focus on long-term financial sustainability

Responsible decisions require careful analysis of long-term financial requirements

Salary adjustments are permanent, long-term commitments and not one-off costs: an adjustment granted today applies every year thereafter and forms the basis for future salaries, allowances, pensions and other social benefits. Given that around 84% of the Office's total operating costs are staff-related, salary adjustment decisions have a decisive impact on long-term finances. The Office's orientation is towards a method that moderates salary growth in the long run.

Balancing the benefits to employees and users

Financial sustainability will ensure that the Office can meet its obligations towards staff and secure an accessible, high-quality European patent system for all stakeholders

The EPO operates as a self-financed organisation with a strategic priority to maintain financial sustainability for the benefit of employees and all stakeholders. This ensures that contracting states, users and EPO staff can rely on the Office in the long term, for generations to come. This is why **Driver 5** of the Strategic Plan 2028 aims to strengthen financial resilience and equip the Office to navigate uncertain economic times safely and successfully.

Staff and users alike would be directly affected by a less financially secure institution, which would entail risks for our families, our pensions and the future generations of EPO staff who will one day succeed us. Maintaining a high-quality European patent system that is accessible to all requires managing finances responsibly, without passing undue burdens onto users. An immense diversity of users, ranging from large industry applicants to SMEs, micro entities and universities, trust the EPO precisely because it is independent, legally robust, staffed by experts, and financially sustainable. For smaller entities, access to the European patent system is particularly vital. As a public service organisation, the Office's purpose is not to generate profit for itself, but is designed to operate efficiently, remain competitive, and add value to the European patent system it serves, for the benefit of society.

Remaining prudent in an uncertain economic environment

The importance of an approach informed by independent assessments

The Office has consistently reaffirmed its commitment to proactive and responsible financial management, including in Driver 5 of the Strategic Plan 2028 and in the form of the independent studies that it commissioned the financial consultants Oliver Wyman-Mercer to complete in 2019 and 2023.

In their 2023 study, the consultants assessed the Office's long-term financial sustainability in light of the measures implemented since 2020. The study **highlighted** the key role of the salary adjustment method in strengthening the Office's finances. It also confirmed the level of exposure to fluctuations in external parameters that are beyond the Office's control, such as inflation, interest rates and the financial markets, on which around **90% of our assets depend**. The study concluded that the Office's financial position can change rapidly, and that the impact of significant shocks could exhaust or exceed the current surplus. All factors affecting the funding of long-term liabilities must therefore be anticipated, in line with an acceptable level of risk.

Keeping in mind our risk tolerance

Measures to ensure funding of the Office's pension and social security schemes

In the current global context, shaped by geopolitical tensions, inflationary pressures and potential economic slowdowns, financial volatility must be anticipated. Planning higher-risk investments to increase returns would increase the likelihood of shortfalls for the Office and ultimately for staff pensions and benefits. Prioritising caution over short-term gains is therefore a responsible approach to protecting pensions, our social security schemes and the Office's long-term sustainability.

After the 2023 Financial Study, the Office committed to a 66% probability of meeting its long-term liabilities, compared with 50% before the study. This reflects a more cautious risk tolerance, based on more conservative assumptions concerning returns and a shift towards lower-risk, more secure assets. The aim is a higher level of confidence in meeting long-term obligations, including those relating to pensions and social security. In addition, the target funding ratio of 105% provides a safety buffer to protect our benefit schemes against short-term adverse developments, such as lower-than-expected investment returns.

Continuing to be an employer of choice

How the Office will keep attracting the best talent

A strong indicator of the Office's attractiveness as an employer is the number of job applicants for EPO vacancies. Last year, the Office received 11 000 applications for examiner roles, almost 25% more than in 2024. The EPO's social package, combined with the flexibility offered by the New Ways of Working, a high-quality work environment, state-of-the-art buildings, and attractive locations, continues to be a major draw, particularly for the next generation of professionals. Ongoing investment in training, digital tools and skills development further strengthens this appeal. Beyond offering an attractive social package, the Office remains committed to supporting its staff and recognising performance.

Understanding the orientations for the future salary adjustment method

The Office is considering building on some of the elements of the existing salary adjustment methodology and discontinuing others. In line with the financial sustainability principle, the new method would guarantee annual salary adjustment based on Eurozone inflation (EPO-level) while continuing to protect purchasing power parity (PPP) across all sites. The updated method would represent a significant simplification of the current method by removing several complexities, including the specific indicator, as well as the carry-forward and periodical settlement mechanisms.

What's new?

- **Eurozone guarantee:** To ensure a regular evolution of the EPO's salary scales in line with European economic circumstances, the scales would be aligned with a predefined reference such as Eurozone inflation (the harmonised index of consumer prices (HICP) for the Eurozone (EZ)). To align with the evolution of economic conditions and medium to long-term financial requirements, this reference could be reviewed every three years.
- **Annual cash settlement:** Staff and pensioners would be compensated with a cash settlement if local inflation exceeds the yearly adjustment of local salary scales. This mechanism ensures that reductions in purchasing power are mitigated while safeguarding the Office's financial sustainability.

What stays?

- **Regular salary adjustments:** Adjustments would continue to apply regularly for each place of employment.
- **Nominal guarantee:** This would prevent any decrease in salaries in times of crisis.
- **Purchasing power parity coefficients:** The purchasing power parity (PPP) coefficients are used to measure the evolution of the cost of living at specific locations relative to Brussels. The new method maintains the PPP coefficients in the calculation of the salary scales, ensuring parity across sites.
- **Exception clause:** This clause would be maintained, showing solidarity with our contracting states. Therefore, if the gross domestic product (GDP) of our contracting states has decreased by more than 1% during the previous year and the outcomes of the salary adjustment method are positive, the clause requires that the adjustment is delayed.

FAQ

Collapse all

How will the new method impact salaries?

The method aims to provide a stable and predictable framework for the adjustment of salaries. It consistently follows Eurozone inflation as a reference point (at the EPO-level). The purpose of the method is to ensure regular adjustments of the salary scales that are compatible with the

long-term financial sustainability of the Office.

Why has the Office chosen Eurozone inflation as the underlying indicator for the new method?

Eurozone inflation, also called the Eurozone harmonised index of consumer prices (EZ HICP), reflects the cost base of most staff and pensioners who live in the Eurozone. It offers a clearer and more stable reference than multiple national indicators, which can fluctuate widely. Using the EZ HICP as the underlying indicator would enhance the predictability and the clarity of the method for all stakeholders, as well as budget planning. This reference is both a guaranteed outcome and a limit, and ensures a moderate evolution of the salary scales, while remaining compatible with the EPO's long-term financial strategy.

What is the annual cash settlement mechanism?

The future methodology would introduce an annual cash settlement mechanism to compensate for potential loss of local purchasing power resulting from the difference between the salary adjustment and local inflation. Where the salary adjustment applied for a given country is lower than the inflation in that country, the difference would be compensated through a cash lump-sum payment. The cash settlement would be available to both pensioners and active staff.

Will the purchasing power parity coefficients still be used to reflect the evolution of cost of living in the different locations?

The method keeps purchasing power parity (PPP) coefficients in the calculation to ensure parity across sites. Local differences will continue to be reflected in the results of the method. Where the salary adjustment applied for a country is lower than the inflation in that country, the resulting difference would be compensated through a cash lump-sum payment.

Will the new method guarantee an evolution in remuneration and benefits that is comparable with that of other civil servants?

The proposal simplifies the method by focusing on a predefined, transparent reference point. The salary adjustment remains aligned with economic developments in the Eurozone, while avoiding the complexity that made the previous method harder to understand.

Although the underlying historical method (without moderation) did use a specific indicator pertaining to the evolution of real salaries of national civil servants, this indicator was only one component of the formula. The resulting adjustments were sometimes higher, sometimes lower than those for local civil servants and other International Organisations. In addition, EPO salaries compare very favourably with national civil servants and are on average more than 15% above other comparable International Organisations.

Why should the Office review the growth reference after three years of the method's implementation?

The review after three years will ensure the method remains fit for purpose, enables responsiveness to economic changes, and continues to support a stable, predictable financial environment for staff and the organisation.

Given the Office's current strong financial results, what need is there for a new method?

The method supports long-term sustainability – a strategic goal that is independent of short-term results. In an uncertain economic environment, the prudent approach remains appropriate to ensure that the Office is able to meet its long-term obligations. We must also consider that uncapped increases of salaries cannot endlessly be covered by fee increases. The Office must also consider the costs of the services it provides to users.

