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Labour relations of the Électricité de France (EDF)
European Works Council

within the frame of the project „Electricity networks in Europe”

(Project number: VS/2010/0776)

Budapest

15. May 2011

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EXECUTIVE SUMMARY

EDF is one of the world's largest integrated electricity enterprises with globally ca. 160 000 employees. Although the company was partly privatised in 2004, almost 85% of its shares are still state owned. Employees of the French electric energy industry are in a privileged situation from many points of view even today; in contrast to the private sector the five trade unions present in the company have still a major influence.

The EDF group acquired its Hungarian companies during the privatisation process, it owns 95.57% of the Budapest Erőmű ZRt. (BERT) / Budapest Power Plant Closed Company Limited by Shares (cPlc.), and owns 100% of the EDF-DÉMÁSZ group. Since the take-over EDF has made big investments in both companies which resulted in a major drop of the workforce: currently BERT employs 330 and DÉMÁSZ 1 430 employees. Both companies were extremely profit making in the past years but the profitability of the cogeneration of BERT is fundamentally jeopardised by the planned elimination of the mandatory off-take system. The Hungarian system of labour relations has completely been established in both EDF companies: next to the local trade union organisations, which are affiliated to EVDSZ, there are works councils, occupational safety representatives and employees' delegates in the supervisory board. There is an overlap among the workers' representatives in the different interest representation and participatory institutions and the coordinating role of the trade union in both companies is of importance. The organisation rate is above 50% in both companies, - in Hungarian terms the employee representation is in both EDF companies well organised and the organisations have a strong bargaining position.

The negotiations on the establishment of the European Works Council started in September 2000 between the company headquarters and the Special Negotiating Body, and the European Works Council was established 14, November 2001. The agreement was reviewed 2005; the amendments concerned mainly the information and consultation process and stipulated a higher share of female representation.

Currently, members of the EWC are the CEO, 17 French, 6 British, 4 Polish, 3 Hungarian and 2 Slovak delegates, and a representative of EMCEF and EPSU each as constant invitees to participate at the EWC plenary meetings. The EWC is supported by a secretariat and runs ad hoc working groups currently on: gender equality, occupational safety and health, environment, consolidated balance sheet reports, collective guarantees and data harmonisation.

The statute defines in detail the information and consultation rights of the EWC and its right of expressing its opinion, mentions specifically the different areas these rights cover and defines the procedures including the involvement of experts, as well. Consultation must be started when a problem arises in a single country already, this goes far beyond the requirement of the EU directive.

In spite of the above mentioned common agreement, management and employees representatives have different expectations. A multicultural communication forum is important from the angle of the corporate HR policy. It provides the management important feedback from abroad partly on the 'best practice' procedures, partly because they receive in this forum direct information on local developments. The former secretary of the EWC has more radical expectations: in her view the EWC is not only part of the corporate culture, but is a counterbalance to the management and fights for social guarantees. The EWC has e.g. an independent balance sheet audit made annually,

which shows that the position of shareholders and the state is too strong in the distribution of the income and employees would need collective guarantees to have a greater share. He underlines that against the background of accelerated globalisation there is an increased need for the anticipation of change and for appropriate preparation for change. Both sides agree that the new EU directive will not bring major changes into the life of the EDF EWC as the current statute guarantees employee representatives already now more rights than the new directive will.

Hungarian employee representatives take part in the work of the EWC since its beginnings; currently Hungarian companies have 3 representatives, one from BERT and 2 from EDF-DÉMÁSZ. The representative of BERT is member of the working group on occupational safety and health, one of the EDF-DÉMÁSZ delegates is the deputy of the secretary and member of the working group on consolidated balance sheet. The working group on occupational safety and health was of immediate help in revealing and managing the asbestos problem at BERT. Local trade unions have more demands in connection with this problem and the consultations are going on during the drafting of this study.

Next to the EWC, the international framework agreement, „Agreement on the social responsibility of the EDF group” signed in 2005 and covering other continents outside Europe, is an important document for the social conditions of the workforce. The agreement was concluded for 3 years and includes provisions on implementation and monitoring. Implementation of the agreement means a process through local agreements, like the one at EDF-DÉMÁSZ, but no agreement was made at BERT due to the asbestos-problem. Under the framework agreement a committee was established which closely cooperates with the EWC. This can be understood as an attempt to expand the European Works Council to a „global world council”, although the ILO conventions as legal basis provide less support than the EU directives.

The Hungarian workers organisations have been successfully integrated into the EDF European Works Council and are active participants in its work. Their integration was obviously facilitated by the strong contacts between EVDSZ and CGT, the strongest trade union in EDF. The mutual understanding could also be strengthened by the fact that the labour systems of these countries are surprisingly similar at several points – and there are some clear differences, as well.

The workers’ organisations in Hungary resolve their local problems by using the EWC forums or parallel information channels but „reach above the head of the local management” partly with the help of EVDSZ. This method is used especially in situations when the negotiations with the local management are without any result. A possible explanation for this is that the separation between the decision making competencies of the company headquarters and of the local management is either not transparent or not regulated enough. Trade unions often complain about becoming victims of the „see-saw’ between the local and the central management.

The key to success is the coordinating role of trade unions both in Hungary and in France. The role of the trade unions is not limited to the company level as EVDSZ, a sectoral organisation actively supports the works council network and the operation of the EWCs. Another „success factor” is the system of standing committees through which members can analyse certain issues in great depth. External experts are also part of the internal structure of the EWC working process (including the official consultants, generously funded by the company, and the trade union experts, too) and the training courses in close connection to the committee work.

1. Presentation of Company

The **EDF Group** is one of the biggest power companies of the world, the activity of which embraces the generation, transmission, trade and distribution of power. In 2003 the company provided 22 % of the electricity of Europe, three-quarters of which was generated in nuclear power plants. Outside the territory of France it has subsidiaries in Europe, Asia, Africa, North and South America. On the website of the company the following mission statement can be read: “The strategy of EDF is aimed at building out a network of partner companies with the target of providing services to the widest possible clientele. The endeavour of EDF is to become an international group that renders full-scope energy industry services in its offers that combine multiple energy carriers with multiple services. EDF, beside providing a service to the public and taking care of the values of sustainable development, is a company group representing a solid corporate culture, which pays respect to competition, its partners and ensures economic efficiency and social responsibility.”

The organigram in Annex 1 presents the ownership structure of the EDF subsidiaries; the headcount data of the group relevant to years 2007 to 2009 can be found in Annex 2.

The size of the company group is reflected in the main economic data of 2009: global headcount being 169,139 (half of it in Europe), number of new recruits being 12,362 and altogether servicing 37.9 million customers; annual turnover being EUR 66,336 million, 49% originating from outside of France. The information in the preliminary report of the company for 2010 shows a slight decrease, which is partly due to the sale of certain subsidiaries that took place in the meantime: sales revenue: EUR 65,170 million, profit: EUR 1,020 million, investments: EUR 12.2 million, headcount (calculated for full-time job equivalent): 158,760. According to the report EDF sold its distribution grid in Great Britain to the CKI Group for GBP 3.2 million in October and its share in the German EnBW for EUR 7.2 million in December to the province of Baden-Württemberg. Taking into account further share transactions the debt of the group could be altogether reduced by EUR 20 million, which nevertheless remains quite substantial: EUR 34.4 million, 1.9 times higher than EBITDA (Earnings before interest, taxes, depreciation and amortization).

The high number of nuclear power plants plays a decisive part in its power generation and competitiveness. It builds and operates nuclear power plants not only in France but also abroad (United Kingdom, United States, China). At the same time the environmental hazard arising from the above makes the economic situation of the company vulnerable, consequently the share prices of the group have dropped by almost 15 % in the course of the past 3 months as a result of the Japanese nuclear catastrophe. The company is also hit hard by the regulatory framework of the industry; on the liberalized French energy market its strongest competitors are GDF-Suez, which beside its original natural gas and water supply activity also generates power and the local municipal power supply companies. Due to the national regulations (primarily to the nuclear tax to be introduced) the company withdrew from its German power plant subsidiary through a share swap transaction and sold one of its British subsidiaries in order to improve its financial status. The company has recently opened towards renewable resources: not long ago it acquired the minority share stock from the co-owner of its subsidiary (EDF Energies Nouvelles). (Financial Times) EDF projects the image of a dynamically developing company executing significant investment projects (EUR 12.4 billion in 2009); it has a huge research and development potential (2,000 employees, annual expense of EUR 438 million) and by means of the nuclear technology it is pioneering in the reduction of CO₂ emissions (117 g/kWh).

EDF was founded in 1946, when the French power industry was altogether nationalized with the exception of local municipal companies. Though in 2004 the company was transformed into a joint stock company and its shares are traded on the Paris Stock Exchange, the state is still its largest shareholder owning approximately 85 % of its shares. The management of the company reflects both the result of the privatization and the strength of the representation of employees: the state, the shareholders and the trade unions delegate 6 members each to the Board. In the French parent company the following trade unions are represented in the board: CGT, CFTD, FO, CGC. The previous listing practically means the order of the trade unions according to their bargaining strength, which is more or less reflected in their representation in the board and in the European Works Council to be presented later on. The representative of the state supervision and the president of the works council also take part in the board meetings without a voting right. It is characteristic for the power of state influence that the new President and CEO is said to be the “man” of President Sarkozy.

The Hungarian subsidiaries of the EDF Group are Budapesti Erőmű ZRt. (Budapest Power Plant with 95.57% EDF ownership) and the wholly owned EDF-DÉMÁSZ Group. EDF also has a Hungarian representation EDF Hungaria Tanácsadó és Befektetési Kft. (Consulting and Investment Ltd.) in Budapest. (This firm has a staff of four people, and its function is not covering the management of subsidiaries.) EDF is also present in two further post communist countries: Poland and Slovakia.

The **Budapest Power Plant** (BERT) operates three CCGT (combined cycle gas turbines) plants and a heating plant, which are located in the different parts of the capital (Kelenföld, Újpest-Angyalföld, Kispest). The plants generate 60 % of the district heating energy of Budapest for FŐTÁV, the district heating service provider. As a result of co-generation BERT generates 10% of the power consumption of the capital, providing power to approximately 40,000 households and has a share of 3% in the Hungarian power generation.

