

2013 report
on the implementation of
Electricité Réseau Distribution France's
code of conduct

– Notice from the compliance officer –

In accordance with Article L111-62 of the Energy Code, here is my 2013 report on the implementation of ERDF's code of conduct. It makes the same points as the 2012 report to ensure continuity : implementation of the principles, commitments and measures defined in the company's code of conduct, from an outside point of view of an electricity consumer or market player as well as from the point of view ERDF's internal mechanisms or relations with its parent company within the group.

At the end of the year 2013, the audits and checks that I conducted yielded a positive assessment of the actions conducted at all levels of the company to ensure compliance with the code of conduct. Please note : ERDF's commitment in the TINO training for all employees by the end of 2015. At the end of 2013, close to one-third of employees had taken this training.

That said, for each of the domains examined in this report, you will find my comments and recommendations which should, in my opinion, be subject to new changes or measures starting in 2014. Here are the most important ones based on the different aspects of the code of conduct :

- ❖ *ERDF's clients and contact persons :*
 - *continue the action undertaken that reinforces the objectivity and transparency principles when rolling out projects (helplines organization, connection portals, Linky, etc.), in the publications on ERDF's website and in the approaches for contact with the clientele,*
 - *continue to develop and implement the information channels for supply interruptions, associated with work orders or incidents, with respect to all clients concerned,*
 - *successfully reduce the claims processing time from 30 days to two weeks so as to more quickly give expected responses,*
 - *reinforce the framework making it possible to secure sharing of information held by the distributor under its missions, with the different stakeholders.*
- ❖ *in terms of internal management :*
 - *make sure that each division, within its compliance program, maintains the dynamic to carry out and follow the basic measures regarding the code of conduct : newcomers, TINO e-learning training, employees leaving the regulated domain, etc.*
 - *rigorously follow the "Code of conduct and independence" action plan undertaken by ERDF's management with respect to the French energy regulator CRE,*
- ❖ *in terms of independence from EDF :*
 - *pursue name recognition actions useful to protect the ERDF name with the general public (erdf.fr, day-to-day information, etc.),*
 - *ensure the proper implementation of the compliance standards for services exchanged between ERDF and its parent company,*
 - *make the contact persons of the EDF group aware of the code of conduct.*

Drawn up in Paris, December 30, 2013,

ERDF's compliance officer,



Alain BRIERE

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ERDF's 2013 Code of conduct and compliance officer's activities

I - The 2013 code of conduct and the measures announced

1 - The code of conduct – 2013 version

ERDF renewed in 2013 the code of conduct with the principles and commitments maintained since 2011. Like in previous years, two versions of the code of conduct were prepared :

- one, intended for external use and published on ERDF's website¹, publicly sets out the company's principles and commitments for conduct. A new additional "organization and contacts" page specifies in particular the role, identity and how to contact ERDF's compliance officer ;
- the other, intended for internal use, published on the company's website, supplements the internal organization measures decided for the year 2013. This version constitutes the internal reference framework to which all of ERDF's management and staff must refer in their activities within the network management and externally.

2 - Approval and distribution of the 2013 internal version of the code of conduct

The 2013 version of ERDF's code of conduct was published on ERDF's website on March 29, 2013.

The internal version and the associated 2013 measures were distributed by the Chairman of the Board of directors to the directors, members of the Executive Committee, on April 20, 2013.

3 - Measures taken in 2013

For the year 2013, ERDF took two series of measures under the code of conduct :

- the first, accompanying the internal publication of the 2013 version of the code of conduct, reiterates in particular the points raised by the compliance officer in his 2012 report ;
- the second, prepared mid-June 2013 following the audits conducted beginning 2013 by the French energy regulator CRE (Commission de regulation de l'énergie) under its 2012 report, corresponds to special actions to be carried out before the end of 2013.

The corresponding principal measures are set forth below.

3.1 Measures taken in the 2013 code of conduct

a) Useful information for ERDF's clients and contact persons

- ✓ Continuing to develop information procedures with clients, in particular on the website and during field contacts, concerning connection, supply interruptions and network repair, understanding the market and ERDF's roles and missions.
- ✓ Garnering initiatives regarding general public brochures and pamphlets, revised and updated for national consistency.