Outlook

In January, in preparation for the submission of the Orientation paper at this month's GCC meeting, four meetings were held with staff representatives from the sub-group of the General Consultative Committee on Social Security, Pensions and Remuneration (GCC SSPR) and two meetings with the Pensioners Association. Here is the outlook for the ongoing consultation process:

- **24 February 2026:** GCC meeting (for consultation)
- **18-19 March 2026:** Meeting of the Administrative Council, where the Orientation paper is presented for opinion
- **April-May 2026:** Preparation of final proposal based on stakeholder's feedback; further GCC SSPR and GCC meetings
- **May 2026:** Final proposal submitted to the Budget and Finance Committee for opinion
- **June 2026:** Final proposal submitted to the Administrative Council for decision
- **1 January 2027:** New procedure enters into force

 Like 28

Related topics

Select and click to see more

[Administrative Council](#)

[Human resources](#)

[Remuneration and benefits](#)

[Social dialogue](#)

ANNEX 11

European Patent Office | 80298 MUNICH | GERMANY

To: Compensation and Benefits
Cc: Social Dialogue

European Patent Office
80298 Munich
Germany

Central Staff Committee
Comité central du personnel
Zentraler Personalausschuss

centralSTCOM@epo.org

Reference: sc26017cl

Date: 18/02/2026

By email:

To: compensationandbenefits@epo.org

Cc: socialdialogue@epo.org

Future orientations of the new salary adjustment procedure Minutes of the Technical Meetings

Dear Colleagues,

1. The staff representation members of the GCC-SSPR acknowledge receipt of the minutes drafted by the administration of the Technical Meetings of 14, 19, 20 and 28 January 2026 on the “future orientations of the new salary adjustment procedure”.
2. The Central Staff Committee (CSC) has already published our reports on the four meetings ([first](#), [second](#), [third](#) and [fourth](#)). We consider that elements of the discussions are either insufficiently reflected or not reflected at all in the minutes drafted by the administration.
3. We indicate below where modifications or additions are necessary.

First meeting of 14 January 2026

Financial impact and long-term savings (Section 4.5)

4. Lack of financial justification

The staff representation recalled that the long-term actuarial assumption of the EPO on the salary adjustments had already been lowered from “inflation” +0.5% down to EZ inflation +0.2% since the entry into force of the 2020 reform. At the time, the Office had justified this cut by the Financial Study 2019 of Oliver Wyman & Mercer. Since then, the alleged gap was entirely covered and there is even a large surplus in the Financial Study 2023. Therefore, there is absolutely no financial justification to lower the cap in salary growth by an extra 0.2%. This position should be reflected in the minutes.

European Patent Office
Grasserstr. 9
80339 Munich
Germany

www.epo.org

5. **Productivity increases**

The staff representation insisted that every International Organisation uses wage inflation in their remuneration policies because in growing economies, increases of productivity are rewarded with an increase of wealth, namely by an excess in salary adjustments over the evolution of prices of goods and services. EPO staff have constantly increased productivity, yet staff actually suffered from an erosion of salaries and benefits. This position should be reflected in the minutes.

Erosion, legal risks and safeguard clause (Section 4.4)

6. **Cause of past cycle volatility**

The staff representation recalled that the two-digit adjustment that occurred in the past cycle was solely due to the poorly designed salary adjustment method (i.e. the sustainability clause with carry-forward) combined with the exception clause. Over the last 6-year period, a comparison of the results shows that the historical underlying methodology would have produced much less volatile results than the current salary adjustment procedure. This explanation should be reflected in the minutes.

7. **Salary erosion already observed under the past cycle**

The administration admitted that with the current proposal, some places of employment might be below the evolution of costs of living (HCIP BE x PPP) and below their "local inflation" (national HICP). The administration added that over the last 6-year cycle, the implementation resulted in a yearly average at EZ inflation *minus* 0.2%, which caused an erosion of salaries and benefits. This acknowledgement should be explicitly reflected in the minutes.

8. **Broken promise**

The staff representation reminded that in the [Communiqué](#) of 9 April 2020, Mr Campinos had assured staff that with the reform of the 2020 salary adjustment procedure "*[t]here is no desire to cut staff purchasing power or impose unnecessary savings*" but "*[t]here is a desire, however, to [...] ensure salaries continue to grow, even above eurozone inflation*". This promise was broken. This statement should be reflected in the minutes.

9. **Staff should not pay for past failure of the administration**

The staff representation explained that the fact that the current method did not achieve its intention of providing EZ inflation +0.2%, due to poor drafting and a failure of the architects of the method to fully understand the implications, cannot be considered as a justification to cut further. This statement should be reflected in the minutes.

10. **Risks linked to the safeguard clause**

The staff representation stated that the safeguard clause looks very much like a secondary cap that would act as another limit to the adjustment and risks undermining the guarantee presented in the proposal. This concern should be clearly recorded in the minutes.

11. **Impact on pensions and lack of prior assessment**

The staff representation noted that the proposed method may negatively affect benefits under the New Pension Scheme, which is set at the level considered a minimum guarantee for the Old Pension Scheme, and the administration acknowledged that this impact had not yet been fully assessed. This acknowledgment should be recorded to ensure completeness of the minutes.

12. **Impact on high-inflation countries**

Beyond Turkey, Staff Representation also referred to risks for other countries experiencing high inflation and how the scaling mechanism might have unusual and unforeseeable impact on the salary tables for pensioners. This broader concern should be reflected.

Salary mass reference and choice of index (Section 4.3)

13. **Concerns regarding the three-year review clause**

The staff representation argued that this would again be an unacceptable risk for staff and a further breach of the purpose of a salary adjustment procedure. The basic principle of remuneration policies is to select the right indicators and to respect the result over time (stability) – not to change them based on recent outcomes. We request that this concern be reflected more explicitly.

PPP, Specific Indicator and parallelism (Section 4.2)

14. **Removal of the Specific Indicator and implications for parallelism**

The staff representation emphasised technical, strategic and political relevance of maintaining parallelism with national civil servants.

The staff representation recalled that the Specific Indicator had been part of the historical underlying methodology since its inception in 1977. From a strategic and political point of view, its removal from the method would be a mistake. The specific indicator reflects how the eight reference countries among our Contracting States treat their civil servants and hence makes our salary adjustments less debatable to them.

The administration stated that the Specific Indicator can be considered to be legally linked only to the Noblemaire Principle, which is however not applicable to the EPO according to ILOAT jurisprudence ([Judgment 1912](#) and [4842](#)). Therefore, in their view, there is no legal necessity to maintain it.

The staff representation noted that the Office is not consistent. Back in 2019, the Actuarial Advisory Group¹ explained that the Specific Indicator was the indicator responsible for assuming in the long-term +0.5% on top of “inflation” in our salary adjustments. Now, if the Office removes the specific indicator from the underlying methodology, our salary adjustments remain in the long-term at “inflation” only and there is no need for any yearly calibration mechanism at EZ inflation.

All these above aspects of the discussion are missing from the drafted minutes and should be reflected.

Second meeting of 19 January 2026

Questions, comments and discussion (Section 2)

15. **Double-digit loss of purchasing power**

While the minutes correctly reflect that the staff representation noted that the comparison of national inflation in Belgium (HICP BE) and EZ inflation over the last twelve years gives a difference of –10.8%, they do not reflect the statements of the staff representation that the Belgium scale significantly diverges from HICP BE and by application of the purchasing power parity coefficients consequently causes a double-digit loss of purchasing power in all places of employment over that same period. We request inclusion of this point in the minutes where the methodology impact is discussed.

16. **Neutralisation of national inflation in Belgium (HICP BE)**

While the minutes correctly state that HICP BE is neutralised in the calculation, they do not record that staff representation pointed out that with such an adjustment formula the salary scales in Belgium are not linked to anything reflecting the evolution of the prices of goods and services at the reference country (i.e. HICP BE). This concern should be reflected in the section of the minutes addressing the calculation steps.

17. **Purpose of a salary adjustment procedure is not respected**

The staff representation repeated that the aim of a salary adjustment procedure is to maintain purchasing power i.e. the value of salaries and benefits. This differs from purchasing power **parity**,

¹ [CA/56/19, par. 66](#)

which is a sub-clause intended to ensure equal treatment across different places of employment. A procedure which violates it at the reference country (HICP BE) would violate the principle of maintaining purchasing power for any site. In addition, if the applied adjustment in one place of employment varies vastly from its reference parameter and the others have to follow, then the methodology can be considered to be unpredictable. These statements are missing in the minutes and should be added.

18. Fee indexation offsetting inflation effects

The staff representation explained that inflation-related financial effects are already mitigated through fee indexation, reducing the need for further limitations on salary adjustments. Staff representation pointed out that high inflation is already offset through fee indexation, making additional cuts on salaries unnecessary. Furthermore, it was emphasised that if high inflation *is* to be considered a risk, then the specific indicator is the right indicator to preserve. The specific indicator smoothens the adjustments by ensuring that wage evolution remains in parallel with government decisions on civil service pay. This point is currently missing and should be added to the discussion on inflation risks and sustainability.

19. Benchmarking with other international organisations

The staff representation asked for the salary scales of other International Organisations on which the Office bases its benchmark and their analysis as to how EPO jobs (e.g. in DG1) can be considered to be comparable. The administration declined to offer any justification of their claims related to salary levels of other organisations, or any mapping of roles and grade ranges, and suggested we search for them ourselves. This exchange is currently missing in the minutes and should be included in the relevant section.