In 1997 the company was privatized. The new owners' (the Finnish IMATRAN VOIMA OY and the Japanese TOMEN Trading House) share was 73.76% equally divided. In 1997 there was a possibility for employees to acquire shares at preferential rate in the company; 1,258 employees got the entitlement to subscribe for shares and all of them took advantage of this possibility. 205 of the employees kept their shares, while 1,053 sold it to IVO-TOMEN. In 2001 the foreign owners sold their by then already 89.23% block of shares to EDFI, a wholly owned subsidiary of EDF. At the end of 2001 EDFI made a purchase offer to the small shareholders and as a result of the transaction the current ownership structure has developed: EDFI 95.58%, municipalities 3.93%, employees 0.03%, small investors 0.46%.

EDF closed two uneconomical power plants (in Angyalföld and Kőbánya). On the Kőbánya site Budapesti Erőmű Rt. and Prometheus Rt. built a new gas turbine small plant. For this purpose Kőbányahő Kft. with 25% BERT ownership was established. In 2009 BE-Optimum Kft, wholly owned by Budapest Erőmű ZRt. was registered for power generation activity. The company operates the first gas turbine unit completed within the Tornado Project. This unit ensures the power required for primarily the summer time operation of the generation activity of the company.

According to the website of the company in the course of the past 15 years Bert implemented a number of significant long-term investment projects “in order to guarantee the safety of heat supply to Budapest with the best environmental and financial conditions.” As a result of the upgrading of old equipment and the introduction of co-generation technology the emission of glass-house gases and flue gas has significantly reduced. The pollution of environment is reduced deriving from a fuel use and CO2 emission being 10% less than those of traditional generation.

The other at least as important objective of investments is to modernize the technology and improve its efficiency. By now the 1,500 headcount of the time of privatization has dropped to 340; an agreement was reached with the trade unions concerning the implementation of collective redundancies: extra months were taken into account when paying severance monies, training programs were financed, operators were retrained as stand-by staff and the employer provided the possibility of preliminary retirement (“baby pension” in the company slang). This meant that the employees remained on the payroll for a definite term of time (until entitlement to a full pension) with a minimal support of HUF 80,000 (about EUR 300) at the debit of redundancy payment, however this program by now has become non-feasible as a result of increasing the legitimate age of retirement and the multiple amendments of the rules of early retirement. At the time the industry fund generated from privatization revenue and managed by the trade unions was still in operation from which special benefits could be paid.

As a result of all this BERT achieved excellent economic results in the course of the past three years. In 2009 e.g. had a sales revenue of HUF 56,390 million (including HUF 35,538 million for sale of power, HUF 20,295 for sale of heat) and paid dividends at a value of HUF 474 million from its results. The System of Mandatory Takeover (KÁT) ensured the taking over of cogenerated power at a subsidized price previously hence by way of cross-financing it supported the formulation of lower heat prices for residential users. The current government first announced the reduction of subsidy from 25% to 15%, then abolished the system altogether. Obviously the results of the company greatly depend upon the relevant state regulation. At the time of preparing the interviews the impact of the new KÁT was still unsure thus speculations appeared about the possibility of EDF selling the company or a subunit of it. According to some newspaper articles the company has stopped its investments aimed at improving its efficiency. Besides the lobbying force of the company does not seem to be strong, the political links of the French capital have weakened especially in comparison to the ones vis-à-vis the previous cycle of government, when Péter Hónig, previously the CFO of the company, was the relevant minister. Regardless of lobbying it is obvious, that *for the investments of the energy sector one should be able to forecast the return on the investment for 10 years ahead, but for that a more foreseeable economic environment would be needed.*

Table 1. BERT Headcount and Wage Cost Structure by Employee Categories (2008-2009)

	Average headcount		Wage cost (Thousand HUF)	
	2008	2009	2008	2009
Blue-collar workers	152	149	640 196	663 867
White-collar workers	178	184	1 311 533	1 303 692
Total	330	333	1 951 729	1 967 559
Incl. part-time employees	4	3	n.a.	n.a.
Incl. pensioners	16	1	3 692	3 738
Non-working	n.a.	n.a.	82 643	54 138
Altogether	350	337	2 038 064	2 025 435

Source: 2009 Informative data on the company’s balance sheet (www.opten.hu)

The wage level of the employees – due to the high level of qualifications and to the Budapest labour market – is relatively high. The gross average wage of the blue-collar workers calculated from the data of the above table was about HUF 290 thousand and HUF 490 thousand was the average wage of the white-collar workers in 2009. (The balance sheet does not contain data on the average income of the employees). Concerning salaries BERT is among the top 5 companies of the industry and the company has a strong social benefit system. In the company there is a regular personal performance evaluation system in action relating to a bonus system. The bonus

consists of two parts: one is connected to the company's economic indicators, the other to the individual performance evaluation system; depending on the position category it ranges between 4 to 25% of the base salary.

At the time of writing the study the subsidized price system was still under development. Though BERT announced a price increase in the meantime, this does not compensate for the losses arising from the elimination of KÁT. The head of communication of the company said the following: "the frozen heat prices non-reflective of the increasing gas prices will cause financial difficulties for BERT similarly to other Hungarian co-generators from 1st July, 2011.... Consequently in order to survive the companies and all stakeholders facing severe financial problems are compelled to make measures the objectives of which among others are to maintain the operation of the company and to provide protection for the jobs in the midst of the current difficult situation. The shareholders undertook not to distribute dividends in the following two years, which is required to stabilize the financial standing of BERT. The management and the employees are to make an effort to implementing a program for cost saving and restructuring in lack of which BERT would not be able to overcome the two critical points of time: October, 2011 and June, 2012. The employees were given adequate and detailed information on the current situation and the program of cost savings in which their salaries and benefits bear a rather low weight in comparison to the other ingredients of the program." (No Katcharov... Da Katcharov...)

In spite of the spectacular technical development projects, the elimination of the asbestos technology previously used in the territory of the plant has not yet been fully completed; the trade unions are demanding the company to acknowledge their responsibility relating to previous cases of health damage and to pay compensation to the employees. According to the "rectification" of the head of communication of the company published in the trade union paper "in 2007 BERT by a consistent and full scope application of regulations enacted in 2000 and 2006 initiated an asbestos elimination program in agreement with the Company's OSH Committee, in the course of which first the elimination of asbestos involving a danger of pulverization in the technological areas took place followed by the removal of equipment with asbestos insulation from areas closed down previously. This process is going to be fully completed in 2012. The trade union and the OSH committee acknowledges these measures and currently there is a debate about whether our employees could work in a work environment with asbestos prior to the issuing of the mentioned decrees." Concerning this topic the consultations were still going on at the time of writing the study (Adverse impact upon employees....."No Katcharov....No Katcharov.....Da Katcharov)

EDF-DÉMÁSZ Zrt. was created as a result of the transformation and privatization of the Southern Hungarian Power Distribution Company. The originally state owned company transformed into a joint stock company in 1991, then in the course of the 1995 privatization EDF acquired 50% + one share. In line with the privatization policy at the time the rest of the shares were sold on the Stock Exchange and the employees also got access to share at a preferential rate. In parallel to the change of the regulation in 2006 the shares of the company were withdrawn from the Stock Exchange and EDF purchased all the remaining shares, hence became the 100% owner.

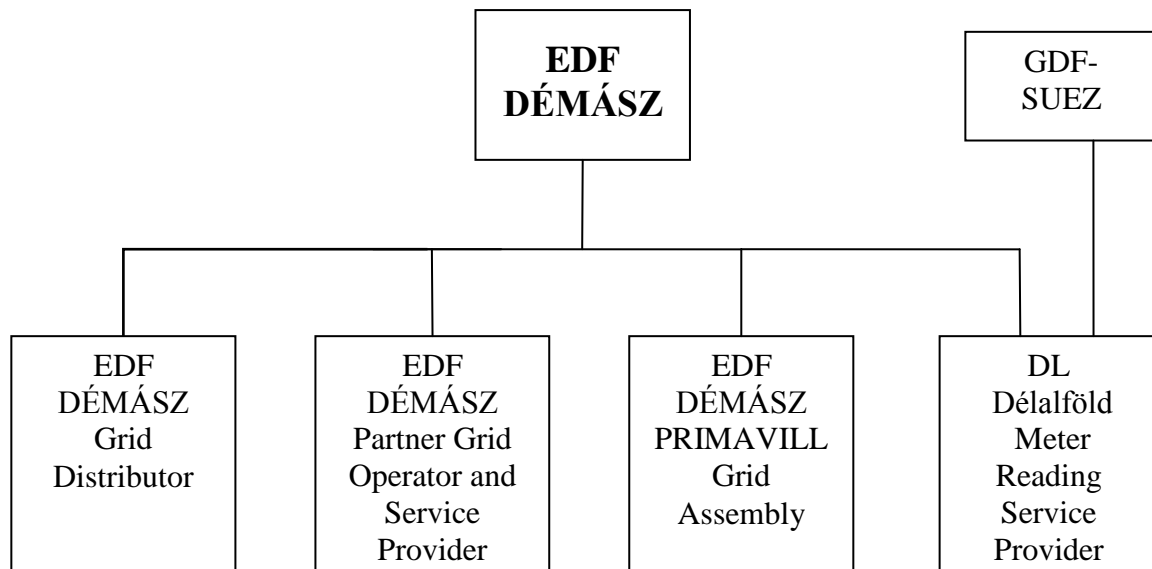
Currently the Company Group supplies power to 755 thousand universal and free market customers and operates a distribution grid of 28.5 thousand kilometres.

Right after privatization the original headcount of about 2,400 was not immediately decreased. The important organizational changes involving significant downsizing took place in 2000-2002, when the functions (HR, logistics, IT, accounting, procurement and the operating of the building and the vehicle fleet) of the five regional directorates were centralized to Szeged. The work

organization also changed the number of management levels decreased and there were continuous changes in the technical areas as well. Then the system of reading the meters was altered with an impact upon the headcount. In the past 3 to 4 years there were only smaller measures to improve efficiency resulting in a moderate decrease of headcount (annual 1 to 3%). All this was accompanied by a continuous technological transformation, e.g. in 2009 a geographical information system supported line management system was introduced for the area of maintenance. The total headcount of the company currently is under 1500.