¹ www.erdfdistribution.fr/Non-discrimination

- ✓ Preparing a reference memorandum on the protection of information (CSI, PD², etc.) and overseeing associated external communications.

b) Training of employees

- ✓ Continuing to hold basic training sessions on the code of conduct (TINO 1&2³) : with a goal of 100% by the end of 2015.
- ✓ Upgrading the TINO 1&2 e-learning modules, in particular so as to integrate minimal knowledge on the functioning and opening of the electricity market.
- ✓ Developing new e-learning and serious game (connection, etc.) business modules.
- ✓ Improving the adoption of the code of conduct in training for employees in contact with the clientele (maintenance call centers, connection agencies, etc.).
- ✓ Holding dedicated training on the code of conduct (TINO) and creation of two new modules.
- ✓ Conducting periodic checks on the quality of the information and communications for newcomers relative to the code of conduct (welcome meetings, commitments, TINO fulfillments, etc.).
- ✓ Getting feedback on the knowledge acquired by employees on the principles of the code of conduct and associated good practices, and setting up improvement strategies.

c) Internal mechanisms of organization

- ✓ Establishing compliance programs regarding the code of conduct and following up during managerial reviews.
- ✓ Following up on implementing the HR reference memorandum prepared in 2012.
- ✓ Adopting the code of conduct in the new mapping of the operating processes.
- ✓ Integrating the code of conduct in ERDF's internal audit standards.
- ✓ Making the service providers aware of and adopting the code of conduct in service provider contracts.
- ✓ Setting up a new strategy to monitor claims under the code of conduct.

d) Management autonomy, image differentiation and relations with the EDF group

- ✓ Implementing a communication plan to ensure image differentiation for ERDF.
- ✓ Preparing a rules manual to be applied for contractual relations between ERDF and an entity of its parent company / Implementing for IS, R&D, Purchasing.
- ✓ Continuing to revise contracts binding ERDF to an entity of the EDF group (Real Estate, Insurance, and HR).

² CSI : Commercially Sensitive Information / PD : Personal Data

³ : TINO is an acronym (Transparency, Ics, Non-discrimination, Objectivity) that since 2008 has identified the internal training regarding the code of conduct. Originally shared with GrDF, TINO training has been ERDFs' since 2012.

3.2 ERDF's action plan following the audits of the CRE

In June 2013, ERDF made a commitment to the regulator to implement a "code of conduct and independence" action plan. This plan is in response to the recommendations that the CRE expressed in the audit reports drawn up late 2012 / early 2013 under its report on compliance with codes of conduct and independence of electricity network operators (claims processing procedure, commercial and financial agreements between ERDF and EDF).

This action plan is structured in six domains (Client relations, Human Resources, Purchasing, Information systems, Research and Development, Communications).

4 - Compliance programs and implementation of the measures announced

The code of conduct and the measures taken associated with the 2013 version were signed by all the members of ERDF's executive board. Its implementation is the responsibility of each division. The code of conduct specifies that each functional and operational division establishes and oversees its own compliance program from its risk analysis and within its business or territorial context.

The compliance officer verifies that the programs have been properly prepared and ensures they are functioning correctly, in particular at quarterly meetings of the network of code of conduct representatives appointed in each division.

4.1 Establishing the 2013 compliance programs

Each large national division and ERDF's eight interregional divisions have established their compliance programs. These programs were sent to the compliance officer before the summer of 2013.

This implementation report reiterates the key actions carried out and the results under the 2013 commitments.

4.2 Results of the compliance programs and compliance indicators

From the summaries assembled from the different divisions and the actions conducted by the compliance officer himself, it appears that the code of conduct is effectively adapted in the practices of the employees of ERDF's different network, clientele and support business lines.

4.3 Training

The regions have increased training for employees in the code of conduct, using TINO and with applicable presentations. Thus close to 12,000 employees were already trained at the end of 2013 and the effort must be maintained in 2014 and 2015 in order to reach the objective set by the Chairman of the Board of directors of 100% of employees trained by the end of 2015.