20. Alleged prudent approach vs excessive savings

While the minutes correctly reflect that the administration said that the risk linked to inflation has been exposed in the last Financial Study, they do not reflect the counter-arguments of the staff representation.

The staff representation stressed that the policy of lowering the risk appetite is reflected already on the decrease of the discount rate (expected returns on RFPSS investments), which causes a historically high increase of pension contributions as of January 2026. The argument of applying a “risk appetite” now on staff salary adjustments does not hold and staff would be penalized twice. According to the traditional understanding, investment risk refers to the exposure to equities of a fund. De-risking refers specifically to moving a strategic asset allocation from relying heavily on equities to less volatile options like bonds. This discussion has nothing to do whatsoever with reducing costs and is absolutely not relevant to discussions on real-term salary cuts.

Finally, the staff representation stressed that an additional reform increasing the savings of the Office by a *further* 1.4B€ might trigger the Contracting States to ask for their share of it by e.g. requesting a change of the distribution key of renewal fees in their favour. Currently, the EPO is in an excellent financial situation. If salary adjustments are not decent in good times, how will they be in bad times?

These counter-arguments are missing in the minutes and should be included in the relevant section.

21. Mandate and long-term competitiveness concerns

The staff representation inquired about the mandate given by the President to Compensation and Benefits. The administration replied that the mandate includes “financial sustainability” and “maintaining purchasing power as far as possible”. The staff representation expressed its regrets that the President could give such a mandate and that the EPO would ultimately lose its competitiveness on the job market. This exchange is currently missing in the minutes and should be included in the relevant section.

Third meeting of 20 January 2026

Legal risks raised by the SR (Section 1.)

22. Additional savings without a financial study

While the minutes correctly lists the legal risk of additional savings without a financial study raised by the staff representation, they do not record explicitly the arguments presented.

The staff representation repeated that the EPO would breach ILOAT jurisprudence which states that *“the goal of achieving savings does not in itself constitute a valid reason for depriving staff of a salary adjustment to which they are entitled.”* This statement should be included in the minutes.

23. Impact on the Belgian scales

While the minutes correctly lists the legal risk caused by the neutralisation of national inflation in Belgium (HCIP BE) in the final result, the staff representation stressed that in the formula the salary scales in Belgium are not linked to anything reflecting the evolution of the prices of goods and services at the reference country such as national inflation (HICP BE). This statement should be included in the minutes.

Office responses (Section 2.)

24. Past decisions of the Tribunal, EU inflation, industrial actions

The administration clearly referred to the New Career System and the Invalidity Reform found legal by the Tribunal to belittle the legal risks. The administration additionally suggested that if the staff representation considers EZ inflation to be not the right parameter, then EU inflation (like for the fees) could be an option to find an agreement with staff. The administration also noted the coming industrial actions. These declarations are missing and should be included in the minutes.

Financial sustainability and the corresponding methodology (Section 3.)

25. Past cycle volatility

The staff representation recalled that the Council complained the most when the Office proposed high salary adjustments, due to flaws of the current method giving 3 years-worth of adjustments in one year, and the economic situation did not justify it. One way to mitigate the issue is to keep the parallelism with national civil servants. These arguments should be reflected in the minutes.

26. Removal of the specific indicator and parallelism

The staff representation explained that there is a delay of 1,5 years between the date the national civil servants receive their adjustment and the date of application of the EPO adjustment taking these into account via the parallelism principle. This delay could be shortened in order to avoid such complaints by the Council. The adjustment for national civil servants is the result of the decision of the governments of 8 reference countries represented in the Council. If these governments decide not to adjust the salaries of their civil servants, then the EPO adjustments follow in parallel and vice versa. These proposals should be explicitly reflected in the minutes.

27. Pleasing Germany vs social unrest

The staff representation noted that trying to please the German delegation is not worth the price of social unrest. This discussion should be explicitly reflected in the minutes.

28. Written proposals

The administration asked for a detailed written proposal from the staff representation and to provide it within one week before the technical meeting of 28 January 2026. The staff representation replied that it already provided skeletons of counterproposals. The Office is the one having all the necessary data for making further simulations. This exchange should be mentioned in the minutes.

Purchasing power and inflation (Section 4.)

29. Erosion of salaries and benefits vs productivity

The staff representation referred to the simulations over the 12-year period 2014–2025 showing that the reference country Belgium remains –10.8 percentage points below national HICP and the difference is then spread via the purchasing power parities to all sites. Staff representation said that if Compensation and Benefits does not have a mandate from the President to maintain purchasing power, then there is a serious problem. Staff representation stressed that EPO staff have worked hard to significantly increase the productivity of the Office, and in return they have been rewarded with a decrease in purchasing power. The administration replied that politically the Office has no control over how productivity increases should benefit staff. In view of the pressure of the Council, the administration said it could not propose a method giving results above national inflation (HICP). This exchange is missing from the minutes.

The staff representation noted that the proposed methodology causes a long-term and systematic erosion of the salaries and benefits. Staff representation insisted that this is not acceptable for staff especially in the lower grades. Newer staff already have less recognition of experience, slower career, and are asked to make double-digit increases in productivity in a single year. Staff representation noted that the alternatives appear to be that either the Office erodes the benefits or it will have to cut the benefits. For the staff representation, none of them is justified, legal or acceptable. Staff representation asked again if the administration wants to maintain purchasing power or not. The administration replied that the question is not about what they want or not. This exchange is missing from the minutes.

30. Long-term competitiveness concerns

The administration said that several Contracting States including Germany consider the EPO work package to be too high. The administration acknowledged that while the Office needs such a work package to find examiners working in three languages, Contracting States consider the difference with national civil servants and other International Organisations to be not justified. The staff representation reminded that the EPO needs examiners from all Contracting States (including those with high cost of living), mastering the three official languages of the EPO, in addition to their native language. The candidates shall preferably hold a PhD and/or have experience in the industry or R&D in all technical fields (including niche fields). This exchange is missing in the minutes and should be included.

Long-term risks and liabilities (Section 5.)

31. Evolution of benefits

The administration mentioned that adjustments above EZ inflation introduce volatility in the calculation of liabilities. The aim is to put a frame on the evolution of the liabilities so that they remain in a corridor. The administration said that otherwise, the Office will have to do a reform to reduce the benefits. The staff representation replied that when inflation rises so do the fees and there is hence no additional risk. This exchange is missing in the minutes and should be included.

32. Systematic recovery from market crash

While the minutes correctly reflect that the administration explained that the strategic asset allocation of the RFPSS has not changed yet and remains risky for a fund which should cover liabilities, they omit that the administration presented Donald Trump as a risk because he allegedly has an impact on the macroeconomic environment. The staff representation reminded that most staff stay at least 20 years in the Office and remember the past. The RFPSS has always largely recovered from market crash and the Office has already set aside a 1 B€ market crash buffer fund. This exchange is missing in the minutes and should be included.

33. Long-term planning

The minutes mention that *“SR acknowledged the need for long-term planning but questioned whether reducing purchasing power is the appropriate response”* This is not correct. Staff representation never acknowledged long-term planning in the sense meant by the Office and

considered the reduction of purchasing power as entirely unacceptable. This section should be corrected.

Fourth meeting of 28 January 2026

34. Moderation vs cut (par. 14)

The staff representation rejected the terminology “moderate” because the EPO proposal has nothing to do with the “moderation clause” applied in the EU. The “moderation clause” of the EU only postpones adjustments. Staff representation stressed that the EPO proposal is a cut without recovery of the loss. This statement should be correctly included in the minutes.

35. Reversibility (par. 20)

The administration also included in their reply that reversibility could be possible only when all the political and financial parameters are met and the workforce has been reduced to a moderate number. They said that the EPO might be in a better position but it is not out of trouble. This statement should be correctly included in the minutes. The staff representation replied that they could see no way in which the political parameters could be met, as it appears that if only one delegate expresses the desire for more cuts, then the parameter is not met. This reply should be included in the minutes.

36. Situation in the Administrative Council (par. 21)

The staff representation did not only refer to Article 40 EPC but also to Article 39 and Article 42 EPC. Indeed, staff representation noted that [Article 42 EPC](#) defines that the budget of the Organisation shall be balanced. Some delegations are now considering that the income of the Organisation is too high and are pushing for an application of [Article 39 EPC](#) to go below the 50% distribution key used for the reimbursement of renewal fees to the EPO. Staff representation concluded that there is therefore very good basis for reverting to the EPO’s historical underlying methodology for salary adjustments. This reply should be correctly reflected in the minutes.

37. Litigation (par. 34 and 37)

The administration explicitly said they expect the staff representation to go to litigation again. The administration verbatim said: “We will see each other in court, yes”. The staff representation also added in their reply that staff and their representation had no other choice than to legally challenge past reforms to restore the right to strike, the right to mass-communication and the right to freely organise staff committee elections. This exchange should be correctly reflected in the minutes.

