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Profit sharing

UNIONS' LETTER TO MANAGEMENT

To: *Director of Human Resources*

Copy to: *Sylvain Roy, President of Amadeus*

We are following up on the discussion between management and the unions on 27 September, during which we discussed the impacts of the IP Box on the profit sharing. We would like to return to several points:

- 1) You explicitly dismiss the demonstrated impacts of the IP Box on the profit sharing in favor of a global approach to the variable compensation of Amadeus employees. However, the irregular nature of certain components of our compensation is the result of specific mechanisms whose objective has **never** been to ensure the “stability” of the employees’ variable compensation, as you suggest. The Staff Company Bonus negotiated in 2016 by the Amadeus European Employee Committee, and paid in the form of ‘intéressement’ in France, was intended to **improve** – not stabilize – the employees’ variable compensation according to the same criteria as Senior Management, so that all Amadeus employees can benefit from the company’s success when its performance allows it. The Staff Company Bonus is a scheme extended by the Group on a global scale that has **absolutely nothing to do** with profit sharing, which is an exclusively French specificity. Profit sharing is a right in force since 1967 that does not grant employees any **privileges**, as we demonstrated several years ago when the company decided to guarantee a minimum profit sharing of 5.5% of the base salary. A measure that aimed to cap the strong negative impact on the profit sharing of the R&D investments made in India. Profit sharing then reached between 11 and 14% of the base salary, well above current levels. ‘Intéressement’ appeared in our company in 2016, **well before** the IP Box came into force in 2019, and is absolutely not intended to compensate for its negative effects.
- 2) You mention the international nature of the company to justify a “harmonisation” – in reality a levelling down – of the variable part of employees’ remuneration. This is not only a fundamental change in approach by the company, which had unilaterally decided to compensate for the loss linked to the IP Box in 2019 by adding 19 million euros to the special profit-sharing reserve, and which is now refusing it in a context of record profits, but above all an **argument with variable geometry**. All the requests made for years to the Management by the European Employee Committee to extend social benefits to countries that do not have them have been rejected on the grounds of “social conditions specific to each country”.
- 3) You claim that Amadeus employees are privileged compared to the market to justify your refusal to defend the compensation of the negative effects of the IP Box on the profit sharing. We would like to point out that the Group's EBITDA margin is much higher than that of the market and that Amadeus has distinguished itself for many years as a flagship of the industry offering an attractive social framework that we do not intend to give up in the name of "benchmarks" with the market - which one? - most often one-sided and justifying a constant erosion of the social benefits of Amadeus employees. Especially since the salary increases of recent years have not been enough to compensate for inflation for a large majority of employees, who have seen their standard of living deteriorate. We recall that many colleagues left Amadeus for a salary, and an overall remuneration package, on average 30% higher than that of Amadeus.



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4) The IP Box is a subject **on its own** that the company knows how to exploit to its double benefit, not only by the massive reduction of corporate tax but, in addition, by the confiscation of the profit sharing due to Amadeus employees in considerable proportions that deprive each employee of several thousand euros each year. The accounting expert Egide, mandated by the CSE, has clearly demonstrated that the company could freely decide to compensate the IP Box for the benefit of employees without prejudice to its positive effects on the tax paid by the company, as was the case in 2019, and as advised by the digital employers' union Numeum, to which Amadeus belongs, which invites companies to anticipate in advance a derogation agreement so that "*the IP Box regime does not have a negative impact on employee participation*" (see page 25 of the "Practical Guide IB Box 2024" attached).

We ask management to quickly take the necessary steps to ensure **compensation**, via the profit-sharing or 'Intéressement' scheme, for the financial loss linked to the IP Box **for the 2024 financial year and subsequent financial years**. The fact that the variable portion of the remuneration is thus increased is not an injustice but rather the expected and deserved sharing of the excellent financial results to which employees have contributed.

Employees and their representatives can perfectly understand that efforts are required of them when the company faces difficulties as was the case during the pandemic. On the other hand, when the company achieves record profits as is the case today, profit sharing is a perfectly normal, legitimate and necessary claim.

October 10, 2024

An annual loss of profit sharing representing one month of net salary per employee is not acceptable, especially in a context of record profits.

The unions are available to provide employees with the necessary explanations and ask them to be ready to

STAND AND ACT TOGETHER AND COLLECTIVELY

to defend our profit sharing.

Excerpt from the IP Box Guide of the Numeum employers' union

"4.4 Impact on profit sharing

The option for the IP Box tax regime has an impact on the amount of the special profit sharing reserve, insofar as the net result calculated under Article 238 of the CGI is not to be taken into account for the calculation of the special profit sharing reserve. In the event of an option for the regime, this net result is not included in the taxable profit at the ordinary corporate tax rate. Thus, it is advisable to anticipate, as best as possible, the effects on the special profit sharing reserve. A derogation agreement must be anticipated in advance so that the IP Box regime does not have a negative impact on employee profit sharing."

Edition 2024