The ERDF-PRO-HR_15 memorandum that specifies the measures taken for the orientation, hiring, departure of the employees with respect to CSI, individual annual interview and training under the code of conduct, has been implemented and is overseen in a satisfactory and compliant manner (see Part 2-II).

Endorsing the code of conduct is also expanded to service provider representatives in supervisory bodies with which the divisions are associated.

Initiatives have been developed to set out the situational scenarios by business line and stance elements to be adopted consistent with the code of conduct, with the help of the national and regional advisory.

Measuring the level of appropriation of the code of conduct in professional practices through surveys by mystery telephone calls, carried out by the compliance officer, has generally progressed (see Part 2-II-1.4).

4.4 Organization/Oversight

The national and regional divisions have updated their work standards based on a new mapping of the processes which is further simplified and takes into account the regulatory obligations of the code of conduct.

The internal audit device, set up in each division does include a segment on implementing the code of conduct and a generic rating of the associated risks.

However the analysis of associated risks of the code of conduct should be expanded for each process and, its adoption, outlined in process reviews.

The governance and contractual rites include overseeing the code of conduct through establishing and monitoring a compliance program.

4.5 Claims

Overseeing the claims made by managing the branches does take into account the code of conduct concern and the corrective initiatives are taken accordingly, with improvement actions overseen.

However, the collection of claims in SGE does not sufficiently identify the discrepancies from the code of conduct.

A change is in place to deal with this difficulty and thus facilitate the analysis in order to improve.

4.6 Communication

The regions have undertaken communication initiatives to assist clients during the most common operations (connection, service calls, meter, etc.) and set up a back office for employees in case information is needed for client support ("ERDF at your service").

The change of supplier operation is further explained to the client and this operation is carried out reactively and satisfactorily under European comparisons.

Information in case of supply interruption has advanced with clients of the business market and local communities. It must further be implemented with respect to individual and professional clients during scheduled or unscheduled work orders when possible.

The company must continue to increase the readability of these new standards in particular in publications and on the Internet such as the connection portal for producers.

Internal communication has been enhanced with a new national "The code of conduct and me?" program for all employees.

More systematic sharing of good practices and innovations must again be highlighted in 2014.

4.7 Protection of information

The concept of CSI and the protection of information have indeed been adapted at ERDF.

Work on the structural framework, requested in the 2012 implementation report, relative to protecting and sharing the consumption and production data held by ERDF under its missions, shall be finalized in early 2014 with the compliance officer's support. This text will take into account the regulatory texts on CSI and PD in order to be able to respond, within a given framework, to requests from clients, legal agents, suppliers and public authorities who wish to use data.

This framework will be available in an agreement legally supported as applicable.

4.8 Image differentiation

As a result of many territorial initiatives portrayed in the media, ERDF's name recognition and its differentiation from the parent company is improving. It is also boosted by employees in contact with the clientele (see results of mystery calls surveys with the ARE and CAD in Part 2-II-1-4) and by the postures observed by service call technicians or the survey.

The positive change in the index for ERDF's name recognition is mentioned in Part 2-III-2.

Some arrow access signage to sites is inappropriate and must be corrected through ERDF's territorial divisions in connection with the authorities in the cities concerned.

ERDF made a decision about the logos and signage of the meters within the LINKY project.

4.9 Management autonomy

ERDF's compliance officer, after the audit campaign conducted in 2012 by him and by the CRE concerning the domains Purchasing, R&D, IS, Communication, in 2013 resumed audits related to compliance with the code of conduct in contracts entered into between ERDF and its parent company in the Real Estate, Insurance and HR domains.

This made it possible, as requested in the 2012 implementation report, to finalize the purchasing strategy within an orderly framework for entering into and overseeing the contracts. Compliance of this framework will be guaranteed by each business line concerned and an ad hoc monitoring committee will guarantee it on behalf of the executive board.

II - Compliance officer's activities

1 - Participation in the governance and management bodies

Over the course of the year 2013, the compliance officer participated in meetings of the Supervisory board and its committees, except for compensation committees. He received all documentation examined during these meetings, as well as those of the Executive committee.

