THREE DRIVERS OF SUSTAINABLE GROWTH

Drivers

HIGHLY-SKILLED, MOTIVATED TEAMS 42
RESEARCH AND DEVELOPMENT GEARED TO SUPPORT AND PLANNING 46
A POLICY OF ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY 48

To support its strategy, the Group is investing in the skills and motivation of its teams.

Recruitment is being increased in high-growth sectors, such as nuclear generation and sales and marketing. The Group is building the future with pro-active R&D, with state-of-the-art resources focused on two objectives: to contribute to EDF's competitiveness in providing the teams with the most effective tools, methods and techniques and to prepare for long-term developments through its research programs. The EDF Group's objective is to grow sustainably, limiting its environmental footprint and providing current and future generations with effective solutions.

Highly skilled, motivated teams

Market opening and the distribution subsidiary, regulatory change, reform of the special pension schemes in France: EDF has implemented a policy of profound change while maintaining its internal cohesion, in honing its strategy for skills renewal and pursuing the integration of the Group.

MÉDIATHÈQUE EDF – LAURENT VAUTRIN

The Gravelines plant. Here, two apprentices out of the 300 recruited in 2007 by the nuclear division.

Winning through competence

Forward-looking businesses
Faced with the retirement of numerous employees in the near future, skills renewal is a major challenge. EDF plans for this within a context of headcount optimization. The company is establishing forward-looking programs in each of its businesses.

Different career paths
For EDF, resource optimization is an ongoing priority and the company is implementing an oriented mobility program with targets set by branch and division. Employees are thus able to pursue a number of different career paths. They benefit from significant resources offering training and support for geographical mobility in terms of housing, employment for a spouse, etc. A new employment mobility information

23,000 employees
changed their job specifications in France in 2007

6,000 individuals
transferred from distribution to sales and marketing

Three major priorities

Adapting jobs and skills

Motivating employees through attractive working conditions

Encouraging workplace dialogue

system was created in 2007. Accessible to all EDF employees in France, it provides information on available job opportunities and gives all the entities a detailed picture of employee mobility.

A recruitment dynamic
In order to adapt their businesses and skills in line with the Group's development, EDF and ERDF plan to recruit around 14,000 people in France over the next five years. In nuclear, the company will recruit 500 engineers each year over the next five years, a threefold increase on previous levels. To attract talented individuals, EDF has launched a communication campaign to promote its "employer brand". The objective: to show young graduates that, with EDF, they can put their education to work while gaining a career path. A special website (www.edfrecrute.com) has been set up. At the Energy Day, held at the *Cité des sciences et de l'industrie in Paris*, 1,000 engineering students found out about the Group's businesses and were offered 350 internships.

Training more in tune with the businesses
In order to support its employment policy, EDF has reorganized its training programs. The new EDF Vocational Training entity is structured around the main businesses in order for training to be more in tune with their needs and involve managers and employees more closely. Specialist structures coordinated at national level have thus been created: Generation, Sales and Marketing, Distribution, Management and the National Expertise Structure.

Strong growth in apprenticeship
Apprenticeship is one of the drivers in skills renewal. The company achieved its target, set in 2005, to increase the number of apprentices by 20% over a two-year period. Ahead of the application of the new French law relating to a first job for young people, EDF already has 1,000 apprentices (3% of headcount) in its Generation Branch. They are supported by highly-motivated mentors and most will go on to be recruited by the Group. Some will find employment with companies which provide services, and in which EDF is keen to secure skill levels. In 2007, more than 70 apprentices were being trained in Nuclear Operations within the framework of contracts with service providers guaranteeing their first job.

NUCLEAR GENERATION

EDF conducts regional operations to identify employees in service functions with the potential to move to technical positions. The Meet Nuclear Operations sessions *(Carrefours de la Division Production nucléaire)* were thus attended by 350 employees, of whom 120 chose to join the Division after training.

