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Bulletin du Comité d'Entreprise Européen d'EDF

Editorial

EDF Group in Europe: an Industrial or Financial Group?

This is the question the CGT asks itself after the last meeting of the European Works Council. In these times when shareholder profits rhyme with austerity plans for households, the large Energy groups also have a social role to play from the local level up to the European level. According to the CGT, EDF Group, although it is a for-profit company, must be responsible and transparent in relations with its employees. Unfortunately, at present your representatives are worried. In the plenary meeting of the EWC, management did not clearly state its strategies, but played for time and gave very few replies to questions from the body. This meeting was a time for discussion keenly awaited by the representatives of EDF Group's European subsidiaries. Understanding the strategy and its impacts on employment was one of the objectives of your CGT representatives. However, we cannot accept such attitudes of the strict minimum, the "politically correct", or else denigration by our managements. As a result, then, the EWC meeting was tense, to say the least!

For example, we learned through the press that EDF is going to sign an exclusivity agreement for the sale of its 49% stake in its Slovak subsidiary SSE to the Czech company EPH. Apparently, EDF's reason for this is simply that it does not control the company! This at a time when our company has reported very good profits and when, during 10 years, many efforts have been made by the employees to enhance the Group's profits. Our colleagues, the Slovak personnel representatives, were severely affected by this news during their stay in Paris for this EWC meeting.

Your CGT representatives at this meeting:

Delphine Charvieux (UCF ERDF-GRDF)
Fabrice Coudour (EDF DPIH)
Patricia Freymann (ES Energies)
Fabrice Guyon(EDF CNPE Chinon)
Christophe Hinsky (EDF CNPE)
Pascal Lambolez (EDF CNPE Golfech)
Céline Maschinot (EDF Customer Division)
Dominique Raphel (EDF)
Laurent Salvat (EDF DPIT)

Moreover, more than €1 billion in savings will have to be made, i.e. a 5% decline in purchases by all the companies of EDF Group, as part of a certain SPARK programme (see news release by the CWC and the Group Committee). These savings will be made on the cost of bought-in supplies or by sacrificing projects. However, for the representatives of the foreign subsidiaries, this is a cost cutting programme which comes on top of all the others! Moreover, we are not fooled, and everyone knows that often a cost cutting plan is ultimately synonymous with internal or external redundancy schemes at subcontractors. At the same time, we are bound to note that, in the foreign subsidiaries, job cutting plans are more topical than ever: redundancies, transfers to private companies and stimulation of voluntary redundancies, etc.

Moreover, despite the great lack of visibility regarding EDF's strategy, we have clearly understood that the Group will not hesitate to abandon its scheduled investments and is very seriously considering stopping two of its major European projects, Ruda and Hinkley Point, until the effects of the crisis wear off and the debate on energy transition in France is ended. Herd behaviour or not? EDF seems to be discreetly following the same trend as the major European energy producers, i.e. it is searching for strong markets very far from the borders of Europe.

What will be the energy market of tomorrow if European energy producers turn their backs on it? What energy policy can Europe develop if the various players are interested only in the financial return for themselves? What will be the price to be paid by their employees and the end consumer?

The subjects discussed in this news bulletin will show you that we have good reasons to worry and to work constantly to support objectives in the general interest in the Group and to defend the employees!

SALE OF SSE (SLOVAKIA)

Henri Proglio: " … It is not the accounts that should determine the group's strategy… Finance is there to serve the strategy …. Finance is not there to restrict the strategy …."

These words pronounced by our CEO during this EWC meeting unfortunately had no impact on EDF's decision, announced the day before the EWC meeting, to sell 49% of the assets that it owns in the company SSE in Slovakia. Faced with this decision, the European Works Council passed a unanimous resolution to ask that an extraordinary EWC meeting be held regarding this sale.

EDF's strategy in Slovakia can be summarized by these words pronounced by Mrs Laigneau: "Our strategy is not to be a minority shareholder, because this does not enable EDF to control the company".

Here is the scarce information given by management concerning this sale.

The buyer, EPH, *has agreed to:*

- ***comply with and implement the existing collective labour agreements at SSE;***
- ***manage the HR aspects of the 2012-2014 plan and the Supervisory Board (with three trade union representatives).***

The buyer is required to comply with the provisions of the current pact between the shareholders, EDF and the Slovak government, and with the current strategic plan.

In accordance with the EWC agreement and the Group CSR agreement, the representatives obtained:

- the holding of an extraordinary meeting planned in September;
- the commitment to have recommendations made by a Paris consulting firm, which apparently was the instigator of further redundancies not scheduled in the initial strategic plan, voted on by the Slovak government and the trade unions

Management considered that for the employees there is no change of employer because EPH is taking over EDF's stake without any change, and therefore there is no need to consult the European Works Council.

The goal of the extraordinary meeting is twofold:

- Allow our Slovak colleagues to benefit from an extension of their collective guarantee agreement which ends at the end of 2013, in order to enable them to renegotiate with the new buyer. Otherwise, there is nothing to ensure the permanence of their employment as of 2014.
- Push the Group to be consistent in its commitments on its social responsibility beyond Slovakia.