38. Provocations from the administration

The administration reproached staff representation to misquote in their papers the statements made in the meetings. The staff representation rejected the administration’s attempts to attribute to staff representation any responsibility for the decrease from EZ inflation +0.2% to EZ inflation $\pm 0.0\%$. Staff representation proposed the administration makes its own General Assembly in front of hundreds of staff members in which they explain the philosophy on prudent approach with “risk appetite” to be further reduced and a salary erosion until the last OPS member is dead. Staff representation pointed out that for the time being the [Communiqué](#) of 16 January 2026 tries to shed a positive light on the reform by pretending that the aim is to “focus on protecting purchasing power”. Staff representation concluded that this Communiqué is bluntly incorrect.

The administration said that staff representatives just defend the historical underlying methodology in order to get the support of staff for their re-election in the next staff committee elections of June this year. The staff representation strongly denied any such motives and reminded that it is the administration themselves who had put the reference to reversibility in the Council document.

The administration alleged that staff representatives are more moderate in the discussions when they attend meetings of the Administrative Council. The staff representation reacted to the administration’s implication that staff representatives could be more courageous in front of the Council. Staff representation replied that the feeling is mutual, and that the administration should

show more courage in front of the delegates by standing against pressure to further cut purchasing power – pressure driven more by opinions and conflict of interest than by facts and data.

All these exchanges are missing in the minutes and should be included.

Conclusion

As long as the above requested amendments are not made to the minutes drafted by the administration, we contest their validity and reserve our right to refer to our reports as published by the Central Staff Committee (CSC)

Sincerely yours,

The staff representation members in the GCC-SSPR

ANNEX 12



Minutes of the GCC-SSPR working group on the 2027-2032 Salary Adjustment, online via Teams

on 14 January 2026, 10.00 – 12.00 hrs.

Participants:

Office (The Office):

E. Bergot	(PD43)
L. Germond	(PD08)
JF Vaccaro	(D431)
H. van der Heyden	(D431)
M. Le Guiader	(D0801)

Staff Representation (SR):

D. Kelly	(Munich)
T. Franchitti	(Munich)
M. Sampels	(Berlin)
R. Mitchell Thomas	(The Hague)
F. Ciota	(The Hague)
I. Cominges	(Vienna)

President's Office and Social Dialogue:

K. Kortsaris
M. Arranz Gomez
H. Ewald
A. Tolnai

1. Opening of the meeting and purpose

The Office opened the meeting and recalled that its purpose was to present and discuss the future orientations of the Salary Adjustment Procedure (SAP) for the period 2027–2032, as part of the ongoing review of the method. The discussion formed the first exchange with Staff Representation within the GCC-SSPR framework prior to the submission of an orientation paper to the GCC and subsequently to the Administrative Council.

The Office invited preliminary comments from Staff Representation on the presentation as a whole. Staff Representation had no preliminary comments at this stage and would react during the presentation.

2. Presentation of the future orientations

2.1. General principles (Slides 3–5)

The Office explained that financial sustainability constitutes the central guiding principle of the proposed future method. The objective is to ensure that the evolution of staff costs remains aligned with the EPO's long-term financial orientations, while providing predictability and stability in salary mass growth year after year. To that end, a salary mass growth reference would be used.

For the first three-year period of application, it is proposed to use Eurozone (EZ) inflation as the reference. This reference would define the guaranteed average salary adjustment at EPO level.

With regard to adaptability to economic circumstances, The Office explained that:

- the existing exception clause would be maintained without changing its mechanics;
- a new safeguard clause is envisaged to address situations of exceptionally high inflation. At this stage, this safeguard clause is presented as a principle only, and its detailed functioning remains to be defined. The idea would be that, in such cases, part of the adjustment could be guaranteed for payment to staff, while another part could be (temporarily) set aside and/or subject to further discussion.

The Office further explained that the reference index would be fixed for a period of three years to provide predictability for both staff and the Office. However, after three years, the Administrative Council would have the possibility to confirm or modify the reference. While the Salary Adjustment Procedure itself would continue to be designed as a six-year method, this three-year review mechanism would allow responsiveness to changing economic circumstances.

On financial orientations, The Office stated that the Eurozone was proposed as the reference because all active staff and the vast majority of pensioners reside in Eurozone countries. The use of EZ indices is also consistent with other financial and actuarial calculations performed by the Office.

On fairness for staff, The Office highlighted several elements:

- salary evolution would be regularly linked to EZ HICP at EPO level, and this reference would operate as a guarantee rather than a maximum, unlike under the current method;
- the outcome would be neither below nor above the reference at global EPO level;
- Purchasing Power Parity (PPP) coefficients between sites would be strictly maintained;
- the nominal guarantee would be preserved, ensuring that nominal salaries do not decrease.

In terms of simplification, The Office explained that the following elements would be removed under the proposed approach:

- the Specific Indicator (SI);
- carry-forward mechanisms;
- periodical settlement mechanisms.

These elements would no longer be necessary because the adjustment outcome would be guaranteed by construction. The current sustainability clause would also be removed and replaced by the fixed reference value (EZ) as a guaranteed average adjustment.

The Office clarified that, for the first three years, EZ would be used as the reference for salary adjustment growth. The Office further stated that, within this framework, the inclusion or exclusion of the Specific Indicator would not materially affect the final outcome, as the global result would in any case be calibrated to match the reference.

2.2. Technical implementation (Slides 6–7)

The Office outlined the technical challenge inherent in the proposed approach. On the one hand, financial sustainability is assessed at the level of the Office as a whole. On the other hand, salary scales must preserve purchasing power parity between sites, which requires calculations at the level of individual country scales, traditionally referenced to the Belgian scale.

To reconcile these two objectives, a two-step approach is proposed:

1. a first step in which salary adjustments are determined through a formula that explicitly includes PPPs;
2. a second step in which salary scales are calibrated upwards or downwards so that the global salary mass growth at EPO level matches the predefined reference (EZ inflation).

The Office explained that the calculation would continue to start from Belgium, as under the current system. Salary scales for other countries would then be derived by applying the relevant PPP coefficients to the Belgian scale. Once country-specific growth factors are calculated, they would be calibrated to ensure that the aggregate outcome corresponds exactly to the targeted salary mass growth.

2.3. Analysis and simulations (Slides 8–10 and Annex)

The Office presented the results of a retrospective analysis carried out over two different periods:

- a six-year period (2021–2026), corresponding to the cycle of the current methodology;
- a twelve-year period (2015–2026), providing a longer-term perspective and smoothing short-term macroeconomic volatility.

For the six-year period, the analysis showed that the alternative method would have produced results matching EZ HICP on average and, despite the current method's cap at EZ +0.2%, would have led to slightly higher outcomes.

For the twelve-year period, the alternative method would have resulted in slightly lower outcomes than the current method. The Office explained that this reflects differing macroeconomic environments across the two six-year sub-periods: results above EZ in the first period and below EZ in the second.

Overall, the Office stressed that the differences observed were limited in magnitude and that the proposed approach significantly simplifies the method while improving predictability.

3. Timeline and next steps (Slides 11–12)

The Office briefly presented the indicative timeline for 2026.

The Office indicated that three GCC-SSPR meetings are foreseen as part of this consultation process.

4. Questions, comments and discussion

4.1. Transparency of calculations and access to data

The SR asked how the figures presented had been derived in practice and requested greater transparency regarding the calculation steps. The Office replied that the Office could organise additional technical meetings to explain the methodology in detail.

The SR requested access to the Excel spreadsheets used for the simulations. The Office indicated that the files were not yet in a presentable format but would be shared as soon as possible.

4.2. PPP, Specific Indicator and parallelism

The SR expressed strong concerns that the proposal deviates from the practices of the Coordinated Organisations and the European Union. He emphasised that parallelism and PPP preservation are core principles of salary adjustment systems.

The SR further recalled that the EZ +0.2% spread was the outcome of a financial study and argued that no justification had been provided for reducing the reference to EZ +0.0%.

The Office responded that, although the Specific Indicator would no longer explicitly appear in the formula, PPP coefficients would be strictly preserved through the enhanced two-step approach. The Office stressed that maintaining PPP coefficients in the final results directly addresses long-standing concerns expressed by Staff Representation.

The SR replied that PPP is not merely a proportional factor but depends on the reference itself, and that changing the reference risks structural erosion. The Office acknowledged the disagreement and understood that the SR position is to remove any clause that would make reference to sustainability and stated that guaranteeing

financial sustainability is a key requirement for acceptability by the Administrative Council.

The SR questioned why the proposed method does not follow national civil service wage developments, as done by other international organisations. The Office replied that, once a global guarantee is imposed, additional indicators have limited influence on the final outcome.