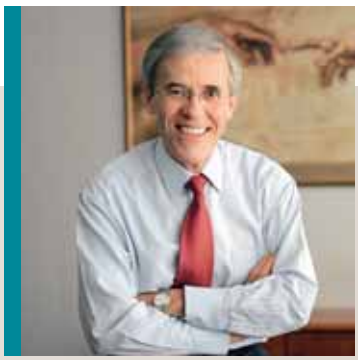
300 apprentices recruited in 2007

40 more young executives recruited in 2007 by the nuclear fleet in France in order to create a pool of international executives: after experience of an operating role in a power plant, they will be available for international postings

TRAINING

900 employees from different professions became customer counselors after an average of 50 days of training

26 European Key Account Managers in sales and marketing trained to work as a network in multi-cultural environments



MÉDIATHÈQUE EDF – RICHARD SCHROEDER

"Respect for individuals, environmental responsibility, striving for excellence, a commitment to the community and the necessity of integrity: our Group values give us a significant advantage in attracting and securing the loyalty of the talented people we need."

Yann Laroche, Chief HR and Communications Officer

MÉDIATHÈQUE EDF – PHILIPPE ERANIAN

EDF Energy headquarters in London. Group companies implement their own HR policies to comply with local law but all foster the EDF Group values.

Employee benefits system harmonized for Bert employees in Hungary since January 1, 2007

Mobilizing employees

Recognition and compensation
Compensation increasingly includes a variable portion, linked to both collective and individual performance. Furthermore, a bonus issue of 2.8 million shares has been decided and their distribution to the beneficiaries was the subject of an employee agreement in June 2007. Some 150,000 employees located in 22 countries will each receive an average of 19.2 shares. The vesting of the shares on August 31, 2009 is subject to continued presence during the vesting period and to collective performance targets: Group EBITDA growth (excluding changes in scope and exchange rate variations) averaging at least 3% per annum between 2006 and 2008.

Cohesion and shared values
The companies within the Group have their own separate human resource policies consistent with the laws and practices in their countries. The Group is nonetheless committed to developing cohesion between the teams and promoting a common ethic. An HR Team meets monthly with the Chief HR and Communications Officer to coordinate HR policies and their performance indicators. It has created a number of working groups, including Health and Safety, which reports on health and safety performance within the Group companies. In 2007, ten cross-Group projects were launched at the annual HR convention in Milan, on themes such as the "employer brand", working hours, etc. They are monitored monthly by the HR Team.

Health and safety in the workplace
The Health and Safety results continue to improve, justifying the deployment of the strategy first launched in 2003. At below four, the industrial injury frequency rate puts EDF amongst the top-ranked French companies and European energy players on this metric.
In 2007, the branches, divisions and businesses made a sustained effort to prevent psycho-social risks.
Following on from 2006, EDF initiatives continued to address public health issues: finalization of the influenza pandemic plan, conference on AIDS prevention. The updated Health and Safety policy will integrate the impact of organizational and management change on health in the workplace.

Quality of life in the workplace: a project-based approach
The human dimension and the quality of working conditions are priorities. Following a number of unfortunate events, the company created a workplace observatory on quality of life in the workplace *(Observatoire national de la qualité de vie au travail)*, strengthened its ethical guidelines and simplified its procedures to encourage a more hands-on management style.
The observatory, which held its first meeting in June 2007, constitutes a forum for dialogue, involving doctors, managers, social partners, etc. and is tasked with monitoring quality of life in the workplace. A Group project focused on this issue is developing a method to establish a system

of local audits together with the appropriate performance indicators.
The Group's values have been reaffirmed and were the subject of a major internal communication campaign via management. Each unit has appointed an ethics coordinator, and a "workplace life" toll-free number has been set up for employees in difficulty.

Diversity, a real strength
The employment policy also aims to promote proximity and diversity in order to enrich the company's social fabric. The 2006-08 social agreement sets a target of 4% of the overall total for the recruitment of disabled employees. Distribution (ERDF as of January 1, 2008) made a particularly strong contribution in 2007 with 4.5%.
A new agreement concluded on December 21 reflects the shared determination to promote diversity and professional gender equality at all levels of the company. The first agreement had helped reduce the average disparity between men and women's salaries from 4.7% to 1.6% between 2002 and 2006. The new agreement also covers access to training and the work-life balance.
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Promoting workplace dialogue

CSR: positive results and extension
The results for the first two years of the Corporate Social Responsibility agreement (CSR) show that, within very different contexts, the Group companies have fully respected the commitments.
In 2007, the signatories extended this agreement for a further year. Employee dialogue has been conducted in all the companies to identify the local initiatives to be prioritized.

