

PRESS RELEASE

Frankfurt am Main, February 19, 2024

SAP achieves pioneering victory with KLIEMT.HR Lawyers in legal dispute with early retirees

Demanding equal treatment with "active employees", around 40 early retirees of the software group SAP filed a lawsuit at the Mannheim Labor Court for payment of a further salary increase and an inflation adjustment bonus. With the support of KLIEMT.HR Lawyers, SAP has now achieved a groundbreaking victory at the Mannheim Labor Court.

The legal dispute was triggered by SAP's decision to carry out a voluntary Group-wide salary round for 2023. In this matter the Group Works Council and SAP agreed on the Group works agreement "Salary Round 2023" as part of a conciliation procedure. This provided a differentiation between early retirees and active employees with regard to the performance-independent salary increase and the inflation compensation bonus for the first time. Among other things, it was stipulated that early retirees would also receive a salary increase independent of performance for 2023, though only comprising 50% of the salary increase for active employees. Additionally only active employees were granted the payment of an inflation compensation premium.

The early retirees demanded equal treatment with active employees and argued that their right of a "full" salary increase already resulted from the existing regulations at SAP. In any case, they were entitled to the payment claims from the principle of equal treatment. The 8th Chamber of the Mannheim Labor Court has now clearly rejected this demand and in its judgment of February 15 2024 completely dismissed all lawsuits pending before the 8th Chamber.

The court reasoned that the relevant provisions did not contain any entitlement to a further salary increase. According to the regulations, it is rather up to the company parties to decide annually on "whether" and "how" a salary increase will be implemented as part of a so-called pay-round. The court also agreed with SAP's argument regarding the alleged violation of the principle of equal treatment, according to which early retirees are not comparable to active employees. In the case of active employees, the focus is on work to be performed in the future, whereas employees in early retirement receive wages for work already performed in the past. The differentiation made by SAP is therefore legitimate.

Although the decisions of the remaining chambers of the labor court are still pending in around 30 similar cases, it can be assumed that they will agree with the judgment of the 8th chamber.

SAP was represented by KLIEMT.HR Lawyers, in particular the team led by Prof. Dr. Barbara Reinhard, who has been successfully advising SAP for many years.

Representing SAP:: KLIEMT.HR law (Frankfurt): Prof. Dr. Barbara Reinhard (partner), Vera Ellger, LL.M. (Senior Associate) and Camille Scheidel (Associate)

About KLIEMT.HR Lawyers

With about 90 lawyers working exclusively in employment law, KLIEMT.HR Lawyers is the largest law firm specializing in employment law in Germany. The law firm was founded in 2002 as a spin-off of a team led by Prof. Dr. Michael Kliemt and Dr. Oliver Vollstädt from the Düsseldorf office of Clifford Chance. With offices in Düsseldorf, Frankfurt am Main, Munich, Berlin and Hamburg, the firm is now one of the market leaders in employment law. More than half of the DAX companies, a large number of successful German mid-sized companies and many global corporations rely on the employment law expertise of KLIEMT.HR Lawyers.

KLIEMT.HR Lawyers advises, among other things, on the implementation of restructuring and integration projects as well as on collective bargaining issues. Other areas of focus include works constitution law, company pension schemes, temporary employment, codes of conduct, compliance and data protection. The law firm also supports companies and top executives in all questions of manager liability, including taking over litigation.

KLIEMT.HR Lawyers is the German member of IUS LABORIS, a global alliance of leading employment law firms in more than 55 countries and associated law firms in another 60 countries. With its IUS LABORIS partner law firms, KLIEMT.HR Lawyers offers a seamless employment law service in more than 100 countries worldwide.

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