EDF-DÉMÁSZ is a holding, i.e. it is a company group comprising of a number of subsidiaries. The holding structure was partly due to the EU regulations and the law stipulates for the separation of activities that are natural monopolies (practically the operation of the distribution grid). The number of subsidiaries gradually decreased. The last one, EDF Energia Hungária Kft. with 81 employees was merged into EDF-DÉMÁSZ on 30th December, 2009. The holding currently incorporates four divisions:

Figure 1. Ownership Structure of the EDF-DÉMÁSZ group



EDF DÉMÁSZ Zrt. is the actual parent company, the head office that renders central services to the subsidiaries. Its average headcount in 2009 was 523 including 506 white-collar workers in line with the nature of the head office; 97.93% of them were full-time employees. Its profit before taxes in 2009 was HUF 12,160 million, which showed an increase of 19% in comparison to the result of the previous year. Since this is the head office of the company the consolidated balance sheet information are more telling: the operation profit in 2008 was HUF 7.2 billion, in 2009 HUF 15.6 billion, hence EDF has had a number of exceptionally successful years.

- *EDF DÉMÁSZ Grid Distribution Ltd.* has been accomplishing power distribution licensee activities in counties Csongrád, Bács-Kiskun and Békés as well as in a part of Pest County since 1st January, 2007 in accordance with the stipulations of Act CX of 2001 on Electric Energy (VET) and with the requirements of the license of operation issued by the Hungarian Energy Office. The company took over EDF-DÉMÁSZ's

distribution grid, the tasks related to measuring, measurement data provision, the grid development and building activities and other grid-related activities arising from consumer needs (cutting the voltage of live lines, switching on and off, etc). 110 employees of the parent company were given over to the Grid Company as of 1st of January, 2007.

- *EDF DÉMÁSZ Partner Grid Operator and Service Ltd.* as a core activity is responsible for the full scope operation of the low and medium voltage grid supplying the consumers and for the supervision transformer stations. It is also responsible for operating the 40 substations receiving the power and for handing consumer requests and complaints. According to these tasks it is divided into three organizational units: Operation Chief Engineering, Consumer Relations Department and Distribution Grid Department. The 500 people on staff work in the immediate localities the company is responsible for: the Baja, Békéscsaba, Ceglég, Hódmezővásárhely, Kecskemét, Kiskunhalas, Orosháza and Szeged centres.
- *EDF DÉMÁSZ PRIMAVILL Grid Assembly Industrial Ltd.* The core activity of the company is to construct power and communications utility networks on the service area of EDF-DÉMÁSZ and essentially as ordered by the parent company. The company acts as a power industry general contractor, which means that it employs a number of subcontractors. Approximately one-fourth of the grid construction activity is done by subcontractors, which facilitates for flexibly adjusting to the fluctuating needs. The company created a partner network for building out the measurement points by means of which it can service residential consumers in a more flexible manner. (Its own staff is inflexible due to the regulation of collective agreement, which restricts working on weekends.)
- The *DL Délalföld Meter Reading and Service Ltd.* is jointly owned by EDF DÉMÁSZ (60%) and GDF SUEZ (40%). The management rights are shared equally. The company was founded in 2002 with a core activity of reading the power and other utility consumption meters together, printing and posting the bills. The objective of the joint subsidiary was to rationalize these activities, since 95% of the two founders' service area is overlapping. DL Ltd. is a dynamically developing company, which initially was present in three counties and by now it services the area of 13 counties through 14 local offices. It provides services for its owners in the Northern and Southern regions of the Great Hungarian Plains and besides for ELMŰ, ÉMÁSZ and TIGÁZ in Central and Northern Hungary as well as in the Northern Part of the Great Hungarian Plains. It has 85 people on staff plus about 400 people employed by its subcontractors; annually they contact 3,600,000 households.

Concerning HR policy and labour relations, including the multi-employer collective agreement valid for all of them, EDF DÉMÁSZ handles together its four (previously five) 100% owned subsidiaries. At the same time when looking at headcount and wage data it becomes clear that the composition of labour varies from firm to firm.

Table 2. Headcount and wage structure of the 100% owned subsidiaries of EDF DÉMÁSZ

	EDF DÉMÁSZ		EDF ENERGIA HUNGÁRIA		EDF DÉMÁSZ GRID		EDF DÉMÁSZ PARTNER		EDF PRIMAVILL	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Blue-Collar	14	17	0	0	0	0	275	278	182	161
White-Collar	522	506	62	81	108	125	188	179	105	100
Total	536	523	62	81	108	125	463	457	287	261
Monthly Ave. wage (Th. HUF)	302	301	382	352	379	394	297	290	258	244

Source: a 2009. Informative data on the company's balance sheet (www.opten.hu)

The changes of 2008-2009 in various places show a decrease of the average wage, however according to the balance sheets' explanatory parts there were technical reasons for this: "From 1st January 2009 a new wage system was introduced as a result of which the bonus percentages relevant to the monthly wages of the base year were altogether accrued thus reducing the wage volume on the basis of which the average wage is calculated." In other words the payment of performance based bonuses relevant to 2009 was postponed to the first quarter of 2010. In EDF Energy Ltd. the using of the 13th month salary as an additional extra-wage benefit (cafeteria) payment decreased the amount of wage volume actually paid. At the same time several subsidiaries reported the growth of the dues payment to the pension funds and the expenses of the voluntary funds; EDF DÉMÁSZ Partner Ltd. reported on expenses of redundancy payments and early retirement as well. The companies paid significant amounts as subsidies to employees for purchasing company shares: EDF DÉMÁSZ HUF 122 million, Energy Ltd. HUF 18 million, Grid Ltd. HUF 30 million, Partner Ltd. HUF 99 million and Primavill Ltd. HUF 56 million in 2009.

The EDF DÉMÁSZ subsidiaries have a performance evaluation system for all their employees and the results of it are reflected in the annual bonuses. The amount of bonus depends on the overall performance of the company, on that of the organizational unit and also on the individual's performance. Its degree varies with the wage categories between 13 to 24%.

2. Labour Relations of Companies

a.) Labour Relations and HR Policy in the EDF Companies in Hungary

At both Hungarian EDF companies the institutional system of industrial relations is fully built out: beside the company's trade union belonging to EVDSZ there are works councils, an OSH representation and employees' delegates to the Supervisory Board. In neither case we can talk about trade union pluralism. Personal overlaps in the different interest representation and participatory institutions characterize both companies. In spite of these similarities it is worthwhile to discuss the labour relations of the two companies separately, since they differ relevantly to the activities, the labour force, the specific labour problems, the traditions and the personal relations between the representatives.

At **Budapest Power Plant** – in accordance with the guidelines of the sectoral trade union – the operation of the works council was separated from the trade union however the close cooperation of them is ensured through delegating trade union members to the works council.

At BERT the works council and the trade union used to be independent of each other, their relationship was burdened with conflicts and the trade union deemed the role of the works council as a factor curbing its rights. In the current cycle however the WC members are trade union leaders. As the Chairman of the WC for the third consecutive year put it the workers – at the time of him taking over the position – were not able to differentiate between the WC and the trade union and practically there was no communication between the management and the WC. Partly this was due to the litigation between the WC and the company because of the sale of the welfare assets (the workers' hostel and the sports club). Similarly conflicts arose in relation to the sale of the company's resort facility, concerning of which finally an agreement was reached: the resort facility was sacrificed for the introduction of a flexible extra-wage benefit (cafeteria) system with a larger budget. The proceeds of the sale transaction – more exactly its book value – were transferred to a separate account the agreed interests on which can be used for welfare purposes. The contract about the isolated fund is to be renewed soon. The responsibility of the WC is to represent all employees and to make joint decisions on social issues. (Besides to operate a relief fund, to decide together with the managers on applications for housing subsidies, to organize cultural events, to manage the issues related to the canteen, etc.) Recurring and regular meetings with the management only take place in connection to the annual social agreement and the management is obliged to report biannually. Otherwise they have negotiations as the need arises concerning topics of interest e.g. asbestos, agreement on wages and early retirement.

Currently the only trade union of the company belonging to EVDSZ has 176 members covering 52% of all workers. A trade union steward group is operating in all organizational units. The majority of the members are working in three shifts and the trade union leaders are coming from them. (The division between the one-shift and three-shift workers and locality conflicts between the Kelenföld and Pest power plants is characteristic at the company.) At the same time the trade union permeation among the office employees and managers is especially low. After electing the current trade union leader (2004) the statutes were amended to ensure the democratic internal operation of the organization: the reporting and re-election of the leaders every four years. On the five separate sites chief stewards knowing the local problems were elected; they participate in the leadership of the trade unions and in the negotiations with the employer.

The most important achievement of the current Collective Agreement is the 57% lump sum shift allowance, on the other hand the working time account with 52 week reference period facilitates significant flexibility to the employer. In 2009 on the basis of the excellent economic results a wage agreement for two years was signed on the basis of which wage increase is going to take place in two steps on the basis of partly the factual inflation rate of the previous year and partly the forecasted inflation rate of the year in question. The conclusion of a new wage agreement is on the agenda however negotiations with the CEO are proceeding slowly and with difficulties. Further actual requirements of trade union leaders: the employer should acknowledge its responsibility for the asbestosis; should reemploy the ones (among them the leader of the trade union) impacted by the previous career (pre-pension) contracts that cannot be implemented due to the amendments of the retirement act; should negotiate the unilateral measures impacting a large group of employees taken after the elimination of the KÁT (e.g. introduction of idle time in the summer period.) (Letter addressed to Christian Nickel.)

There seems to be a relatively fast compromise that can be reached between the management and the trade unions concerning cost reduction measures due to the elimination of KÁT. The management originally planned to send a certain part of the operators for idle time in the summer period, when there is no need for heat supply and mainly maintenance activities are done. This would have caused significant wage losses for the concerned operators (mainly the highly unionised three-shift ones), since they would have lost the 57% lump sum allowance fixed by the collective agreement. The protest reached the trade union, which with the help of a legal opinion justified that the planned working arrangement could not be considered as idle time and that the safety and quality requirements do not allow for the reduction of the operation staff. At the trade union meetings organized to discuss this issue the employees would have agreed only with taking their holidays and extra holidays in the summer. Finally a different solution was sought in the light of the situation of the company: there seems to be an agreement outlining concerning the temporary reduction of the payment to the voluntary pension fund for eight months (from 6% to the 4.5% as fixed by the industrial collective agreement) and other work arrangement measures, which altogether add up to the amount the company intended to save with idle time

The employee reps are not full-time officers, because the membership and the headcount of the company are too low for that. They are eligible for reduced number of working hours, however in spite of the formally due 15% time-off for the chairman of the WC, he practically performs his trade union related tasks in his free time.