New employee representative bodies
Pursuant to company law, EDF has created a Corporate Works Council (*Comité central d'entreprise* - CCE) and Works Councils (*Comités d'établissement* - CE), to replace its former structures. Agreements were concluded with the social partners on the organization of professional elections. These were held at the end of 2007, within the period foreseen by the agreement with the electricity and gas branch (IEG).
Negotiations are continuing on the exercise of union law, the composition and functioning laws of the Secondary Personnel Commissions and the establishment of the Corporate Works Council.

Reform of the special pension scheme
Pursuant to the French government's decision to harmonize the special pension schemes with the civil service pension scheme, negotiation began with the social partners in the electricity and gas industry workers branch (IEG) during the first quarter of 2007.
Significant information resources were put at the disposal of employees: individual simulation tools, documentation on the expected changes to the special electricity and gas sector scheme, information meetings, etc.

Business Customers of the Customer Branch France:
33% of management committee members are women

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In Hungary,
Demasz accredited as an employer for the disabled

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MÉDIATHÈQUE EDF – PHILIPPE GROLLIER

The EDF employment policy aims to promote diversity in order to enrich the company's social fabric. The new 2007 agreement reflects the shared determination to promote professional gender equality at all levels of the Group.

Research & Development: **support** and **anticipation**

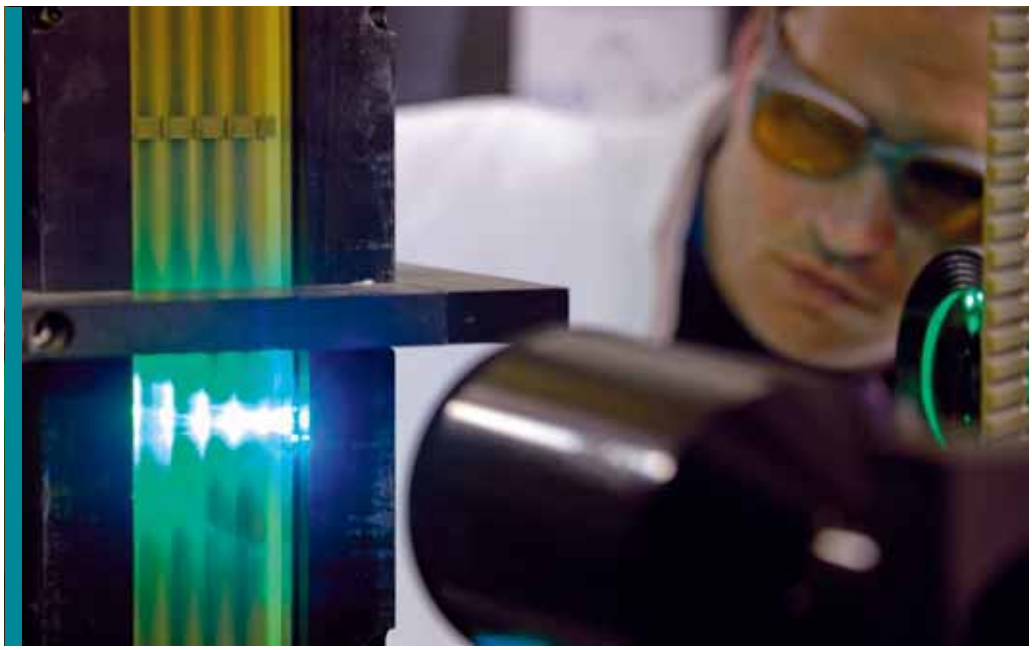
The EDF Group is preparing for the future and investing in innovation. The R&D Division is a real asset for EDF, working to serve customers and the operating activities alike. It is contributing to overall performance and preparing technological breakthroughs.