He also met regularly ERDF's business line and operational directors, in particular for meetings of management boards on the code of conduct and the theme of independence.

2 - 2013 program of audits and checks

In order to ensure compliance with the commitments set by the code of conduct, ERDF's compliance officer implemented his annual audit and control program attached to his 2012 report. As such, he :

- encouraged an external audit to examine the contracts binding ERDF with its parent company in the Real Estate, Insurance and Human Resources domains ;
 - set up, jointly with the audit division, internal and risk control, monitoring of the internal audits and ERDF's internal control activities ;
 - monitored, in relation with the business line managers, the implementation of the measures announced in the 2013 version of ERDF's code of conduct ;
 - examined the compliance programs in the divisions and took into account the assessments prepared ;
 - ordered a new mystery telephone calls campaign, dedicated to the code of conduct, with ERDF's helplines ;
 - helped prepare a reference memorandum on the protection of information and on overseeing the associated external communications ;
 - conducted a check on the adoption of the code of conduct in the new macro-process "manage clients from the general public and professional market" ;
 - conducted, under additional audits, a check of the provisions made by ERDF to ensure the connection of local productions of electricity consistent with its code of conduct.

The results of these audits and checks are integrated in the parts and themes comprising this report. Depending on the circumstances, they allow the compliance officer to either rule on satisfactory functioning of the devices set up by ERDF to ensure compliance with the principles and commitments of the code of conduct, or to endorse or reject the recommendations for improvement to be implemented for the following year.

3 - Coordinating the network of code of conduct representatives

For the year 2013, the compliance officer continued to handle the coordination of the network of ERDF's code of conduct representatives. Three national meetings of all representatives were held.

These meetings were full of discussions on ERDF's day-to-day events in each subject area and were useful in sharing the staging points of the different national and regional compliance programs and the intermediary results.

Representatives from the CRE were regularly involved to discuss their own vision of the distributor and its parent company.

4 - European compliance officers' meetings

The European electrical distribution operator compliance officer network, initiated by ERDF's compliance officer in 2012, continued its work during the year 2013.

Several significant advances were made :

- Confirmation of the COFEED title (Compliance Officers Forum - European Electricity Distributors) henceforth shared by all participants (22 operators in 14 countries) ;
- Organization of meetings between COFEED and the director of the Directorate General for Energy of the European Commission, confirming in particular the presence of representatives from the Directorate General for Energy at COFEED meetings ;
- Preliminary agreement from the Directorate General for Energy to develop the COFEED network, in particular by involving all European regulators. This action was in process at the end of 2013.

Summary of observations and recommendations

I - Implementation of the measures regarding the activities and the code of conduct commitments on the electricity market

As a distribution network operator, ERDF makes an essential contribution to client satisfaction of public electricity service. In this respect, the company has agreed to comply with and enforce compliance with the principles and commitments of the code of conduct.

Like in previous years, the compliance officer has outlined below a summary of the measures taken or implemented during the year 2013 to ensure compliance with the commitments of conduct in ERDF's main domains of activity. Insofar as is necessary, recommendations accompany these observations.

1 - Measures regarding connections

In order to ensure the connection and access to the distribution network under objective, transparent and non-discriminatory conditions, ERDF documented in its code of conduct the following commitments :

- Communication to the requester of the technical, contractual and financial conditions of the connection, checkpoint and follow-up of the work order ;
- Conducting studies and making connections based on procedures, transparent, objective and non-discriminatory financial and technical provisions ;
- Confidentiality of commercially sensitive information associated with the connection.

To check compliance with these commitments under the principles of the code of conduct, the compliance officer focused on the following check points :

- the procedures and reference documents based on the objectivity of the practices, made public on ERDF's website,
- the staff and helplines, dedicated to electricity connection (ARE) and specific for producers (AREPROD),
- the internal computer resources, also dedicated and integrating as of the design stage the necessary rules to respect the principles of equal treatment, objectivity and protection of commercially sensitive information, in particular relative to managing queues, processing times and access to data,
- the specific management for connection to the distribution network for producers of electricity from renewable, specifically photovoltaic energy.