Similarly to the WC trade union delegates are working in the OSH committee on a parity basis. At the same time thanks to the cooperation of the WC and the OSH Committee significant progress has been made concerning the asbestos issue: the hazardous technology was stopped, elimination work has been started, the hazardous area was closed down, etc. (We will come back to this issue in relation to the EWC as well.) The development of the occupational health service is also the result of joint negotiations. The issue of stress at workplace is also a very important one and considered to be the single most severe source of hazard by the chairman of the WC and it is colloquially called as “BERT death”.

There are two employees’ delegates in the Supervisory Board one being the chairman of the WC, the other being the member of the trade union’s leadership. Though this channel is not a direct forum of advocacy, however it is an important source of information providing knowledge about the situation of the company. In spite of confidentiality the personal contacts made here and the information gathered may be utilized in the course of negotiations with the managers.

The situation of trade unions is also impeded by the fact that the new French President and CEO, Nicolas Katcharov has centralized a lot of decisions, he is not willing to negotiation with the employees' representatives and held out the prospect of renegotiating the CA. According to the reps the management style of the CEO, his "temper-based decisions" hinder the communication and that the CEO wants to "punish" the workers for the deteriorating economic prospects. This is the reason why the trade union initiated an attack against the measurements of the CEO in the Paris Headquarters by involving EVDSZ (Trade Union Association of United Electricity Workers). Otherwise the direct partner of negotiation for the trade unions is the HR director, who decides whether he is competent concerning the given issue or it is to be discussed at a higher level.

On the basis of personal interviews – in spite of the overlaps – the relationship between the trade union and the WC is not free of conflicts even today. Beside the character and attitude of the members it might also be due to the chairman of the works council claims representing the interests of the majority of the workers as opposed to the trade union representing "only its members". Consequently the interests represented by the trade union and by the WC are not identical; however by now they have realized that they have to speak with one voice in spite of the internal debates.

The **EDF-DÉMÁSZ** Group has a single trade union and in spite of the decentralization of the company following the privatization it works in a unified manner. Beside the local – subsidiary based – WCs there is a holding level works council as well, which can be taken as a voluntary step, since the Labour Code only stipulates for the establishment of company-based central works councils. The most important negotiations (collective agreement, wage bargaining) also are conducted on the level of the holding. The personal interpenetration of the two channels is obvious: the current trade union president used to be the chairman of the WC and he is still acting as the deputy chairman. Both representatives are full-time officers and they recently have made a third representative independent as well.

At DÉMÁSZ there is a daily consultation between the trade union and the WC. Sometimes they have joint talks with the management and sometimes the negotiations are individual. Formally the trade union is competent over concluding collective agreement, however in the course of this negotiation they decide upon the volume of welfare expenses hence they consult with the WC to assess what wishes it has and what issues the trade union should represent. At the same time the leader of the trade union is present at the meetings of the WC as its deputy chairman when deciding about the utilization of the welfare fund.

On the occasion of the annual wage negotiations the first issue is always the wage and only then comes welfare. The demand of the trade union this year was to preserve the wages at real-term value, while the management only wanted to ensure indexation on the nominal terms. Hence the main sources of conflict were indexation and tax compensation. During negotiations the management withdrew its original offer. The representative of the trade union gave information about this at the meeting of the EWC; within a few hours the trade union was invited for a negotiation and an agreement was reached. In line with that the annual wage increase consists of two parts: a differentiated wage increase and a compensation element for wage losses due to the legislative changes in taxation. The latter one is relevant to a payment of non-regular wage component, which normally should increase by 3.5%, what employees receive as a separate line until it is required due to the changes in taxation.

The membership of the trade union decreased till 2009, however then the tendency changed and it is on the increasing curve nowadays. Out of the current headcount of 1,426 trade union membership is around 800 (56% density). The level of organization is the strongest among the blue-collar staff (Operation and Construction Ltd.) and weakest among young college graduates working in the head office. The sporadic location of sites is problematic both in organizing workers and in doing the daily routine. Since it is not enough to provide clear written information on the results achieved, but there is a need for personal communication as well. The president believes that the key of the success of the trade union is that it is willing to undertake many conflicts and that they do not easily give in.

The trade union was less successful at DL Ltd. The collective bargaining started, but the managing director did not want to reach an agreement. The trade union invited the secretariat of the EWC to Szeged. As a result of this pressure exercised the time for a new round of negotiations was appointed and in 2 months an agreement was reached. The collective agreement was concluded although with less favourable conditions than at DÉMÁSZ, however with better ones than the conditions ensured by the Labour Code. Finally a new trade union was founded at the company, which was not as much in opposition to the management as the old one and the DÉMÁSZ trade union became sidelined.

The employees' delegates in the Supervisory Board are the president of the trade union and the chairman of the WC. Previously there were independent candidates as well, but the last time the nomination was coordinated and they had a landslide victory. Although the Company Act does not require still from each of the employees a vote was taken and by acknowledging the result of voting formally the WC delegated the representatives. For independent candidates the remuneration and the prestige related to the position can be forces of motivation however the trade union believes that they must come from the ranks of the organization. The Supervisory Board is not only a source of information, but indirectly an opportunity of advocacy, since as the leader of the trade union put it: "there we are negotiating with the boss of my boss." If the employees' delegates have a contrary opinion they get it registered in the minutes and emphasize that the Supervisory Board members are accountable with their personal properties for illegal decisions and for the assets of the company. Then the decision is more carefully reconsidered and the minority opinion becomes a topic of discussion for the General Assembly, which is uncomfortable for the Hungarian management. There was an example of halting a measurement as a result.

In the system of advocacy of DÉMÁSZ the trade union is the harmonizing "link" between the different channels (EWC, Supervisory Board representatives, OSH representatives and local WC). Many people emphasize that the trade union is the force of unification and this is the prerequisite of successful work.

On the level of the Hungarian companies of EDF only the industrial trade union brings together employee representatives of the two companies. Since EDF does not have a central organization controlling the two companies, there are no negotiations on this level. In respect of the trade unions there is no point in having joint negotiations, since the composition of the workforce, the wage level and the pension system are different. The results of merging the HR functions and cross-subsidizing between the companies cannot be foreseen, it cannot be known for whom it would be advantageous and for whom detrimental. The prospects for the two companies are unpredictable due to the uncertainty of the economic environment.

On the industry level in the EVDSZ the trade unions of both companies are very active and the industry trade union is also an active supporter and participant of solving company problems.

Since the companies are in foreign ownership, mainly through international relations it is helping the resolution of local conflicts. (See later in connection with the EWC.) It also operates the Forum of the Electricity Industry Works Councils, which provide regular training programs and networking possibilities for the WC representatives.

b.) The French Labour Relations and HR policy

The legislation passed at the time of the 1946 nationalization ensured special status similar to that of public servants to the employees of the power and gas utility industry (Industries Électriques et Gazières, in short: IEG), which is still valid for EDF and for most of its French subsidiaries. (See the exceptions in Annex 1 presenting the breakdown of the headcounts.) Under this status special health care, maternity allowances, disablement allowances and retirement system is meant, though many elements of it were reformed via government decrees in 2009. This special status could also be seen in the labour relations. Until 2000 sectoral collective agreements were not allowed to be concluded (first one signed in 2002 for the power industry) and special participatory institutions were relating to the IEG status, which ceased to exist since 2004. They were replaced by the local site or company WCs (comité d'établissement, comité d'entreprise – obligatory above a headcount of 50 employees and has consultation rights) and by the employees' delegation (comité d'établissement, comité d'entreprise – obligatory above 10 employees and handles primarily employees' complaints and violation of rights cases) as required by the French Labour Code. (Benoit 2009)

According to a 2004 source of literature (Rechfeld, 2004) in spite of the above regulation EDF then had neither a WC, nor an employees' delegation and the interests of the employees were taken care of by trade unions and special committees. According to an internal company document because of the 2004 legislative obligation they finally organized the WC elections on 29th November, 2009 and the local and central WCs were established with a mandate of three years. In the meantime a 2008 law changed the basic role of the WC elections: similarly to the Hungarian Labour Code the trade union's representativity is tied to the results of the elections – only the trade unions that get at least 10% of the votes in the first round of the elections are recognized a representative organizations. The trade unions participating in the first round of the elections at EDF were already recognized trade unions: CGT, CFDT, CFTC, FO and CFE-CGC.

The most important of the special committees is the Committee of the Central Fund for Social Activities (Caisse centrale d'activités sociales", CCAS), which can be considered rather an industry, than a company committee. Similar committees are in action on the company and local levels. These committees are legal entities, the trade unions delegate their members, the management is not participating in them and their legality is supervised by state organizations. In the recent years the number of the central and local committees has been reduced, however this has not altered the even in the French interpretation generous support for them. CCAS receives 1% of the operation income of power distributors (EDF, GDF SUEZ, local power distribution companies), which amounted to EUR 307 million in the case of EDF in 2009 and a further 115 million was spent by the EDF companies on the transportation, catering and accommodation of the employees.

In spite of all these the most important organizations that represent employees are the trade unions that sign collective agreements. The French trade union movement consists of organizations with different ideological roots, though ideology and party preferences do not play an important role in their daily operation. The signatories to the agreement on social dialogue of EDF signed in July, 2008 were the following:

- CGT (Confédération générale du travail), communist origin, founded in 1895
- CFDT (Confédération française démocratique du travail), Christian-democratic origin, reformist founded in 1919

- CFTC, (Confédération française des travailleurs chrétiens), departing from CFDT, breaking away from the Christian roots, founded in 1964
- FO (Force Ouvrière), departing from CGT, reformist, later became radical, founded in 1948
- CFE-CGC (Confédération française de l'encadrement – confederation générale des cadres) professional trade union representing professionals and managers, founded in 1944.

