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Conclusions of a meeting on the takeover bid for ENDESA from E.ON

Spanish, Italian and German affiliates of EMCEF have met on 28th of February to discuss latest developments in the energy sector, especially the situation in ENDESA and E.ON. They have furthermore exchanged information with the board member of E.ON being responsible for human resources, to discuss social issues related with the take-over bid of E.ON.

The following conclusion had been drawn by the EMCEF-representatives:

Security of supply with energy is one of the crucial elements for any future economic prospect in Europe. EMCEF has summarised the main elements for a future energy policy in a document that was adopted by the EMCEF-presidium 22nd of February 2006:

- Within the next years, enormous investment will be required for the production of energy and to guarantee supply of energy.
- In the light of the investment that is needed to invest in modern electricity production and energy supply, the European dimension is of high importance
- The availability on resources for energy production, most of it imported from outside the European Union is an important issue for the security of supply with energy in Europe what requires a European Energy strategy.

The recent developments in the energy-sector have to be understood as a reaction on these challenges. Especially the electricity production is undergoing a tremendous change, looking after the latest bids, mergers and takeovers since the beginning of the year. The bids for ENDESA are just a part of this development.

EMCEF and its affiliates do not see their role in the support for the one or the other option. They are also not interested in taking a position in the political decision taking by governments or political parties to protect national or other interests. But on the other hand trade unions have to look after ways to defend their members and workers interests and to safeguard existing social standards

In the case of ENDESA this could be best achieved via industrial decisions:

- Maintaining the company after a take-over as it is today, avoiding the separation of businesses or contracting out of integrated parts of the company
- No refinancing of the take-over by selling assets or parts of the existing company.
- Continuation of envisaged investments to renew production or build up new capacities in electricity production and supply with energy resources from outside the EU.

Concerning the social impact, the trade unions regard the following issues as priorities for a successful future of ENDESA:



- No redundancies or lay-offs as a result of the integration into a European company strategy to maintain the high level of qualification existing in the company
- Further investment and support for training of employees to anticipate industrial change
- Information for the representative trade unions and workers representatives on all industrial matters having an impact on social conditions or changes in the employment
- Responsibilities for all social matters and negotiations within the company on the existing levels
- Continuation of collective bargaining agreements between management and trade unions on all aspects covered by the actual agreements
- Recognition of the existing national labour relations as a part of the European social model.

These issues are of high importance, as the relations between management, workers representation and trade union in the involved energy companies in all three countries are taking place in a good spirit, being well developed and based on mutual recognition resulting in various agreements on important social issues. It is one of the challenges for the future to maintain and further improve this example of good practice. The global agreement signed by ICEM and ENDESA is considered as one example of this good practice on global level that needs to be incorporated also for other companies in the future.

EMCEF will therefore increase its efforts to support the exchange of information on existing agreements in the energy sector.

The meeting of February 28 has again shown that a closer cooperation within the energy sector between the trade unions is crucial. Latest announcements of further changes, takeovers or mergers have confirmed the evidence of more initiatives from the side of the trade unions. EMCEF will continue to support the affiliates representing workers in the energy sector with information and cooperation wherever needed. This has to cover the support for European Works Councils, but also the exchange of information on existing collective bargaining agreements and social conditions.

Further meetings are needed in the case of ENDESA, but also for other companies to understand better the industrial and social situation in other energy companies as well and to improve European cooperation. Furthermore the latest developments in the energy sector have to be addressed in the relevant social dialogues on European level. The social dialogue in the electricity sector could be one of the places where the future of energy supply for Europe should be discussed between the social partners.