In 2013 ERDF continued its improvement steps in order to increase the performance of connection operations and client satisfaction.

In particular, in 2013 it continued to develop tools and means of communication made available to professionals and consumers so as to give them clear, objective and transparent information on connection services.

1.1 Updating work standards

The process mapping was revised and simplified and the procedures were updated accordingly, including some, more complex in the new regulatory context, which concerns the connection of producers.

Since consultation with the players by the CRE late 2012 / early 2013 and deliberation of the CRE on April 25, 2013, ERDF launched and collaborated on dedicated new procedures that must become effective before February 12, 2014. These dedicated procedures for > 36 kVA or ≤ 36 kVA connection for consumption and/or production connection will replace the existing ones.

1.2 The organization and access points for clients

ERDF renewed its segmentation of clients (individuals, professionals, businesses, local communities) and offers general or specialized access points on the connection either by telephone, mail, or ERDF-Connect Internet portal.

These different provisions are supplemented by the appointment of individualized contact persons for clients and legal agents of the business market and local communities. For the general public, once a construction permit has been signed, upstream contacts are made with clients to explain the distributor's role, the terms of its connection and the need to enter into a contract with a supplier prior to going live. This device increases transparency with clients.

Mystery calls surveys regarding the code of conduct, conducted in 2013 at the compliance officer's request reveal, for the teams dedicated to connection (ARE, ARE Prod), a good level of appropriation of the fundamentals of the code of conduct, such as equal treatment, protection of information and image differentiation. For transparency and objectivity, employees should take more time to send useful and practical information to clients. This area for improvement is clearly identified for 2014 in connection with the national rollout project of distributor orientations and in connection with the national business line advisory.

The organizations were adapted regionally to respond to the different types of connections based on the type of request.

Electricity connection branches process individual and professional connections including producers for ≤ 36 kVA requests.

Business market connection branches process generally large outputs BT > 36 kVA and HTA ; Connections for large producers > 36kVA or HTA being reserved for specialized entities on the grid for the regions.

The ERDF-NOI-RAC_02^E memorandum was updated in 2013 to include the current telephone, postal and electronic contact information for the ARE, AREMA and ARE Prod and thus follow the organizational development of the regions by segment of clients, as they are set up.

Each entity overseeing the connections coordinates with the Engineering and works, operations and meter groups, as applicable in order to oversee the entire process chain up to and including when it goes live.

These strategies are supplemented by local initiatives that enhance client support and are shared between regions at business line presentations conducted nationally.

1.3 IS tools

The client's pathways are explained objectively and transparently on the ERDF-Connect portal available to clients and their legal representatives and henceforth implemented in each region for consumers and refers back to the reference documentation that explains the procedures for the detail.

OSR monitoring tools (and IEP in case of network development) track the progress of the matter and inform the client at key connection stages, including by outgoing transactions and until it goes live, when the client is reminded that he needs to first choose a supplier.

ERDF's connection portal has evolved to also accept requests for temporary connections that require specific but important treatment from the client's point of view, who uses this service in its construction phase.

The connection between these 2 operations (temporary and permanent), when the client requires them, remains an area for improvement.

The protection of information is a crucial tent of the business line and is well adapted by the staff concerned who have the appropriate clearances.

1.4 Connection of producers

A compliance check action in 2013 on the provisions made by ERDF to ensure the connection of local productions consistent with the code of conduct (incidental to previous internal audits and a CRE audit on claims in 2012) was conducted by the compliance officer.

It was observed that, in a complex evolving environment, the distributor was able to adapt its work standards based on the regulations and implement them objectively and in a non-discriminatory manner with regard to producers and users of the network.

The organization was adapted accordingly, including assimilating the peaks and lows in activities, with the contact persons identified for > 36 kVA producers and a relationship that develops transparency in addition to the IS functionalities implemented.

In particular, the key connection stages like the documentation completion date (crucial in granting a redemption rate) or the agreed time frame for connection request (that triggers the connection queue) are carefully and objectively overseen.