4.3. Salary mass reference and choice of index

The SR asked what exactly was meant by the term “salary mass growth reference” and which index was envisaged. The Office explained that EZ was chosen because duty stations and most pensioners are located in the Eurozone, and because actuarial calculations and long-term liability assessments are already based on EZ indices. The Office further clarified that the salary mass growth reference applies to the salary scales as such, expressed as a percentage adjustment, and does not include demographic or career effects. Elements such as turnover, replacement ratios, age structure or career progression are not part of the salary adjustment calculation and affect the overall salary mass independently of the reference. The reference therefore applies to the scales in abstraction from demographic developments.

The SR asked whether alternative indices could be considered. The Office replied that sensitivity analyses around EZ inflation could be envisaged.

SR further commented on the proposed review of the reference after three years. It indicated that it does not view this review mechanism positively, as it considers that such reviews would be likely to lead only to a potential further decrease of the overall compensation package, rather than offering additional safeguards or improvements for staff.

4.4. Erosion, legal risks and safeguard clause

The SR questioned whether the proposed method sufficiently prevents salary erosion and raised potential legal risks if purchasing power is not preserved relative to local inflation. The Office replied that no method can guarantee that salaries in every country will always fully match local inflation and that economic divergence between countries is unavoidable. In this context, the Office acknowledged that under the proposed methodology, certain places of employment could experience salary adjustments below national inflation, and some could be above local inflation. The Office also observed that this had been the case with all salary adjustments methods to date, with or without moderation/sustainability clause.

The Office stressed that the nominal guarantee ensures that basic salaries do not decrease in nominal terms.

On the legal aspects, the Office argued that it is entitled to choose a transparent and simplified method that ensures periodic adjustments while complying with the case law requirements. The standard of EZ inflation already exists and will not be used as a cap but a guarantee. Purchasing power parity is a general principle of law and will be kept as an element of the method. On the other hand, it is no longer national civil services which offer the highest remuneration, and parallelism is not a general principle of law. The comparison is thus broader. Therefore, the removal of the Specific

Indicator does not breach any general principle and pursues the aim of simplification. The Office stressed the objective of remaining an attractive employer while proposing a method that is likely to be accepted by the Administrative Council.

SR stressed that maintaining purchasing power parity between places of employment is not equivalent to maintaining purchasing power as such. In its view, a salary adjustment procedure that does not ensure alignment with the evolution of the costs of goods and services at the reference location does not prevent erosion of salaries and benefits, even if PPP coefficients are formally preserved.

The SR questioned the usefulness of the proposed safeguard clause, which they considered neither a simplification nor aligned with the practices of other international organisations.

The Office explained that the safeguard clause is intended primarily to address concerns of the Administrative Council regarding exceptionally high nominal increases and would be activated only in exceptional circumstances.

SR noted that it does not see this clause as providing an additional safeguard for staff and indicated that this clause is again a negative message to Staff.

SR further stated that, in its view, the proposed methodology would lead, in particular in the Netherlands, to benefits under the New Pension Scheme (NPS) falling below the poverty line over 20 years. The Office requested that Staff Representation provide the calculations underlying this statement in order to allow a factual assessment and further discussion.

SR also raised concerns regarding the impact of the proposed methodology on salary scales in countries experiencing high inflation rates, referring in particular to Turkey, and requested to see concrete calculations illustrating the effects in such cases. The Office argued that the scale for Turkey is not used by any pensioners. Also, it is unlikely that a pensioner chooses to receive its pension based on the Turkish scale instead of the last place of employment.

4.5. Financial impact and long-term savings

The SR asked what would be the estimated savings over the long-term resulting from moving from EZ +0.2% to EZ +0.0% The Office indicated that accounting wise the estimated impact would be in the order of magnitude of EUR 1.4bn under the current discount rate. Several staff representatives questioned the need for additional savings in light of the Office's current financial situation.

The Office responded that the objective is to smooth outcomes and mitigate long-term financial risks in a volatile market environment, consistent with the broader financial strategy and external assessments (e.g. Mercer). The Office recalled the duty of the President and the Administrative Council to ensure long-term sustainability rather than focusing on short-term snapshots.

4.6. Further information and follow-up

The SR reiterated its request for detailed calculation files, examples and clarification of calibration steps, including illustrative future scenarios. The Office indicated that it

would endeavour to provide the spreadsheets as soon as possible, ideally before the next GCC-SSPR meeting, and agreed in principle to hold a dedicated technical meeting.

5. Conclusions

- The Office presented the future orientations of the Salary Adjustment Procedure, centred on a guaranteed EZ-based reference, strict preservation of purchasing power parity between sites, and significant simplification of the method.
- Staff Representation expressed substantial concerns regarding the removal of the Specific Indicator, potential salary erosion relative to local inflation, and the legal and social acceptability of the proposed approach.
- The Office committed to providing detailed calculation spreadsheets and to organising a follow-up technical meeting on calculations related to the proposed new method, in addition to the GCC-SSPR meetings already scheduled.
- The dialogue will continue in forthcoming GCC-SSPR meetings as part of the 2026 consultation and decision-making timeline.

ANNEX 13



Minutes of the technical meeting on the 2027-2032 Salary Adjustment, online via Teams

on 19 January 2026, 10.30 – 11.30 hrs.

Participants:

Office (The Office):

E. Bergot (EB)	(PD43)
JF Vaccaro (JV)	(D431)
H. van der Heyden	(D431)
E. D'Attilia	(D431)
S. Nedelkovska	(D431)
D. Semedo Leite	(D431)
I. Dominguez	(D431)
S. Kluth	(D431)

Staff Representation (SR):

D. Kelly (DK)	(Munich)
T. Franchitti (TF)	(Munich)
M. Sampels (MS)	(Berlin)
R. Mitchell Thomas (RMT)	(The Hague)
F. Ciotta (FC)	(The Hague)
I. Cominges (IC)	(Vienna)

President's Office and Social Dialogue:

K. Kortsaris
M. Arranz Gomez

1. Opening of the meeting and purpose

The Office opened the meeting and recalled that its purpose was to answer questions on the calculations shared with the Staff Representation as part of the discussions on the future orientations of the Salary Adjustment Procedure (SAP) for the period 2027–2032.

2. Questions, comments and discussion

The SR explained that, prior to receiving the file, they had conducted their own simulations based on the results presented by the Office in the previous meeting. SR reported that they obtained similar results and noted that this was also the case when HICP BE was not used in the calculations. The same effect was observed when using the spreadsheet provided by the Office. In this context, SR asked the Office to explain the rationale behind the first step of the calculation, which consists of multiplying the Belgium scale by HICP BE.

The Office replied that indeed the same impact is observable, HICP BE has no impact on the final result. This is explained by the chosen reference, which has a neutralising effect on HICP and on the Specific Indicator (SI) in the calculation. Precisely, the calculation consists in multiplying the current Belgium scale by HICP BE, giving the new scale for Belgium. Afterwards, the other scales are derived through the PPPs. Then, when calculating the weighted average, HICP BE is neutralised since it is in both the numerator and the denominator of the equation. Concretely, the formula presented has the objective to have Eurozone inflation (EZ) as a final overall result and distribute the adjustment across the different scales according to PPPs.

The SR then asked if the mathematical neutralisation of HICP and SI is the reason why SI is not considered anymore in the proposed methodology.

The Office replied that, in addition to the methodological and statistical considerations, the fact that SI is neutralised in the calculation is an additional reason indicating that its inclusion in the formula is not mandatory.

SI measures the parallelism in terms of percentages of increases, however these percentages apply to very different amounts basis, and therefore, do not have the same financial impact on the budget of national civil services and the EPO.

The SR then asked if the first step of the calculation, in which the Belgium scale is adjusted with HICP BE, will be included in the draft document submitted to the AC.

The Office replied that due consideration will be given in the draft document. More precisely, a reference to the Belgium scale is needed in order to apply the PPPs that are provided by ISRP. However, the exact way this will be reflected in the CA document has not been decided yet.

The SR then expressed their concerns on the fact that the only financial parameter used for the Belgium scale, i.e. HICP BE, has actually no impact on the Belgium scale.

The Office reminded that HICP BE is not the only indicator applying to the Belgium scale, since the EZ inflation parameter applying to all scales, also applies to the Belgium scale.

Regarding the comparison with the current methodology presented by the Office, the SR asked whether a calculation had been carried out to assess the lump sums that would have been paid over the last three years if the proposed method had been applied.

The Office explained that the purpose of the comparison was solely to compare the scales, as the new methodology does not include any periodical settlement.

The SR then requested clarification on the potential introduction of a safeguard clause. They recalled that the two-digit adjustment observed in the previous six-year cycle was due the combined application of the exception clause and the carry forward mechanism. Considering the carry forward mechanism has been excluded from the proposed methodology, the SR did not see the need to include such a clause in the new methodology.