So all the five large national confederations are present at EDF, however CFTC lost its representativity in the elections of 2010, thus it is not part of the different bodies. The company is conducting social dialogue primarily with the trade unions in the following areas as described by the two-year agreement signed in 2008:

- Career building, training, rehabilitation (further agreements on subtopics in 2009 and 2010)
- Fringe benefits, pension, child care and cafeteria (agreement in 2009)
- Occupational health, conditions of work, employment of people above the age of 55 (no agreement with the trade unions, hence an action plan was submitted by the management to the Central WC).

In the HR policy of EDF the rationalization of the headcount plays a decisive role, though the total headcount of the group is fluctuating due to the acquisitions and sales of subsidiaries. For the past 20 years there is a constant reduction in the headcount of EDF and its largest subsidiaries (ERDF and RTE) in France with the exception of 2000, when there was a growth of the headcount due to the introduction of the working hours reduction. According to the age distribution of the staff of EDF the generation between 45 to 55 years is the most numerous. Due to the aging workforce the most important objective of the HR policy is to replenish the ranks with young people and to transfer the adequate skills and special expertise to the younger generation. In 2009 7.9% of the French employees were trained on an average for the duration of 46 hours.

The equal chances policy of the company separately deals with apprentices, older workers and prevention of discrimination (gender, against the disabled); the company signed a number of agreements concerning these issues and published a Code of Ethics. However at the subsidiaries abroad only the corporate policies that were taken over by the EWC working committees are implemented as well as the ones incorporated in the framework agreement on social and community responsibility. (See below.)

Due to the specific nature of the industry an important area of HR policy is occupational health (prevention of accidents, asbestosis, organizing the working hours).

When determining wages the following principles are applied by EDF globally: the wage should recognize the level of responsibility and the performance of the individual; a bonus is to be given on the basis of the profitability of the whole company and a possibility of accumulating savings with the contribution of the company is to be offered to the employees; an Employee Share Ownership program is to be ensured and finally provide preferential social services. At the French companies in 2009 the following average wages were reported: employees with low skills and education: EUR 24,051; technical staff EUR 32,574; engineers and managers: EUR 53,922. The previously introduced high-level social care services are accompanied by a corporate pension system and – only for the employees with IEG status – a supplementary health insurance.

c.) The European Works Council

Negotiations on establishment of the EWC between the company headquarters and the Special Negotiating Body with delegates from the trade unions started in September 2000. The first agreement on the statute was signed on 14. November 2001 by which the European Works Council was established. (This is often called within the company the 'European Enterprise Committee' from the word-by-word translation of the French name – Comité d'Entreprise Européen, abbreviation CEE.) At the time the agreement was made EDF had 151,000 employees in Europe, and the national distribution of delegates was as follows: 17 French, 5 English, 3 Polish, 2 Hungarian, 2 Slovak, 2 Italian and 1 German representative, furthermore 2 constant invitees from EMCEF and EPSU. The agreement was reviewed in 2005 and the amendments concerned mainly information and consultation procedures and stipulated a higher share of female delegates. According to the regulations, the share of female delegates in the EWC must reflect their share within the total workforce. After the amendments the term "temporary member" was introduced by which the mandates of the Italian and German representatives, who temporarily withdrew from the EWC work, were distributed so that one more representative could come from Poland, Hungary and Great Britain.

Article 2 of the statute regulates the "scope of consolidation of EDF group", i.e. which companies are covered by the agreement in the EU and the European Economic Area: companies where the EDF has at least 10% shares, or affiliates where they have a major influence. The statute also opens the possibility for companies not in the operation area of the group to be also covered by the agreement, if the company owns a substantial percentage of the shares (between 10 and 50%). Based on this regulation, representatives of the EU accessing countries (Poland, Hungary and Slovakia) were invited already at the establishment of the EWC in 2001. Representatives from these countries, however, had only an observer status until their accession (1. May 2004).

The composition of the EWC is regulated by Article 6. A total number (at the moment 33 representatives) is not specifically mentioned by the statute from 2001, but it is the task of working group comprising of representatives of the Board of Directors and the EWC to make proposals "which are shared by a reasonable number of the representative members of the employees on the EWC, and a fair balance in their distribution per country." Nominated members of the EWC are: president of the group, workers' representatives from companies belonging to the group, who must be employees of one of the companies represented. Every country can delegate at least one full member, if the number of employees is more than 50. In proportion with the workforce, the different countries can delegate further members according to the following brackets:

- 1 000 - 1 999: 1 member
- 2 000 – 2,999: 2 members
- 3 000 - 4,999: 3 members
- 5 000 – 6,999: 4 members
- 7 000 - 9,999: 5 members
- above 10,000: 6 members, and after additional 10,000 employees another member.

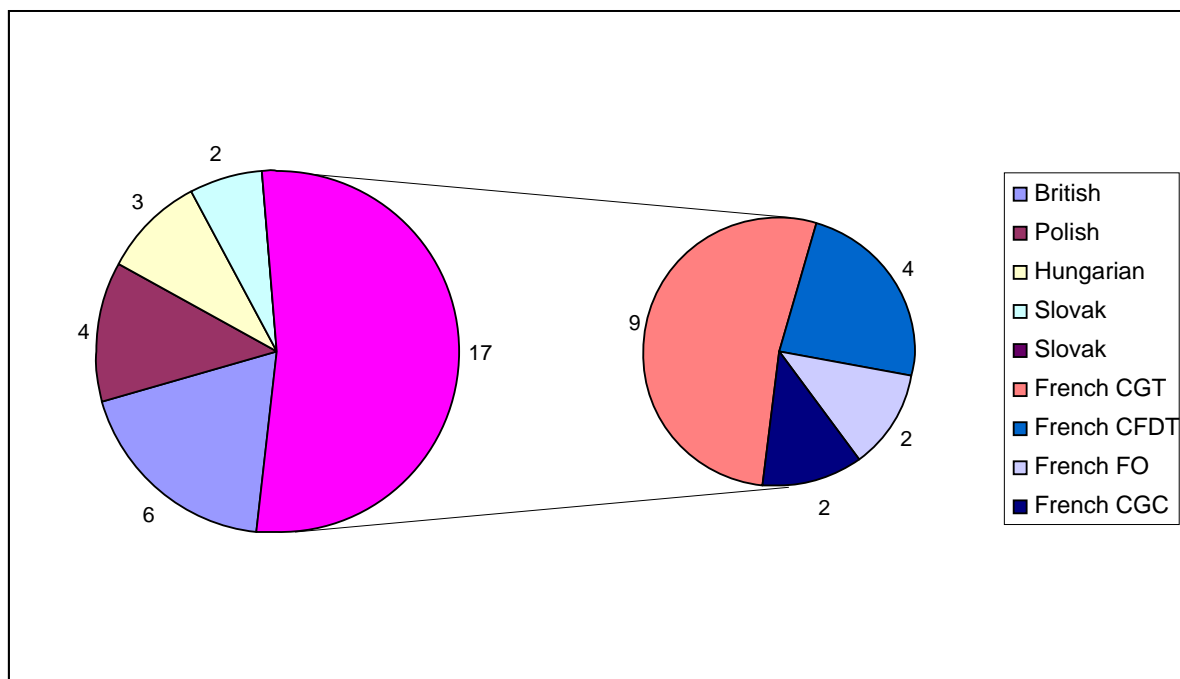
Next to the nominated full members of the EWC, substitutes can also be nominated with equal rights. The nomination of EWC members in the companies operating in France is the competence of the national representative workers organisations; the distribution of the mandates among the

trade unions reflects the results of the last trade union elections. The nomination or the election of delegates from outside France follows the national regulations. Both the president of the enterprise and employees delegates can invite other individuals to the meetings.

The “Operation and Resources” of the EWC are regulated by Article 7. The CEO chairs the EWC meetings, while in case of minor issues he is substituted by his nominee. The secretariat comprises of 9 members: one secretary and 8 deputy secretaries, who are elected by employee representatives from their own ranks with majority vote for three years. The task of the secretary is to organise the information flow, and create a harmony among the employee representatives from the different countries and confederations. The EWC has at least 2 plenaries a year, convened by the secretary with the consent of the president. Extraordinary meetings can also be convened; this happened e.g. when the UK subsidiary of EDF was sold. In practice, employee representatives have their own internal meeting before and after the plenary.

The current composition of the EWC is enlisted in Annex 3 in detail. After the last French elections in May 2011, the composition of trade union delegates changes: from 17 French delegates 9 will come from CGT, 4 from CFDT, 2 from FO, and 2 from CGC. The EWC secretary is from France, a representative of CFDT, his deputies are from the UK, Hungary, Slovakia, Poland and Belgium and from France: delegates of CFDT, FO and CGC. The French are in majority in a share of 17:15 among employee representatives with voting right.

Figure 2. Composition of EDF EWC members with voting right



The meeting agenda is prepared jointly by the president and the secretary. The minutes of plenary meetings are consulted and the final version of the protocol is sent out to all organisational units of the group. All costs of these meetings are covered by the group; the statute provides generously for the involvement of experts. The statute regulates the labour law protection of the EWC members, their access to IT and telecommunication tools, the working time-offs (the participation at the EWC meetings is considered to be official commitment or postings) and the retraining. Another agreement guarantees the right for sight-visits in the companies, i.e. EWC members have free access to companies belonging to the group in order to meet the workers,

elected representatives and the trade union functionaries. (In practice, they get an insight into the working conditions, occupational safety and environmental conditions; making use of this possibility the EWC visited last year a French nuclear plant, now the committee is planning a similar visit to Scotland. This reflects that the EWC attaches great importance to the problem of nuclear safety, especially after the developments in Japan.)

Although Article 5 of the statute (Opinions of the EWC and Information to Employees) provides regulations on ad hoc working groups these are organisationally part of the EWC; ad hoc working groups can be initiated by the president and the employee representatives and its members are EWC members. The working groups can involve external and internal experts. Currently the following thematic working groups are active:

- Equality
- Occupational health and safety
- Environment
- Consolidated balance sheet
- Collective guarantees
- Data harmonisation

The Committee on Collective Guarantees tackles basically collective agreements and other agreements. In connection with wage policy issues, the EWC can present proposals and has started a comparative analysis of the wage structures of the different countries. The work is in its early, methodology phases, and because of the different existing bonus systems, the committee agreed to concentrate on basic wages and consider the purchasing power parity of the different countries, too.