Partnership with the Energy Research Institute of India (TERI),

headed by Rajendra K. Pachauri, Nobel Prize laureate and IPCC Chairman

Boosting overall Group performance

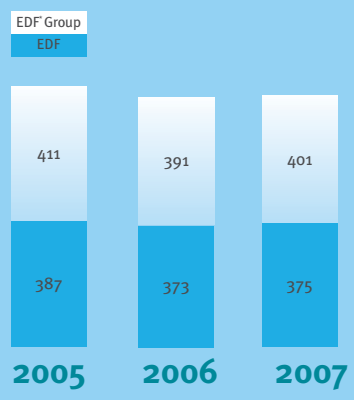
The R&D Division helps boost the performances of the Group's businesses through contracts with the different branches and divisions for technology watch, studies, expertise and development. R&D is in a good position to organize the transfer of methods and tools from one business to another and to encourage Group entities to set up joint projects if their needs are similar. A Group R&D Committee was set up by EDF Energy, EnBW and Edison, with initial exchanges focusing on energy eco-efficiency.
EDF R&D has some 20 projects underway with EDF Energy. In 2007, the Division helped adapt the progress contracts developed for French companies to large customers in the UK based on audits of their energy consumption. It is also developing software to help EDF Energy counselors market energy efficient solutions to residential customers by telephone.
Cooperation with EnBW is built around EIFER, the joint laboratory between EDF R&D and the University of Karlsruhe, and projects relating to distributed energy, geothermal, biomass and sustainable urban development.
A first project portfolio was also set up



MÉDIATHÈQUE EDF – PHILIPPE ERANIAN

The R&D teams are developing tools to make generation facilities more efficient. Here, laser measurement of water through-flow speeds inside nuclear assemblies.

2007 R&D EXPENDITURE



* Excluding Edison and excluding Dalkia.

MÉDIATHÈQUE EDF – PHILIPPE ERANIAN

The Photovoltaic Energy Research and Development Institute (*Institut de recherche et de développement sur l'énergie photovoltaïque* – IRDEP) at the EDF R&D facility in Chatou. Work is being done with thin-film photovoltaic modules to lift the conversion rate from 20% currently to more than 50%.

800 development projects
designed to serve operating teams

with Edison, focusing in particular on fuel cells and solar energy.

Preparing for the future

EDF R&D defined 12 new Challenges for 2007-2009, based on the Group's five strategic priorities. Several hundred researchers and numerous partners in France and abroad are working on research programs designed to pave the way for future growth. Of the different areas they address, several relate directly to environmental protection: renewable energy, rechargeable hybrid vehicles, new services, energy eco-efficiency end-uses in buildings and industry, and local energy policy. EDF R&D also helped the Group prepare its contribution to the French national conference on the environment *(Grenelle de l'environnement)* in 2007.

The IBM supercomputer delivered in 2007, a major investment for the Group, will position EDF among the world leaders in terms of numerical simulation. The Group ranks first in the worldwide industry in terms of scientific computation.

Excellence and cooperation

EDF R&D is cultivating its areas of excellence, including in materials and hydraulics.

In 2007, it set up the Materials Ageing Institute (MAI), an international research center for the durability of materials, at the les Renardières site.

At the same time, it is optimizing its own performance by forging partnerships with universities and research centers both in France and abroad, especially via joint laboratories. For instance, in 2007, EDF R&D set up its eleventh joint laboratory with *Ecole nationale des ponts et chaussées* and the *Centre d'études techniques maritimes et fluviales* (Institute for Maritime and Waterway Studies). The new lab is focusing on fluid mechanics as applied to hydraulics and the environment.

It also set up ECLEER, the European Center and Laboratories for Energy Efficiency Research on construction and industry, at the les Renardières site, with support from Edison. Its leading partners are *Ecole polytechnique fédérale de Lausanne* and *Ecole des mines de Paris.*

With EDF Energy, R&D helped create the Energy Technologies Institute at Loughborough. This public-private partnership will play a key role in reviving research on low-carbon technologies in Great Britain.

R&D

1,950 people of which one third are women

200 doctoral students of which half work in-house

67 new hires of which 17 from countries other than France

€375 million R&D budget for EDF in 2007, of which more than €100 million for environmental protection

375 patents on innovations

1,020 property rights in France and abroad

TWO MAJOR LONG-TERM PARTNERSHIPS WITH

The French Atomic Energy Commission (*Commissariat à l'Energie Atomique* – CEA), via a tripartite agreement with EDF and Areva

The Electric Power Research Institute, which handles R&D for American utilities. EDF is its leading foreign partner, notably for studying materials ageing and smart grids.

Social and Environmental Responsibility

In addition to developing competitive, low-carbon generation technologies and energy efficiency solutions, the EDF Group strategy focuses on improving its performance with regard to the social and environmental aspects of sustainable development [1].

All Group sites worldwide certified

ISO 9001 and ISO 14001

Committed to protecting the Environment

Through investment...