The Office replied that indeed, the safeguard clause will not refer to a 2-digits figure, as it would result in a theoretical clause, hardly applicable. However, its exact magnitude will have to be discussed with all stakeholders. The Office recalled that, in the third year of the current methodology, EZ inflation exceeded 8%, resulting in a 10.6% salary adjustment (2.1% due to the exception clause and 8.5% from the application of the method). While EZ inflation is currently forecasted at around 2% in the long term, the possibility of an unexpected increase cannot be entirely excluded, particularly given that the proposed method is fully dependent on EZ inflation developments.

The safeguard clause would also address a comment made by Mercer in the 2023 financial study, which warned the Office of the risks associated with its dependence on inflation. The purpose of the safeguard clause is therefore to mitigate this risk. However, the mechanism of the clause has not been defined yet, and several options are currently being assessed, with the objective of avoiding a disproportionate one-off impact on the Office's budget.

The SR commented that one of the main messages of the document provided by the Office is that the proposed method guarantees Eurozone inflation. However, with the introduction of the safeguard clause, this message is not considered valid anymore, since EZ inflation would not be guaranteed in case of high inflation.

The Office replied that the safeguard clause would have similar rationale than other clauses currently in place, such as the exception clause or the nominal guarantee, and would be triggered in the event of exceptional circumstances.

The SR commented that by looking back to the previous years, EZ inflation has been considered high in 2022 and 2023, resulting in a higher adjustment than by applying the underlying methodology. These two years would have been compensated by other years, where the underlying methodology would have resulted in higher adjustments. With the simulations provided by the Office, if the proposed methodology would have been applied since 2014, they indicated that there would be a difference of 13.4% respect to the underlying methodology. Additionally, by comparing HICP BE and EZ inflation over the last 12 years gives a difference of 10.8% difference. The SR considered therefore that the proposed method results in a huge loss of purchasing power, which is not aligned with the statement of the President in 2020 referring to the purchasing power of Staff.

The Office invited the SR to share their calculations for discussion, including those suggesting that the NPS threshold could fall below the poverty level in the Netherlands. The Office also reminded that the President has to protect the staff package over the long-term, considering that the majority of the liabilities of the Office are towards staff.

The SR commented that in a context of increased productivity, pension schemes being funded at 100,3%, RFPSS and EPOTIF above planned returns, it is complicated for staff to understand the reduction from EZ +0.2% to EZ, even if now presented as a guarantee. The SR expressed their opinion that no financial indicator or expert advice justifies the cuts imposed by the proposed methodology.

The Office confirmed the current positive financial results but also explained that the method is justified by a cautious approach to ensure that future liabilities do not rise exponentially. The current positive results are a snapshot, the SAM is expected to produce long-term cumulative effects. Moreover, the Office recalled that the risk linked to inflation has been exposed in the last Financial Study.

The SR then commented the calculations provided by the Office, in particular step 3 of the calculations, where the weighted average is derived. SR expressed their concerns on the unpredictability of results, in particular for smaller sites contributing less to the weighted average, and where the unequal treatment across duty stations would persist with the proposed methodology.

The Office replied that a compromise needs to be found between a regular increase of salaries considering purchasing power parity on one side, and a link with EZ inflation and financial sustainability on the other side, which is not the case with the underlying

methodology. The Office also explained that based on the review of previous methodologies, it can be observed that results have been above local inflation in some years and below in other years for each country. Regarding the predictability of results, the Office explained that the objective is to have a defined/predictable methodology but not to have results known in advance. The Office reminded that costs are heavily influenced by Germany and The Netherlands due to the larger number of staff in these locations. For this reason, higher weights need to be associated with these two countries to ensure the stability and the predictability of the budget.

The SR asked why, in cases of high inflation, intermediate adjustments applied to fees could not also be applied to salaries. SR noted that real (net of inflation) increases in returns are considered for actuarial studies.

The Office replied that liabilities are calculated based on the salaries that have been increased nominally applying the results of the salary adjustment methodology, as the starting point of the actuarial valuation. Currently, an assumption of long-term salary increase of 0.2% above inflation is indeed considered for the projection of benefits. Should a new methodology lead to a future higher assumption (above 0.2%) it would result in higher liabilities, which is not acceptable for our stakeholders.

The SR then commented on the link between the proposed methodology and the evolution of salaries of National Civil Servants (NCS). Whether the adjustment is below or above national inflation for NCS, this would be reflected in the value of SI. In case of positive SI, meaning that national parliaments can afford that the evolution of salaries of NCS is above inflation, a real increase of salaries take place. SR consider therefore that SI already contains a link with inflation. The SR underlined the importance they see in maintaining a parallelism with NCS, and would accept to follow it closely, namely by not granting salary adjustments above inflation when NCS do not receive real salary increases. SR consider the parallelism with NCS more straightforward than the link with EZ inflation, which might not reflect the financial evolution of a specific country.

Moreover, SR pointed out that the EPO is the only International Organisation with a method having a sustainability principle, such as the sustainability cap or the EZ inflation guarantee.

The Office replied that with the sustainability principle included in the methodology, the objective is to have a sustainable evolution of salaries without having to implement other reforms. In other IOs, such as the OECD for example, pension reforms or lower salary scales have been introduced in order to cope with financial sustainability challenges.

Regarding what happens in terms of evolution of NCS salaries, political and social aspects are usually considered by governments, and not all increases are actually sustainable, contrarily to the Office's goal.

SR explained that parallelism is a principle used in all other IOs and getting distant from it in the proposed methodology, might result in many litigations. Moreover, the introduction of the safeguard clause is considered by the SR a violation of the stability principle of the methodology.

The Office asked the SR how they would incorporate PPPs if the principle of parallelism as mentioned by the SR is maintained.

SR answered that SI would be applied to the Belgium Scale in addition to HICP BE, and afterwards PPPs would be added to calculate each scale.

The Office understood that the application of SI and PPPs proposed by the SR corresponds to the underlying methodology.

The SR acknowledged that the underlying methodology can not be proposed to the AC. However, SR consider that including a moderation of SI could be a possible solution to ensure parallelism and parity.

The Office answered that the method proposed by the SR corresponds to the methodology applied by the EU. As shown in the CA/79/25 (review of the current SAM), the method of the EU results in higher adjustments than the Office's current method. This would therefore mean to ask the AC to approve a method with on average higher increases of the scales than the current method. This is considered bearing a low likelihood to be adopted.

SR replied that the EU has agreed for 10 years over a method that is linked to the evolution of salaries of NCS. In this way, national parliaments take implicitly the decision over EU's evolution of salaries. Moreover, the opinion of SR is that a methodology accepted in the EU could be considered a guarantee for our Member States. Additionally, SR mentioned that the EPC allows the Office to adjust the fees according to its costs, which should be done in order to avoid that Member States could claim part of the current operational surplus.

The Office took note of these general comments over the strategy of the Office but reminded the group that this is a technical meeting and its focus should be on the calculations for the proposed salary adjustment methodology, on which all parameters can be discussed. The Office reminded that the objective of the proposed methodology is to maintain the purchasing power of staff within the constraint of the long-term financial sustainability targets.

3. Further information and follow-up

The next meeting is planned for 20.01. The Office thanked the group for having shared comments and views on the calculations.

ANNEX 14



Minutes of the GCC-SSPR working group on the 2027-2032 Salary Adjustment, online via Teams

on 20 January 2026, 10.00 – 12.00 hrs.

Participants:

Office (The Office):

E. Bergot (EB)	(PD43)
L. Germond (LG)	(PD08)
L. Decoudu (LD)	(Dept. 0801)
JF Vaccaro (JV)	(D431)
S. Nedelkovska (SN)	(D431)

Staff Representation (SR):

D. Kelly (DK)	(Munich)
T. Franchitti (TF)	(Munich)
M. Sampels (MS)	(Berlin)
R. Mitchell Thomas (RMT)	(The Hague)
F. Ciotta (FC)	(The Hague)
I. Cominges (IC)	(Vienna)

President's Office and Social Dialogue:

K. Kortsaris
M. Arranz Gomez
H. Ewald

1. Opening of the meeting and purpose

The Office opened the meeting and invited the Staff Representatives (SR) to give their observations on the discussions of the last two meetings.

SR confirmed that they understand the intention of the Office's proposal to link salary adjustments more closely to Euro area (EZ) inflation, notably in view of financial sustainability, and the need to align expenditure with the Office's income from fees.

However, SR questioned whether the proposed methodology is strictly necessary, given the current strong financial position of the Office, and raised several concerns, in particular regarding legal risks and long-term effects on purchasing power.

1. Legal risks raised by the SR:

SR identified several potential legal risks associated with the proposed method:

- **Stability, transparency and foreseeability:** The intention to review the method after three years, together with the safeguard clause, could undermine the stability and predictability of the system.
- **Principle of Parallelism:** While jurisprudence confirms that staff have no vested right to the specific indicator (SI), SR stressed that clear and objective reasons are required to depart from it. They questioned whether replacing the SI with EZ inflation constitutes such a reason, noting that EZ inflation may not be directly linked to the Office, especially as fees have historically increased in line with EU inflation.
- **Additional savings without a financial study:** SR noted that removing the spread would lead to further savings, the need for it being supported without an additional financial analysis (according to the financial study 2023).
- **Impact on the Belgian (BE) scale:** Under the proposal, BE HICP would no longer directly affect salary adjustments since it has no effect on the result, which SR considered problematic.