Articles 3, 4, 5 of the statute cover the EWC rights, the information, consultation and opinion forming possibilities, and the involvement of experts. The statute enumerates the following areas as part of the mandatory information:

- The group structure and its development;
- The contents of the group contract with the French State – this does not exist in practice;
- The group economic and financial situation (including the presentation of the consolidated accounts, the investments and the budgets) – the major strategic perspective from point of view of the assessment of investments;
- The development of all the group's activities and its incidence on employment within the group;
- The social characteristics relating to the entire group.

Beyond the above mentioned areas, the EWC secretariat must be informed between two plenaries on the development of the strategic trend of the group and on any other structural changes related. The completeness of information is limited by the possibility of the mother company to postpone certain information if this poses a threat to the group's strategic interests. EWC members fall under the general confidentiality obligation in connection with all classified or trustful information (Article 8, point 6). According to the representative of the management, trust is important because in the course of restructuring and the sales of companies, the publicity of certain information may breach corporate interests. A total trust equals in such a case with the share of responsibilities as well.

Prior to the introduction of measures in connection with the following areas, the EWC must be consulted:

- research and development policy
- new industrial procedures and technologies, working methods

- environment policy
- missions of a general interest
- professional equality
- training policy
- occupational safety and prevention policy, policy on working conditions, hygiene and occupational health
- social policy of the group regarding restructuring
- policy on the employees' mobility

The enumeration does not explicitly mention the issue of takeovers, sales or reorganisation of companies, but Article 4. point 3 underlines that “In the case of exceptional national or transnational events (as defined in article 1) having implications likely to have a serious effect on the interests of the Group’s employees (for example relocation, sales, mergers or closing-down of companies or plants, collective redundancies...), the EWC shall meet for an extraordinary session at the request of the secretary..” Article 1 stipulates: “In addition to subjects concerning two establishments or companies situated in two different countries, subjects will also be considered transnational which concern a subsidiary situated outside France the restructuring of which derives from a decision of the dominant company, or is a direct consequence of one of the policy decisions taken by the group.” *Consultation can be initiated in connection with a problem emerging in a single county; this is a much broader competence than the EU Directive requires under the definition of transnational issues.* The statute, however, puts also a limitation to this possibility by stipulating: “In accordance with the principle of subsidiarity, the EWC does not take the place of the employee consultative bodies specific to each company and each country, which retain all their attributions.” (Article 1 paragraph 4)

The statute gives an exact definition of the meaning and the procedure of consultation: “Consultation with the EWC shall be deemed to mean exchange of views and establishment of a dialogue between the employees' representatives and the employer on any subject within its scope of competence.. ... Said consultation may give rise to the issuance of an opinion by the EWC.In the case of exceptional national or transnational events ...it shall be consulted in due time and with useful effect so that the elements of the debate or the opinion of the EWC can be integrated into the decision-making process. The opinion of the EWC also calls for an answer with reasons from the board. ” *The EDF EWC in its practical work carefully follows the requirements of the statutes: it consults on its required themes and documents the process, appropriately.* This is partly due to the precedents in the industry by which trade unions went to court because of procedural deficiencies. During the merger of GDF-Suez, the French court obliged the Board of Directors, for its not providing information to the EWC in 2006, to postpone the decision on the merger, which therefore could only be implemented a year later. (EPSU)

Although the management and employee representatives bargained and mutually approved the statute, they have rather different expectations. In the workshop in Paris¹ in April the management representative underlined that they have consultation on the strategy of the group on reorganisations, acquisitions and dismissals. From point of view of the corporate HR policy, it is important to have a communication forum embracing different cultures. It is also important for the management to receive feedback from abroad, partly due to 'best practices', partly because they have direct access to local problems (e.g., the asbestos case in Hungary). At the same time, he also emphasized that the EWC is not a forum of bargaining, this is the task of local bodies. On the basis of the principle of subsidiary, they do not discuss problems that do not concern the corporate headquarters, such requests are transferred to the relevant local directorates.

¹ "Electricity networks in Europe" Project number: VS/2010/0776

The former EWC secretary, representative of CGT formulated more radical expectations: in his view the EWC is not only part of the corporate culture, but is a counter balance vis-à-vis the management fighting for social guarantees. Therefore, the EWC assigns an independent audit of the balance sheet on annual basis; these audits show that the shareholders are domineering in the distribution of the profit and the positions of the state are too strong, while collective guarantees would be needed for a greater share for the employees. He also emphasized that with accelerating globalisation, the anticipation of changes is badly needed. We have to get prepared for change. The information rights and the mandatorily defined areas of consultation provide an appropriate basis for that. Among the EWC achievements, he mentioned that they managed to discuss the problems of different countries, e.g., the company mergers in Poland did not only result in mass dismissals but forced employees to move between the regions; they found solutions to individuals problems (housing, etc.) with the help of solidarity at the group level.

Both sides agreed that the *new EWC Directive will not bring major changes to the life of the EDG-EWC as the current statute already provides broader rights to employee representatives than the new directive does.* This statement is based not so much on the comparison of the new directive and the EDF EWC statute, much more on the acknowledgement that the accurate definitions and additional rights provided by the new directive (the definition of transnational affairs, the definition of the right for consultation and information, the procedural rules, the possibility to train EWC members, the information of employees and employee representatives and the integration of the national and European level in the information and consultation processes) the statute will not need any amendment.

There are three Hungarian representatives in the EWC, one from BERT and two from EDF-DÉMÁSZ. All EWC members are supported in their work by the company, they travel to the meetings officially. There were minor conflicts in the area of further training in DÉMÁSZ where language training request was not approved. This was also during crisis, when under the auspices of overall cost-savings even management training courses were not supported. As all EWC representatives are trade union and/or Works Council representatives, they do not have problems with the information of the local Works Council and trade union. However, passing on information to employees is more of a problem, and employees do not really show great interest for the work of the international forum, either. The Hungarian management does not have too much insight into the EWC work, the management may occasionally contribute to the reports by providing data.

The representative of BERT is member of the Occupational Health and Safety Committee – because of the asbestos problem – one EDF-DÉMÁSZ delegate is the deputy of the secretary and member of the consolidated balance sheet working group. The Occupational Health and Safety Committee provided direct support to the identification and management of the asbestos problem at BERT, although – as we have already seen – the local trade unions still have further demands. In connection with the asbestos problem, the next to the official work of the EWC Occupational Health and Safety Committee trade unions developed cooperation: parallel with the preparation of this study, the Works Council president and trade union leader of BERT consulted in Paris with the CGT expert. The same committee provided help to the election of occupational safety representative at DÉMÁSZ (at the company group level). The information provided by the Committee on Consolidated Balance Sheet (the analysis of the company and group results) supports with valuable background information to local wage bargaining. The assessment of the Hungarian delegates is altogether positive. Sometimes there is a certain level of dissatisfaction. This is mainly related to a lack of transparency of the future company plans, not only in case of BERT, but in case of company sales; similar problems were reported by the Slovak EDF

representative as well. It was also mentioned that the French dominance in the EWC workers' side and the diverging priorities of the French trade unions are sometimes an obstacle to putting Hungarian local problems on the agenda.

In order to improve the efficiency of the EWC, the Central and Eastern European representatives (Polish, Slovak and Hungarians) organised separate meetings.

d.) Framework agreement on the social responsibility of the EDF group

In connection with the social situation of employees, not only the EWC plays an important role but the "Agreement on EDF group Social Responsibility" document from 2005 is of great importance, which is an International Framework Agreement covering continents outside Europe as well. Prior to this agreement, the company issued a Code of Ethics with similar content in 2003. The agreement of 2005 formulates the responsibilities of the corporation in connection with their employees, local communities and natural environment expanding its scope to the subcontractors and suppliers as well. Both the management and the employee representatives are convinced that this is an innovative, ambitious agreement outlining realistic objectives. The company established a special Consultation Committee for the negotiation and discussion of the framework agreement, which meets on annual basis. To guarantee the cooperation with the EWC, secretaries of the two committees participate mutually at each other's meetings. The agreement was made by the 5 French, 8 foreign and 4 international sectoral trade union federations (Sobczak – Havard, 2008).

The objective of the agreement is to enforce "universal rules" in all countries of the group in the following areas:

- Respect of human rights. The ILO conventions
- Health and safety
- Adaptability of employees and professional careers: training, mobility
- Social benefits, in particular regarding coverage of workplace accidents,
- Illness and retirement
- Fight against discrimination
- Anticipation and guidance in industrial restructuring processes
- Principle of employee profit sharing incentives
- Actions in favour of access to electricity
- Actions in favour of poor customers
- Vigilance with regards to our subcontractors' practices in the area of legal compliance, health and safety, ethical behaviour with customers and respect for the environment
- Environmental safety of our facilities, our equipment and our processes
- Exemplary actions by EDF Group companies and employees in the area of the environment
- The promotion of energy efficiency for clients and within the companies of the Group
- Support for the integration of persons with disabilities
- Involvement of the company and its personnel in initiatives of general interest
- Solidarity of the EDF Group and its personnel in response to impacts from natural disasters on power grids outside of our zones of activity

- Sharing of information
- Dialogue between employees and management
- Industrial relations

The agreement was made for 3 years and special rules govern the implementation and its monitoring. Implementation means local agreements – such an agreement was made in EDF-DÉMÁSZ, but due to the asbestos problem, this was not achieved in BERT. This also shows that the implementation of the agreement may not only be a problem in the Third World countries. In Hungary, there are no major deficiencies in the enlisted areas, but the impact of the agreement and the EDF Human Resource policy is felt in areas – that require regulation in more developed countries as well –, like the individual performance assessment, its communication or the possibility to purchase company shares.