The EDF Group is striving to minimize the environmental footprint of its electricity generation, transmission and distribution facilities. As a whole, EDF's CO_2 emissions per kWh produced are three times lower than the European average. In France, 95% of generation is completely CO_2 free.
During the French national conference on the environment (Grenelle de l'environnement) in 2007, EDF France set a goal of reducing its CO_2 emissions by more than 20% between now and 2020. EDF Energy committed to reduce the carbon intensity of its generation activities in the UK by 60% over the same period.
The Group is implementing a far-reaching denitrification program at its fossil-fired units, targeting Le Havre 4 and Cordemais 5 late in 2007 and in 2008, Cordemais 4, Vazzio (Corsica), Bellefontaine and soon Pointe des Carrières in Martinique. After le Havre 4 and Cordemais 5 and 6 at the end of the 1990s in France, it is also installing desulphurization units in the UK at West Burton and Cottam, in Poland at Rybnik, and in China, at Shiheng.

... and through concrete action

In France, the level of liquid radioactive waste (excluding tritium, carbon 14 and NI-63) produced by the nuclear plants remains well below the regulatory limit.
As regards the distribution network, ERDF exceeds the burial requirements set forth in the Public Service Agreement for 2007, with 94% of new HV lines laid underground and 65% of new LV lines installed using underground or discreet technology. ERDF is continuing to bury existing lines and eliminate polluted PCB transformers.

Golfech the first nuclear power plant in Europe

Europe to obtain EFQM certification for Quality Management

Solidarity a core part of action strategy

Formalizing commitments to society
The EDF Group's commitments to society are outlined in the Public Service Agreement signed with the French State in 2005 and in the Corporate Social Responsibility (CSR) agreement entered into with stakeholders for all Group companies.
In keeping with the CSR Agreement, the contractual terms of the sale of the Group's plants in Mexico included an agreement with plant employees and ensured that it be implemented by the buyer. Along the same lines, EDF works with the toughest safety standards, refusing to consider serious accidents as inevitable. Strict measures were thus adopted following two fatal accidents in 2006 at Kogeneracja, in Poland, and a safety committee has been set up at Nam Theun in Laos. The CSR agreement is reflected in the performance reviews of all Group companies.

Acting locally
EDF is fully aware that its stakeholders are a diverse group including vulnerable customers, young people, job seekers, and persons with disabilities.
EDF is helping assure that these more vulnerable customers have access to essential services through adapted solutions. It is also facilitating job placement for young people and providing emergency assistance to those confronted with critical situations or crises.
All Group companies are acting locally by supporting projects that improve quality of life and create jobs. They are also contributing their expertise through energy eco-efficiency advice for local renovation programs; EDF Energy's involvement in the Warm Zones in England is but one example. In addition, the companies are promoting education on energy issues.

Promoting access to energy
EDF is implementing energy access programs in developing countries, particularly Africa. Its goal is to work with local partners to set up decentralized service companies that are handed over once viability is assured.
One example was the sale in 2007 of EDF's stake in South Africa's PNES, after it brought electricity to a township near Cape Town. EDF is involved in rural electrification programs in that country as well as in Mali, Morocco and Madagascar.

1. See 2007 Sustainable Development Report
2. PolyChloroBiphenyl.

RESPONSIBILITY

Helping vulnerable customers is a priority for the Group, and part of the Public Service Agreement in France. The Customer Branch has taken over responsibility for these issues since the distribution activity was unbundled [3].

EDF Energy is powering ahead with its Energy Assist social tariff in the UK. In 2007, electricity and gas industry regulator Ofgem [4] named EDF Energy the supplier with the highest level of commitment to vulnerable customers.

LAOS

770 families housed in a new village on the Nam Theun 2 dam site in 2007 (Source projet Nam Theun).

CHINA

Figlec funding the reconstruction of a school based on environmental and energy conservation criteria.

AWARDS

The Sustainable Development Awards generated a high level of enthusiasm and a very large number of initiatives from Group companies, including BERt of Hungary, which submitted a project for optimizing water consumption at the Újpest plant, and Edison, which proposed a plan to install photovoltaic panels at its headquarters in Milan.

3. See section on sales and marketing in France.
4. Office of Gas and Electricity Market.

MÉDIATHÈQUE EDF – RICHARD SCHROEDER

"Our goal is not to adopt one approach for France and another for the rest of the world. We aim to apply the same high standards and targets of excellence for social and environmental performance everywhere. The Group is therefore called upon to make a distinct contribution to the countries in which it operates."

Dominique Lagarde, Senior Executive Vice President, Strategy and Coordination