During this audit, it was found that ERDF could play an even more active role in NRE's (new renewable energies) forecast and appeal, in respect of its technical possibilities and, accordingly, publish the corresponding data by action zone of the source sites in conjunction with RTE.

It was also recommended, in light of the number of IS applications that mark the connection path for a large producer, that reliability improvement actions, already undertaken, should be added. Implementing a certification of connection for the producer will be an additional security feature.

Overall, and subject to implementation of the previous recommendations, the assessment in the domain of connection remains completely positive under the principles and commitments of the code of conduct.

2 - Measures regarding network operations and energy transmission

The compliance officer renewed in 2013 the audit themes established in previous years, relative to network operations and energy transmission. They concern the :

- change of supplier,
- means of exchanging information with energy suppliers,
- procedures and information channels for supply interruptions,
- quality of information exchanged between ERDF's employees and the clients.

2.1 Change of supplier

The improvements made by ERDF at the end of 2011⁴ to the collaborative procedure with suppliers confirmed the relevance of the measures the company took to ensure a change of supplier within the time frame desired by the client, including the same day as the request. In this regard, it is worth noting that this initiative is highlighted in the report published jointly by the ACER and the CEER at the end of 2013. That said, the compliance officer notes that the recommendation asserted in 2012 on the explanation of ERDF's role and service in the change of supplier operation remains incomplete on the website regarding knowledge of the change of supplier lead-time.

⁴ ERDF-PRO-CF_52E memorandum published on ERDF's website in the clientele standards.

Again regarding a change of supplier, the compliance officer notes at the end of 2013 that ERDF has taken into account the major issue represented by the expiration of the Yellow and Green Regulated Tariffs at the end of 2015, a new step in opening the markets. Taking into account the items gathered, in particular on upgrading the park of corresponding meters, he will conduct an audit during 2014 to check that the company is properly prepared for coming demands from market players.

2.2 Means of exchanging information with suppliers

The audit conducted on the adoption of the code of conduct in the "Managing clients from the general public and professional market" process made it possible to check that the strategy in place, consisting of providing in real time a response from the supplier to an employee meeting one of its clients (supplier hotline), works well with the suppliers who retained this service. Moreover, it is worth noting that the SGE exchange platform easily handles daily relations with the suppliers.

2.3 Procedures and information channels for supply interruptions

Concerning the procedures and information brought to ERDF's clients in supply interruption failure situations, the compliance officer again notes that at the end of 2013 the measures requested in his previous reports and those of the CRE had only partial effects, in particular for local communities and some clients of the regional business market (observations made in the regions during audits conducted in 2013). Accordingly, taking into account the complexity of the subject, he recommends that the company commits in 2014 to a quality approach made public in its clientele standards and its technical reference documentation.

Concerning supply interruptions on work, the audits conducted in the regions made it possible to observe the implementation of the measures announced and the very strong involvement of the operating units to better respond, either live, or by previously informing the clients. Moreover, at the beginning of 2013 ERDF built an information exchange device with suppliers on scheduled outages⁵. So, each supplier can coordinate with ERDF to benefit from this device. This device could be inserted in the services catalogue.

2.4 Information exchanged between ERDF's employees and the clients

At the end of 2012 ERDF launched a "client pathways" project which in particular resulted in 2013 in the creation of an additional telephone line from the distributor. This new orientation makes it possible to train, on the grid for each of the 25 regional divisions, requests from clients. This hotline increases ERDF's name recognition and transparency or even image differentiation, in particular by offering clients rerouting of their requests if necessary. It is also worth noting that consideration is being given to potentially receiving requests via the Internet. Moreover, during the audits conducted, an important development was observed of initiatives in the regions, on the one hand to create and use simplified communication materials explaining the market and the distributor's services and submitted to clients during service calls and, on the other hand, to train employees in the necessary communication tools. So, from an innovation, all of the regions implemented an "ERDF at your service" approach that provides instantaneous back-office support to any employee who needs to be advised when dealing with a client.

⁵ See ERDF-NOI-CF_61E memorandum published on ERDF's website in the clientele standards

3 - Measures regarding managing and protecting information held by ERDF

The two fundamental aspects concerning data protection and communication is still just as important in 2013 for ERDF.