3. The connection between social dialogue at the local and the European level

The above outlined details show that the Hungarian workers representations were integrated successfully into the EDF European Works Council, and have become active participants. Their integration was clearly supported by the strong contacts between EVDSZ and CGT. Luckily, both organisations are well organised and representative in their own countries. The mutual understanding was facilitated by the fact that the labour relations in these two countries are in this sector – in spite of the obvious differences – in many points surprisingly similar. For example, the dual channels of workplace representation, trade union dominance and the works council elections providing representativity, the historically developed trade union pluralism, the privileged bargain position of employees in the sector and the inherited benefit system from the period before privatisation, the high sectoral organisation in spite of the poor national coverage, etc. They are also confronted with similar problems – mainly due to EU regulations – so there are numerous parallel phenomena in their militant representation style in spite of the different national characteristics and traditions.

Sometimes through the different forums of the EWC, sometimes next to them using informal channels, but the Hungarian EDF representatives find solution to their local problems, partly with the help of EVDSZ and “above the head of the local management”. This is mainly the case when the repeated negotiations with the local management are fruitless. (There have been numerous examples mentioned in this study from both companies: the wage bargaining in DÉMÁSZ, the collective agreement of DL, the asbestos problem of BERT, the solution for the problems caused by pension system, etc.). Not only the EWC can be useful for such purposes, but – as the example of DÉMÁSZ has also shown – the representation in the Supervisory Board as well.

Special mention should be made of the asbestos problem, where the French employee representatives of the EWC provided efficient help. The international solidarity was based on the fact that earlier French employees had been confronted with similar problems and managed to force the company to acknowledge its responsibility, e.g., through test trials. (Let us note here that the French legal regulations are earlier – passed in 1997 but Hungarian ones were made in 2000 and 2006 only – and provided better conditions for the negotiations because under the French legislation, workplaces at thermal power plants are hazardous for asbestos by default and therefore, employees in such jobs are entitled for early retirement at the age of 53.)

This is not a novelty for the Eastern European trade unions: the Polish Solidarity (Solidarność) enforces workers’ interests with multinational companies in the same way. (Meardi 2004). The question is as follows: what justifies the routine of solving local problems at a higher level: is it the limited bargaining power of trade unions, the autocratic style of certain local managers, or the disturbances in the decision-making hierarchy of the company organisation?

The latter seems to be the more probable answer: the separation of their decision-making competences between the central and the local management is not clear or not well regulated. This maybe related to the ongoing changes of the management structures partly with the personal changes in connection with the new CEO, and partly with the fact that Hungarian companies used to belong to a regional (Eastern European) centre, and now this is replaced by the division-based control. A separation of competences is clear in case of structural changes, reorganisation covering different companies in connection with financial policy and result, and in connection with technology and development decisions – these are clearly central decision-making competences. On the other hand, the management of human resources is in theory a local

competence, but as we have seen, the EWC is not a forum of bargaining for the corporation, and the most it can do is to mediate such complaints on the basis of principle of subsidiarity. Yet, trade unions made the experience in connection with wage bargaining that the local agreements are crossed by the headquarters, or it may turn out that the local management does not have the negotiation mandate. Trade unions also complain that they are the victims of a special “play – table-tennis” between the central and the local management. Some even said: “after all everything is decided in Paris”. In such a situation the organisation itself offers the possibility to “resolve problems above the head of the local management” and the trade unions – with the help of their French connections – were successfully utilising. Undoubtedly, some of the issues result in unforeseeable responsibilities of the corporation (e.g., the asbestos case), when because of its insecure outcome, the problem is shifted “to a higher level” in the management hierarchy. Anticipating strategic decisions (structural changes, company sales) is another area where trade unions try to have access to information informally at central level, probably because the local management does not have the information either.

5. Conclusions, recommendations

The EDF companies have – with Hungarian measures – well organised workers’ representations with strong bargaining position. They managed to make use of the institutional possibilities provided by law, in both companies there are works councils next to the trade unions, workers’ representatives in the Supervisory Board and elected labour safety representatives, they have collective agreements and delegate representatives to the European Works Council. At the sectoral level, there is a uniform trade union organisation, making sectoral collective agreements and successfully initiating its extension.

The wealth of institutional channels can only be utilised with appropriate coordination. This coordination role is fulfilled in both companies by the trade unions, we can say “the trade unions are the catalysers” that keep together and coordinate the delegation to the different positions and the operations. This role of the trade unions is not limited to the company level because the sectoral trade union is actively supporting the works council networks, and the EWCs through its international relations. In connection with EDF, it is especially positive that the French trade unions, especially CGT has similar approach on its role and prove to be an appropriate partner in the initiatives of EVDSZ. As we have seen it was the well-functioning German Works Councils in the background the sectoral trade unions have an important role, the same is true for France and Hungary: the trade unions provide for the appropriate coordination. It is understandable that the European trade union strategy in connection with the recast of the EU Directive was to be able to invite the European federations (in EDF EPSU and EMCEF), but also the national sectoral trade unions to the EWC meetings. Although this was not achieved through the recast in 2009, no body challenges its necessity. The connections of the EWC (Supervisory Board, the Works Council, trade union, etc.) are not regulated by the EU Directive, and the transposing national laws and national institutions can only influence the selection of representatives. We should consider how the institutions of national employee representations, the institutional guarantees of coordination, can receive more competences and with what legal instruments can they be strengthened.

Under the statute agreement by the Special Negotiating Body, the EDF EWC has clearly stronger competences than required under the EU Directive. (E.g., problems emerging in one country are also discussed in case they are the result of a central decision.) Next to the strong information consultation and opinion-making rights delegates of trade unions on the workers’ side – otherwise in line with the European interpretation of consultation² – agree on many issues with the company. In connection with their objectives, they even said that the EWC is not only part of the corporate culture, but is a counterbalance to the management fighting for social guarantees. The independent balance sheet audits also showed that the positions of the state and the shareholders are too strong in the distribution of the income, which means that collective guarantees are needed for a greater share for employees. The working committee on collective guarantees started a comparative survey of the wages systems of the different countries. All these efforts point to a new transnational collective bargaining strategy, which clearly fits into the ETUC strategy. The examples of other successful European Works Councils (e.g., GM Europe EWC before the crisis³), has shown that it is not practical to draw a sharp line between

² See: Directive of the European Parliament and the Council 2002/14/EC (11 March 2002) on the general framework for information and consultation with employees in the European Community: Article 4. (4)

³ See: e.g., Fetzer, Thomas (2008): European Works Councils as Risk Communities: The Case of General Motors.

consultation (or participation) under the legal regulations or the agreement, and the collective bargaining, because it is the elementary interest of trade unions behind and supporting the EWC to have international collective agreements as a result of the consultations.

The successful operation of EDF EWC is not independent of the labour relations of the mother company in France and of the corporate culture. Both the EWC and the framework agreement on social corporate responsibility are based on the achievements of the mother company. Luckily, their implementation in the Eastern European countries does not contradict the interest of French employees, and so the Central and Eastern European companies could also experience the strength of international solidarity (see: asbestos problem in BERT, the problem of the mobility of Polish employees inside their country, etc.). Of course, the special conditions of the sector have also a role to play; in case of a transfer production from one country to other of a company in the manufacturing it would be less probable that employees in the different countries were capable of such solidarity.

A key to the successful operation of EDF EWC is the system of standing committees that enables an in-depth analysis of different issues. The internal structure of the EWC working processes is strengthened by external experts (including the generously supported consultants who are formally assigned by the EWC and the trade union experts, too, - see asbestos problem), but also the training courses to facilitate committee work.

The framework agreement on the social corporate responsibility of the EDF Group is richer in its content than other international framework agreements. It does not only regulate the implementation, the monitoring and the supervision, but set up a standing committee, which operates in close cooperation with the EWC. One could also say that this is an attempt to expand the EWC into a “global works council”, although the ILO Conventions as legal base are less supportive than the EU Directive is.

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Interviewees:

Kapitány, András, EDF-DÉMÁSZ head of HR service centre

Dr. Kurunczi, Ágnes, EDF-DÉMÁSZ trade union

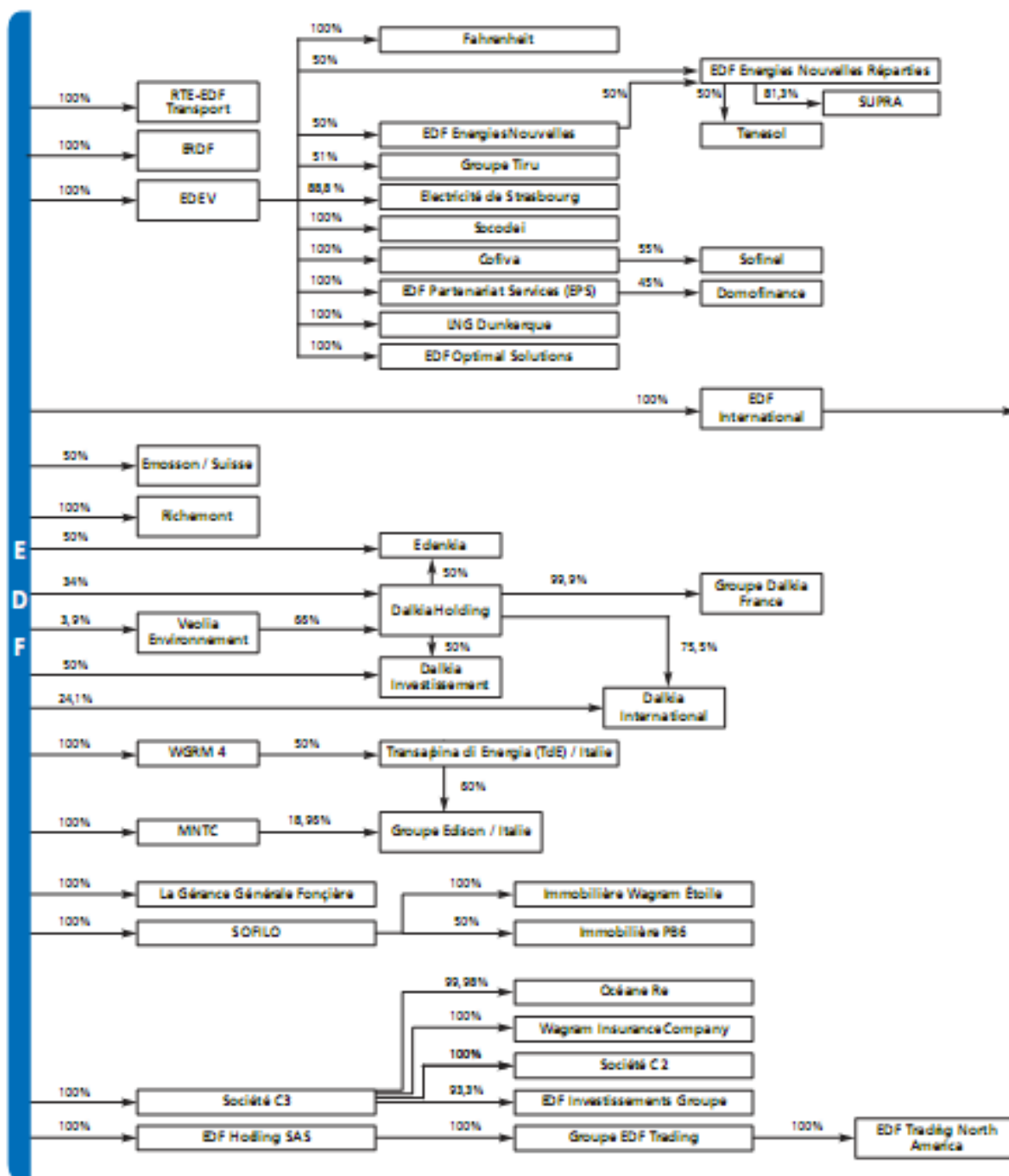
Nagy, László, BERT works council

Nagy, Sándor, EDF-DÉMÁSZ trade union

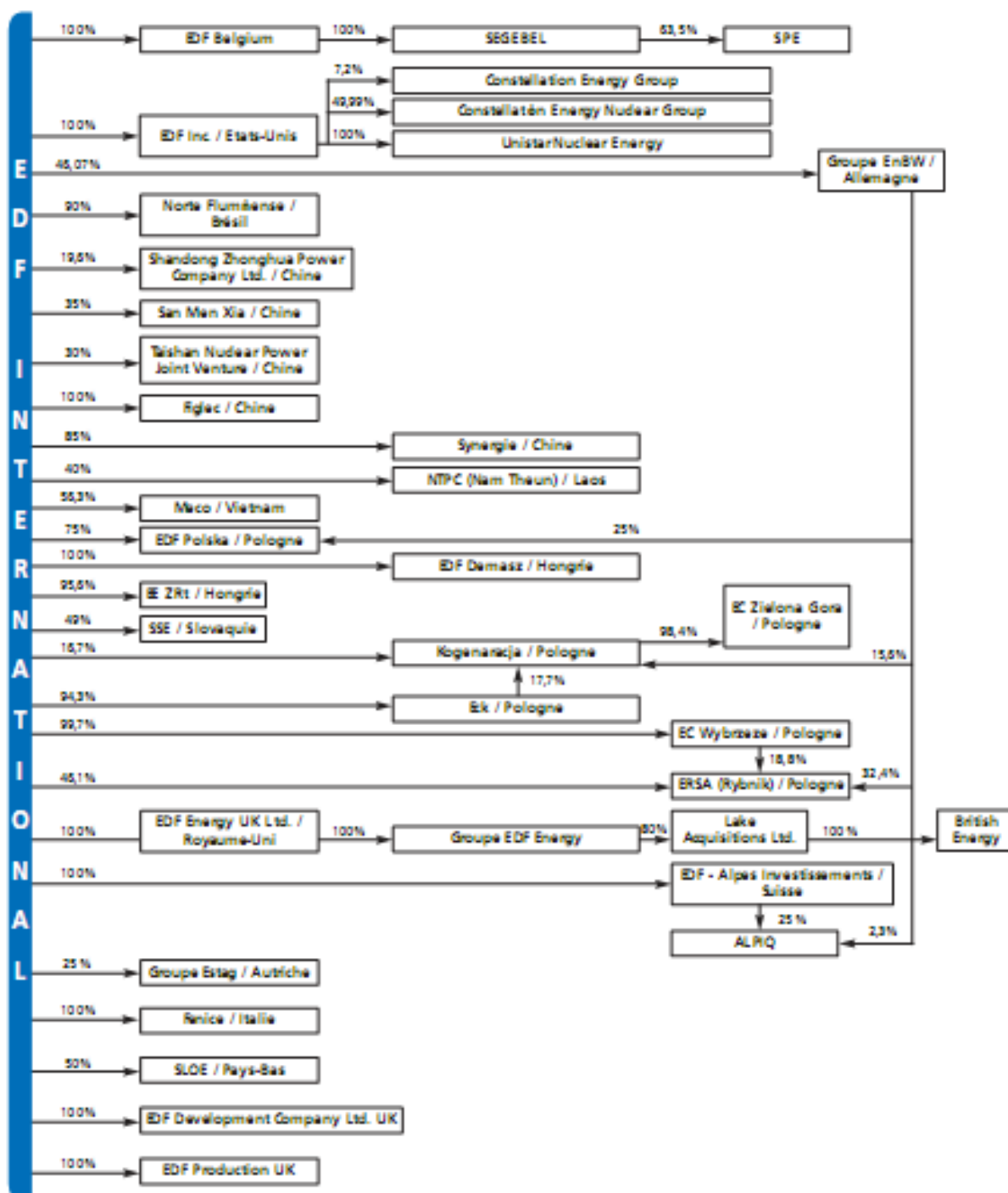
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Annexes

Annex 1. Ownership relations of EDF affiliates (as of 31. December 2010)



Annex 1. (continued)



Annex 2. Workforce of the companies of EDF group

EDF group in France:

	employees (1000 employees)		
	2007	2008	2009
<i>Regulated activities:</i>			
ERDF	36,448	35,156	34,781
RTE (employees in non-IEG status)	8,550	8,782	8,909
<i>Deregulated activities:</i>			
Energy production and technical areas	35,609	36,109	33,976
Trade	12,337	12,226	11,858
Corporate headquarters	8,432	8,713	11,537
CDI & CDD (employees in non-IEG status)	694	709	844
Island Electricity Systems (SEI)	3,252	3,234	3,224
TOTAL	105,322	104,929	105,129

Subsidiaries in and outside France:

	employees (1000 employees)		
	2007	2008	2009
<i>Subsidiaries in France:</i>			
(Électricité de Strasbourg, Tiru, EDF EN, SOCODEI, Fahrenheit)	3,708	4,599	5,526
EDF Energy (Great Britain – with British Energy)	13,158	13,406	20,077
EDF Trading (Great Britain)	426	563	822
EnBW (Germany)	9,336	9,445	9,732
Edison (Italy)	1,449	1,45	1,921
Dalkia International	16,07	17,822	17,397
Other subsidiaries:	9,17	8,699	8,535
<i>Eastern Europe</i>	6,818	6,585	6,491
<i>West & South Europe, Africa</i>	1,946	1,95	1,878
<i>Asia, Pacific</i>	321	74	76
<i>America</i>	85	90	90
TOTAL	53,318	55,984	64,010

Annex 3. Members of the EDF European Works Council

Country	Surname	First name	Trade union	Working committee	Company
FRANCE	BICKEL	Noemie	CGT	Environment	DCPP
	CHARNAY	Eric	CFDT	Occupational safety Consolidated balance sheet	EDF - division entreprises
	COUDOUR	Fabrice	CGT		EDF-DPIH GRENOBLE
	DAUBEUF	Jean-Marc	CGT	Collective guarantees	ERDF - URE BOURGOGNE
	DAVY	Jacques	CGT		RTE Transport Electricité Ouest
	DUBOIS DEBORDE	Hubert	FO	Environment	RTE SESO SDOP Toulouse
	FERRON **	Marc	CFDT		EDF DPI-DOAAT Saint-Denis
	FREYMANN *	Patricia	CGT		ES énergies STRASBOURG
	FRITSCH *	Frederic	CFDT	Collective guarantees Environment	Electricité de STRASBOURG
	HINSKY	Christophe	CGT	Consolidated balance sheet	EDF CNPE Tricastin
	HOEFFLING	Laurence	CGT		ERDF DORAB Bourgogne
	LEBRUN	Cecilia	CFE-CGC	Occupational safety Environment	ERDF GRDF USL Manche Mer du Nord
	MASCHINOT	Celine	CGT		EDF branche commerce LYON
	MAYIMA	Flore	CFDT		ES énergies Strasbourg
	PERNIOLA *	Francois	CFE-CGC	Consolidated balance sheet	
	PRAT *	Philippe	FO	Collective guarantees Consolidated balance sheet	ERDF-GRDF
GREAT BRITAIN	M. BACK	Philip	Prospect	Consolidated balance sheet	EDF Energy
	JONES	Brian	Prospect	Environment	Existing Nuclear, Dungeness B
	Mc GHIE	Stuart	Unite	Occupational safety	EDF Energy
	PHILLIPS	Steve	Prospect	Gender equality	EDF Energy
	CARLE *	Glen	Unite		EDF Energy
	ROSEAMAN	David William	Unite	Collective guarantees Gender equality	EDF Energy
	WAINWRIGHT	Tracey	Unison		EDF Energy
PL	DUSZA	Mirosław	ZZPRC		Kogeneracja (Wrocław)

	MAKOWSKI *	Jan	Solidarność		Elektrownia Rybnik
	GAJEWSKI	Ryszard	Solidarność		Elektrociepłownia Wybrzeże (Gdańsk)
	SKOROCHOD- PRZYJEMSKI	Roman	ZZPRC		EC Krakow

Annex 3. (continued)

Country	Surname	First name	Trade union	Working committee	Company
Hungary	FARAGÓ	Ferenc	EVDSZ		DÉMÁSZ
	KURUNCZI dr. *	Ágnes	EVDSZ	Gender equality Environment.	DÉMÁSZ
	NAGY	László	EVDSZ	Consolidated balance sheet	BERT
Slovakia	MARTONÍK	Miroslav	ECHOZ		SSE - D, a.s.
	PIŠTÍK *	Igor	ECHOZ	Collective guarantees	SSE, a.s.
Belgium	MEURIS *	John	ACV-CSC- CNE		

** EWC secretary

* Deputies of the secretary (members of the secretariat)

(as of May 2011)