SR also warned that an adverse outcome in litigation (in Geneva) would entail not only legal but also financial risks as the Office had to make a provision of 2 billion to cover the current litigation risk and stressed that the Office would be adopting an approach not used by any other international organisations.

2. Office responses and clarifications:

The Office clarified that:

The EUR 2 billion set aside should not be considered a provision, as there was no obligation to do so, but rather a prudent financial buffer in view of potential legal risks.

Legal risks are always considered, but detailed legal discussions take place in the context of litigation. The objective of this meeting remains to design the most balanced and robust salary adjustment method possible.

The AC would disagree to continue applying only the underlying method even though the Office is in a solid financial situation due to the fact that, in the last 6 year, we have already slowed down our salary growth.

The Office is not “making savings” on salaries but moderating salary growth and setting funds aside to meet future liabilities, unlike other international organisations that have implemented direct salary cuts (some IO are designing their third salary grid, third or fourth pension schemes...)

This approach is seen as politically acceptable compromise to provide regular increases of salaries – and avoiding freezing salaries- for the staff while strengthening the long-term financial position of the EPO.

The Office reiterated its openness to working jointly with SR on improvements to the methodology.

3. Financial sustainability and the corresponding methodology

SR underlined that staff productivity and the financial situation of the Office are at historically high levels, and that the financial challenges identified six years ago have been addressed, with outcomes exceeding even the most optimistic scenarios mentioned in the financial study.

SR argued that:

- Further limiting salary adjustments (without the + 0.2% spread) would deprive staff of additional amounts (estimated at around EUR 1.4 billion).
- Many elements of the proposed method have not been tested in other international organisations. Aligning more closely with approaches used by other organisations could also support sustainability (like at the EU, the underlying methodology).
- All buffers were established following the Financial Study (pension buffers, increased operational income, increase of contributions), meaning the identified risks have already been addressed and no longer justify further restraint.
- The proposed approach: in line with that of the National Civil Servants (NCS), when they adjust salary scales above inflation, the Office would do so as well. The Specific Indicator can be further moderated. This is without a direct link to income like EZ.
- This balanced approach is financially responsible and the Administrative Council might be convinced. They consider the administration of the Office should be focussed on finding arguments to convince the Contracting States that salaries should not be further decreased.

The Office responded that while the financial situation of the Office has improved, caution remains necessary for the future due to factors such as market volatility, staff replacement needs, and salary adjustment dynamics, which remain highly sensitive to the inflation level. The current assessment of the financial situation remains a snapshot, the evolution of which depends on many parameters not under the EPO's control (e.g. market returns, inflation, incoming workload...). Focusing on a single positive snapshot could misrepresent the overall risk profile. Also, the proposed orientations and methodology do not decrease salaries as indicated by SR, but slows down the adjustments increases.

The underlying method produces results significantly above EZ inflation/local inflation, which has brought increases above the strict preservation of purchasing power. In addition to the regular salary adjustments, the career system (rewards) brings additional increases of pensionable salaries or bonuses.

4. Purchasing power and inflation

Another point of discussion concerned purchasing power:

SR stressed that over the past six years, salaries have increased below local inflation, leading to a real loss of purchasing power, especially given the high cost of living at the places of employment:

- Differences between BE HICP and EZ inflation over the past 12 years were highlighted (around 10.8%).
- Over the last 6 years Staff has lost 7% over the local inflation in NL and 7% below NCS.
- Based on that, SR questioned whether the proposed method genuinely maintains purchasing power or leads to a long-term erosion of benefits.
- Past restraint should not predetermine future outcomes. There is no economic or financial justification for remaining below inflation; this reflects a political choice rather than a necessity.

The Office explained that, at the same time, this current situation does not predict the future therefore we must continue increasing the salaries at a slower pace, in order to balance competitiveness of salaries, benefits of staff and financial sustainability.

The Office also noted that in the period 2014-2020, the underlying methodology brought increases of salaries 1.4% above local inflation in Germany and The Netherlands. It corresponded on the long-term to increases 0.5% above EZ inflation, which was considered as not sustainable on the long term.

With the current methodology the results were, on average, below the maximum of Eurozone inflation +0.2%. With the proposed methodology we would simply apply the target, which, on average, brings the Eurozone inflation at EPO level.

5. Long-term risks and liabilities

The SR questioned the Office on the assessment of the long-term liabilities and the associated risk of the Office.

The Office highlighted that:

- Any methodology producing results above the Eurozone inflation +0.2 , e.g. going back to the underlying historical method (HICP BE, SI and PPP) without moderation, would increase additional long-term liabilities compared to the current situation.
- The Office has limited control over key parameters such as the market returns, while 90% of our assets are exposed to market volatility.
- Long-term sustainability does not mean reducing the purchasing power, or reducing the benefits, it means trying to put a frame to maintain the liabilities under control and make sure the Office can pay salaries and pensions on the long-term.

- The strategic asset allocation (SAA) has not changed in the RFPSS, it does not yet reflect the lower risk appetite of the Office, and the risk profile is still higher than the recently decided risk appetite.
- Investment strategies carry inherent risks; past positive returns do not guarantee future performance.
- Financial studies focus on long-term sustainability, not short-term snapshots.

SR acknowledged the need for long-term planning but questioned whether reducing purchasing power is the appropriate response.

6. Other points raised

- SR requested further information on the PPP surveys for Germany and the change of reference to Berlin.
- The Office committed to providing additional explanations and to sharing the reports of the first two meetings, followed by the third.
- The Office noted SR's concerns as a "red flag" (safeguard clause) and confirmed that all messages would be conveyed to the President.
- Further internal discussions within the administration will take place; any clarifications or changes to the proposal will be shared with SR.
- The SR requested additional conversations with the legal team on the legal aspect of the methodology, which was evaluated to not be necessary at this point.

Additional input from ISRP on the PPP for Munich and the change of reference to Berlin:

The price data collection of the full list of goods and services is conducted by means of six surveys in total, each one covering a broad category of goods and services for household consumption. This process is covered by the National Statistical Institutes (NSI) in cycles of three years.

In practice this means that the NSI provide validated results from two surveys every year, with the other four surveys ongoing at the same time at some stage of their own cycle (preparation, fieldwork). In this context, the price data, with the exception of rent data, used for the calculation of the PPP for Munich at 1 July 2025, already replaced Munich data with Berlin data from two of the six broad categories of prices. In 2026, two additional categories of Munich prices will be replaced with Berlin prices, and it is expected that for the PPP calculations at 1 July 2027, all the prices except for rents in the PPP for Munich, will now be referring to Berlin.

In specific, the price surveys with Berlin data already integrated in the calculations of the PPP at 1 July 2025 for Munich are "Food, drinks and Tobacco" and "Personal appearance". The price surveys expected to be replaced in 2026 are "House and Garden" and "Transport and HoReCa", and finally the last surveys to be incorporated with Berlin data in 2027 are "Services" and "Furniture and Health".

The Federal Statistical Office (FSO) considered that the observed price differences between Berlin and Munich are not relevant according to the price surveys for consumer goods and services. Thus, they are now focused on the data collection only in Berlin and discontinued the price data collection in Munich, which was the data source for both Eurostat and the ISRP PPP calculations in this location. Despite this change, it should be considered that indeed, the main difference between the global PPP for Munich and for Berlin is mainly determined by the rent element which also represents the most important weight in the average consumption structure of our international staff in such locations, and which the ISRP and Eurostat will keep collecting and integrating every year for the calculation of the PPP for both duty locations.

ANNEX 15

Minutes of the GCC-SSPR meeting
on 28 January 2026, 10.00 – 12.00 hrs.

Participants:

EPO: Elodie Bergot (PD43), Laurent Germond (PD08), Jean-François Vaccaro (D431), Lucie Decoudu (Dept. 0801), Duarte Nuno Semedo Leite (D431), Maria Arranz Gomez (Social Dialogue), Konstantinos Kortsaris (Social Dialogue), Anikó Tolnai (Social Dialogue)

Staff Representation: Rhiannon Mitchell-Thomas, Thomas Franchitti, Michael Samples, Imanol Cominges, Derek Kelly, Fausto Ciotta

1. The Office started the meeting by presenting the novelties in the SAM proposal. The safeguard clause is now kept as a backup and will not be included in the orientations presented in March. A top up to compensate for local purchasing power was added to the proposal.
2. The SR asked about the logic behind this new proposal compared to the methods that exist elsewhere.
3. The Office answered that given the concerns from staff and pensioners that EZ target may not fully compensate for the local inflation, the Office considered a revised proposal which would mitigate the gap (if any) and provide for a compensation for local purchasing power in the given year. If the adjustment of the salary scale is above the local inflation, there is no lump sum payment (and no negative carry-forward neither).
4. The SR requested if the payment of the top up is only for the year or will be maintained for the future years.
5. The Office replied there is no cumulative effect. The payment is only for the year in question.
6. The SR expressed their surprise that the Office proposed a lump sum approach. The top up is not an adjustment but just a one-time lump sum and means a regression in the approach so far in the SAM. It adds complexity because another parameter is added (local inflation) and nevertheless does not comply with PPPs. It was added that Local HICP (country) is not representative of the local (city) HICP.
7. The Office answered that its understanding is that SR would like to have a more favourable method, however the Office noted that it tries to propose a method that will maintain the sustainability which is expected from our Governing Body. It also expressed surprise that now that the Office proposes an approach which

addresses the complaints of SRs regarding purchasing power, the SR seems to disagree with the proposal.