3.1 Data protection

The protection of data constitutes a fundamental obligation for the electricity distribution network operator⁶.

All actions undertaken by ERDF over the past few years to ensure the protection of the commercially sensitive information have borne their fruits. Whether they related to the protection of access, sites and documents, etc., they have guaranteed quality of protection of information. Cases of non-disclosure remain practically non-existent since ERDF's creation. In this context, the general data protection strategy was reinforced, in particular by a memorandum on virtual data protection⁷ approved by the Executive committee and distributed in all the regions. The situation remains satisfactory.

3.2 Data communication

Under the measures taken in 2013, ERDF committed to an approach to secure sharing of information that it holds under its missions with different stakeholders. This approach aims to make available, in particular in compliance with the rules regarding CSI and PD, all information required by ERDF's contact persons to successfully conduct their own studies. Taking into account the legal and regulatory obligations imposed on the network operator, any data made available is done so only within a strict contractual framework guaranteeing confidentiality and non-disclosure of data communicated, beyond a certain use.

The compliance officer will monitor in particular the implementation of this strategy, by examining the contracts entered into in 2014 with the territorial authorities, clients and other stakeholders. He notes moreover that his recommendation asserted in 2012, regarding the publication on the website of a memorandum on the protection and communication conditions for data held by ERDF, was not applied. He also has no knowledge of communication made to the regulator⁸.

4 - Measures regarding communication

The compliance officer renewed in 2013 the following control themes :

- communication actions to develop ERDF's name recognition,
- making reference information available, useful for clients and market players, mainly through ERDF's website.

4.1 Communication actions to develop ERDF's name recognition

The communication campaign in the television media planned for the end of 2013 was deferred ; paving the way for strong regional communication. Please note, for example, that the "energy open house" days organized in late March / early April 2013 helped to hone ERDF's name recognition : 95 sites were open and 40,000 visitors attended. Likewise, the compliance officer embraces the initiative taken to develop ERDF's visibility on social networks.

⁶ See article 111-73 of the Energy Code and the associated decree (no. 2001-630 dated July 16, 2001)

⁷ See ERDF-POL-SP_02 internal memorandum

⁸ See article L111-73 of the Energy Code : "The Energy Regulation Commission shall be informed of the measures taken by operators to ensure confidentiality".

Through reading the press reviews and articles published, it is noted that the media henceforth delivers better messages to the general public on the functioning of the energy market.

However, despite an increase in three points, the general public's understanding the functioning of the system and the electric market remains low (21%⁹).

Parallel to the development of the company's electronic messaging system, the compliance officer renewed his recommendation issued in 2012 to undertake beginning 2014 the process to change the website name from "www.erdfdistribution.fr" to "www.erdf.fr". He also recommends that all of the company's documentation be modified accordingly.

4.2 Making reference information available

The compliance officer noted over the course of the year 2013 that the technical reference documentation and clientele standards were kept up-to-date. However, this documentation is still difficult for the general public to access and as such, the compliance officer again recommends developing links with pedagogical communications by client situation.

5 - Measures regarding claims

Implementing the code of conduct for claims in 2013 deals with the following items :

- o compliance with claims response time commitments,
- o publication of claims procedures, directly useable by network users and consumers, including when they come via the suppliers,
- o entering and qualifying claims relative to the code of conduct,
- o analysis of claims directly received by the compliance officer.

The fourth item presented above is new in 2013. Mapping and monitoring of the requests sent to the compliance officer were actually set up at the beginning of January.

5.1 Complying with claims response times commitments

The response time constitutes a commitment from ERDF's code of conduct. The compliance officer notes that the response rate within 30 calendar days remained greater than 95% in 2013.

He also notes the announcement made under TURPE 4 (January 2014) to build on the incentive regulation regarding claims, on the one hand, via the payment of 30 € for any claim not processed within 30 days and on the other hand, introducing a new target response time of two weeks with a preliminary incentive rate of 85% in 2014. To this end that will make it possible to be in line with other distributors' standards, the compliance officer suggests that ERDF, after having successfully reduced the response time from 30 days to two weeks, launch discussions on bi-yearly analysis of the daily distribution of the response rates between 1 and 30 days.