Igor Pistik of the Slovak delegation

Group strategy

EDF Group is full of ambition regarding competitiveness and performance, but what does this mean? At present, it is hard to understand and analyse the real strategy of the company's managers. What can be observed are the facts! A large number of thermal power stations mothballed, investments for expansion in the BRICs (Brazil, Russia, India, China) and Turkey, where there are double-digit growth rates, adoption of cost cutting programmes possibly entailing disguised redundancy scheme, asset disposals in Europe, etc. A fantastic policy if the company were a purely financial venture!

For the CGT, there is no longer any purpose! It is essential that our Group should adopt real responsible social approaches, because by continuing on the present path, it will clearly be the employees and the end consumers who will pay a heavy price. There must be a return to an industrial investment strategy <u>for growth in Europe</u>, abandoning this purely capitalistic approach designed to enrich the shareholders.

Europe must revise its energy policy, and a Group on the scale of EDF must fully take part in this. It is not sufficient to post a "commercial" industrial strategy to be well regarded! For example, one cannot boast of a reduction in CO_2-emitting production if it indirectly implies importing "very-high-carbon" MWh from Germany.

For the CGT, the EDF company in France and abroad must return to an industrial and not a financial vision. To do so it must take actions such as the development and construction of low-carbon production facilities, the use of alternative and/or renewable fuel resources, etc. It is high time to take a position in the European energy mix excluding all speculation and to drive a responsible public energy sector.

EMPLOYMENT AND TRAINING

Given the very full agenda, the employment and training issue was not discussed during this meeting. However, we note that in the documents sent, EDF Group deploys an employment policy marked by four trends:

- Maintaining skills in strategic sectors via a recruitment phase anticipating retirements or in response to the need to comply with the law;
- A systematic policy of looking for productivity gains at the expense of the Group's employees, whose number has declined continually since 2006 on a like-for-like consolidation basis;
- An abandonment of subsidiaries considered non-strategic in the short term, such as the subsidiaries in Hungary and Slovakia, which is reflected by a refusal to commit to maintaining employment via a policy of training in anticipation;
- The development of unstable work situations not covered by collective labour agreements.

The latter three aspects contribute to the precarity of labour and policies of reorganization at the expense of employees. We want a reorientation of labour priorities by opening in-depth discussions on these issues:

- The coverage of all employees by a collective labour agreement;
- The conditions of anticipation of reorganization and restructuring of the Group's companies.

During the debriefing among the unions, the CGT representatives proposed to all the delegations the organization of a specific debate on these issues at the next meeting, and said they wished to mandate the Collective Guarantees Working Group to prepare this matter beforehand and work out proposals.

Strategy for the Continental Europe area

As we mentioned in our last article, the ambition stated by EDF in recent months of becoming the leading electricity producer in the world, with a refocusing on Europe in order to be a benchmark operator covering all businesses (production, grid, optimization and trading, retail customers) to serve countries and their citizens is no longer relevant. At present there is only one watchword, "COST CUTTING", with two approaches:

- The SPARK project designed to reduce purchasing costs by 5%;
- Reduction of the workforce in the CEEC, with drastic targets:
    - For Hungary this takes the form of a 13% reduction in the workforce by July 2013;
    - For Poland, 200 people will leave by the end of 2013;
    - For Belgium, more than 120 people will leave by 2015.

For the CGT delegation, the priority assigned by the Group to remuneration of the shareholders (+14%) at the expense of wage policies is unjust and belies the Group's statements regarding its ethics.

The employees of foreign subsidiaries, whoever they may be, must no longer have to pay the price of this rash strategy. It is our responsibility to take our future into our own hands by demanding another policy focused on respect for work, the general interest and human progress. We consider it essential that a Group in the energy sector which is making operating profits and which claims to be socially responsible should conduct an employment policy based on industrial relations respectful of the employees.

It is the employees who create a company's wealth and not the shareholders!

Consolidated Financial Statements working group

Led by the CGT

The CGT delegation reminded the Group's senior management that the current policy of remunerating capital at any price is not sustainable. The Group is obliged to borrow to pay dividends!

The Group cannot simply blame the Board of Directors and hence the French state, its leading shareholder, for this. **It is clearly a Group decision to increase the amount of the dividend by 10 cents this year. This decision by the Group is equivalent to 2% of the payroll, or again, more than 2,600 jobs per year!**

The CGT gives a reminder that the personnel should not be regarded as the adjustment variable. EDF Group must remain an industrial group and assume its social responsibility and not become a company governed solely by financial considerations!

Commitment survey:
"MY EDF"

This survey, performed by the Group's management in order to "increase employee involvement", will be carried out every year.

Although, from their viewpoint, this survey is generally positive, it should not be forgotten that 40% of the personnel did not take part and that the results in France are among the most negative. The survey also shows, in Italy, a great lack of visibility regarding future plans.

We regret the lack of feedback in the units regarding the action plans that management expects to perform.

The CGT denounces the fact that the resources invested to improve the personnel's living and working conditions are not adequate for this project.