8. The SR argued that a lump sum does not compensate for erosion of salaries and does not address their concerns. Another question is whether this lump sum given to pensioners affects tax payment. Will the tax adjustment be paid to OPS pensioners on the lump sum and what happens to NPS pensioners?
9. The Office replied that there is no final answer to how to treat tax adjustment for the top up compensation. In the meantime (after this meeting), it was clarified to pensioners that a compensation for the cost of living is not a pension.
10. Another question from SR was how this top up compares to other models in other organizations.
11. The Office explained that usually there is not a one-to-one compensation for purchasing power (local inflation). Such compensation is not granted in other organizations and companies, private or public.
12. The SR went back to the previous discussion topic, to reinforce that the top up compensation offered by the Office for years where adjustment rate is lower than local inflation does not compensate for cumulative higher local inflation since it is a one-off compensation (in one single year). This top up proposal is in no way a mechanism to stop erosion of salaries.
13. The Office clarified that the philosophy is still the same of moderating salary mass increases and long-term liabilities. This is a request from member states and a necessity for the Office. The Office seeks to find a method within this framework while trying to be as close to inflation as possible and maintain purchasing power as far as compatible with the sustainability goals. The Office wishes to reconcile all the requests of the SR but keeping the need to maintain sustainability.
14. The SRs recalled the point referred to by the Office on the need to curb salary increases. In the Financial Study of 2019 it was stated the possibility for reversibility of the measures on salary adjustment if the Office has performed better than expected. The Office has had a good performance above the level expected in the study. However, there is a contradiction between the actions of the Office with more cuts and the actual performance of the Office. The member states should be told that the EPO cannot moderate more, especially considering the current financial situation of the Office is good and avoid further cuts in the salaries. The promise was to reverse if the situation improved and the Office goes exactly in the opposite direction.
15. The Office replied that this discussion has already taken place in the first meetings of this group. The picture the SR has of the Office financial situation is just a snapshot. The Office must guarantee the sustainability over the next decades and this requires taking into account any risks ahead and the Office's responsibility is to manage risks and ensure a sound management of the liability and assets of the Office.
16. The SR reacted to the Office's position by mentioning that moderation is not the essence of the proposal since there is no catch-up in the future. What will happen

after the next 6 years? Will member states request even more cuts? When will the cuts be given back? The salaries in EU are now higher than the ones of the EPO. Comparing a G8-1 in EUIPO and a G8-1 in EPO there is a 1 000 EUR positive difference.

17. The SR continued and requested to know which liabilities are mentioned by the Office. Why do member states request further cuts?
18. The Office replied that the SRs are also in the Administrative Council and are aware of the position of the member states. Most of the liabilities of the Office refer to staff costs (more than 80% of our budget). There are areas of our business model where the Office has control (mainly our costs), and others where it does not. Therefore, the Office needs to be careful and manage accordingly to make sure that our liabilities can be covered even when financial or business risks materialise.
19. The SR counteracted by questioning when will the situation stop, and when the excuse of possible arising risks will not be used to make further cuts. The promise of reversibility is not being fulfilled.
20. The Office replied that possibly this will only happen when the Office attains a situation where gains from digitalization and productivity reaches its full effect, and when the high liabilities resulting from OPS combined with old career system will be absorbed and a balanced position is achieved. But the Office does not want to re-open the same discussion as in previous meetings and other forums. Moreover, on the question of reversibility, from a legal standpoint, this is not a promise according to ILOAT.
21. The SRs stated that the pension fund (RFPSS) has risks as wished by the member states but without it the Office would not have a security for paying the pensions of the future. Therefore, this allows the Office to have a more stable financial situation and the member states should be remembered of this compared to what happens in their own countries. Moreover, the action of the Office is misaligned with Art. 40 EPC since the costs are being adjusted to the revenues and not the opposite. Moreover, many national patent Offices have had difficulties to hire staff while the EPO should keep a good package to keep hiring the best. If the countries are allowed to keep adjusting their salaries without a safety net for paying their pensions, the member states should be remembered that the EPO is in a much better situation than these countries.
22. The Office replied that it is not commensurate to support the increase in costs of staff by increases of fees. There may be a risk of mismatch between revenues and costs, therefore there is a need to be prudent when managing increase of staff costs.
23. The SR replied that there was no disagreement on the increase of fees in the council and the Office's quality and outreach of their patents - we are covering 39 contracting states and plus other, therefore, fees are justified. And it should be clarified if the SAM proposal is dependent of the willingness of the member states to not increase fees.

24. The Office counterargued by re-stating the previous answer and mentioned that the topic of fees should be addressed to the right forum and this working group (with PD43/PD08) is only mandated to discuss the salary adjustment.
25. The SR went back to the question why the Office is further increasing the effort of the staff on lowering salary adjustment after the better performance of the Office since the last 2019 financial study. When will there be a reversibility of the measures taken to salaries?
26. The Office explained that the study is a forecast for the next 20 years and reversing the measures already taken will result in a reversal of the expected impact of the measures, since they have effect over the long term and need to be maintained to ensure the impact will last in the future. All other assumptions being equal, this would bring EUR 2bn at the horizon 2042. The snapshot of the current financial situation is much better than 6 years ago (due to the moderation of salaries and pensions, the staffing decrease and a very favourable discount rate), but to maintain it, the Office needs to keep the framework in place.
27. The SR counterargued that the Office made a mistake since the previous methodology led to higher cuts than wanted. The current proposal is not just maintaining the past but increasing the cuts.
28. The Office denied there was an error at all. The methodology mentioned a maximum (cap) which means the results could have been lower, and that is what happened, over a very volatile period of the 6 last years.
29. SRs questioned if the larger cut in the last 6 years (+0.2 EZ vs -0.2 EZ) will be compensated.
30. The Office replied that it is not foreseen under the current method, but the SR are always welcome to send the Office any proposal they may have in mind under the mandate of the working group, which will be then analysed.
31. The SR questioned what the improvements of this new proposal are since it is now similar to the current method
32. The Office questioned whether the top up is considered as an improvement for the SR.
33. The SR replied that the underlying methodology is the proposal of the SR. Several questions are still open on the Office's proposal as for example the tax treatment for pensioners. SR mentioned that the Office should put weight on the legal risk for the next 6 years since the proposed method opens the door to litigation.
34. The Office answered that in the last years all the measures introduced by the Office were litigated against, so the legal risk has been there all the time whatever the Office proposes. In any event, it is the Legal Services' core function to advise on the legality of the Office's proposals and defend its decisions in litigation, where necessary.
35. The SR mentioned that the proposal of SR (underlying methodology) follows the salary increases for civil servants. The SR questioned if it is prudent that the SAM

will be decided in ILOAT because the proposed method has never been used before and have several elements that are not seen anywhere else (e.g. lump sum top up), which have a high risk of being litigated. The SR's proposal is flexible since it includes a moderation of SI which would then moderate the salary growth.

36. The Office replied that the Office needs to be prudent and weigh the arguments for a very favourable salary method. The Office tried to convey the message to the Council of the good results of the method and the moderation of the liabilities it brought, to not come to drastic freeze of salaries. However, the mismatch between salary levels of EPO and outside world is a big challenge. The Office will propose the best salary method possible under the Council requests for sustainability and moderation on costs evolution and maintaining a favourable package for the staff.
37. The SR went back to the question of litigation. In the past there had been no choice than to litigate given the Office's attempts to challenge the limits of employment law. A reform of salary adjustment impacts not only salaries but also pensions, widow pensions, survivor's pensions and so on. It has a far-reaching impact than any other reform.
38. The Office replied that litigation has significantly dropped. The culture of dialogue has improved and could further develop in terms of making compromises. The Office hoped that this topic would also be an opportunity to do so. There must be a compromise between all parts to reach to a final method.
39. The SR stated that after all arguments made so far by the Office the method proposed by SR is the right one. The SR re-stated the arguments brought before in this meeting to why the salary proposal of the Office is not adequate in view of the better financial position of the Office.
40. There were no further questions from SR. The Office stated it would convey the messages of SR in this meeting to senior management.
41. The meeting was then closed.