He also considers that these incentive measures must absolutely be supplemented by an effective quality approach to improve the distributor's operating procedures. In this regard, a careful examination of the changes in volume and resulting from claims, including the code of conduct (see below) remains necessary.

⁹ See part III – 2 – 2 - Measures regarding avoiding confusion between the ERDF and EDF images

5.2 Publication of claims procedures

The claim procedure available on the "Claims" page of ERDF's website was updated during 2012. It is a simple and explanatory operating procedure of the steps to be followed based on the nature of a claim (in accordance with the recommendation asserted in 2011). It explains the main channels to file a claim, either via the supplier or directly with ERDF. It also indicates the available appeals process.

The compliance officer recommends that it is supplemented in terms of transparency and objectivity specifying on the one hand the response time(s) corresponding to the commitment made by ERDF in its code of conduct and on the other hand, the steps to be taken for a claim following a supply interruption.

5.3 Entering and qualifying claims under the code of conduct

The strategy, deemed unproductive in 2012, was again challenged in 2013, in particular following the audit of the CRE on claims.

To improve the device, at the end of October 2013 ERDF launched a project to develop a method to measure claims not in compliance with the code of conduct and making it possible to conduct an at least once-yearly analysis of these claims, useable for ERDF's 25 regional divisions. This method should be accompanied by a meaningful indicator of implementation of the principles of the code of conduct. Tests on implementation of the method and indicator should be supplemented at the end of the first quarter 2014 before extended to the entire territory.

The compliance officer will pay in 2014 particular attention to this project. He recommends that this new strategy does follow the calendar set forth and include a detailed, educational explanatory internal memorandum for all employees. He also notes with interest the project of a communication tools guide for preparing responses to claims (reasoned standard stances and form letters) ; the approach was launched in second quarter 2013 and should be implemented in the second half of 2014.

5.4 Claims received directly by the compliance officer¹⁰

In 2013, the compliance officer received 39 requests (37 claims and 2 requests for information) that he conveyed to the regional directors concerned for processing and feedback on the action carried out.

In 2014, he will monitor the traceability of these records in the IS claim (SGE).

¹⁰ For the record, the complete contact information for ERDF's compliance officer appears in the code of conduct made public on ERDF's website

II - Implementation of the internal organization measures associated with the code of conduct

Like in previous years, ERDF sought in 2013 to improve compliance by its employees with the principles and commitments of the code of conduct and to reinforce the internal provisions made in matters of management, quality and information systems.

1 - Information and training of ERDF's employees

In 2013, the compliance officer decided to continue support of the measures undertaken in previous years such that the commitment that *"each partner or representative of ERDF assumes the principles and commitments of conduct in relations with clients and market players"* is respected.

He thus conducts in conjunction with ERDF's divisions qualitative and quantitative examinations based on the following four themes¹¹ :

- o Welcoming newcomers ;
- o TINO training sessions ;
- o Training sessions for service providers ;
- o Assessing and keeping up with knowledge.

1.1 Welcoming newcomers and initial information on the code of conduct

A preliminary orientation to the code of conduct is given upon the arrival of newcomers to the company, hired or coming from other companies under IEG status. During welcome sessions for newcomers to ERDF, adoption of the code of conduct in the documentation submitted is systematic. Over the course of the year 2013, the compliance officer himself participated in five sessions organized at national level.

Newcomers¹²	8 inter-regional Divisions	National Divisions	ERDF Total
Demonstration of the code of conduct during their orientation at ERDF	84%	92%	84%
Signature of the CSI commitments	86%	100%	87%

Each manager and/or executive, newcomer to ERDF, personally received an informational memorandum specifying the terms of the code of conduct.

These results, completely positive, show unambiguously the efforts made by all the company's divisions towards newcomers, which was a high number. The compliance officer will ensure particularly that the code of conduct demonstration indicator continues to progress in the following years and that the arrival of a new employee to ERDF automatically means he is enrolled in TINO training.

¹¹ Included in the ERDF-PRO-RH_15 memorandum.

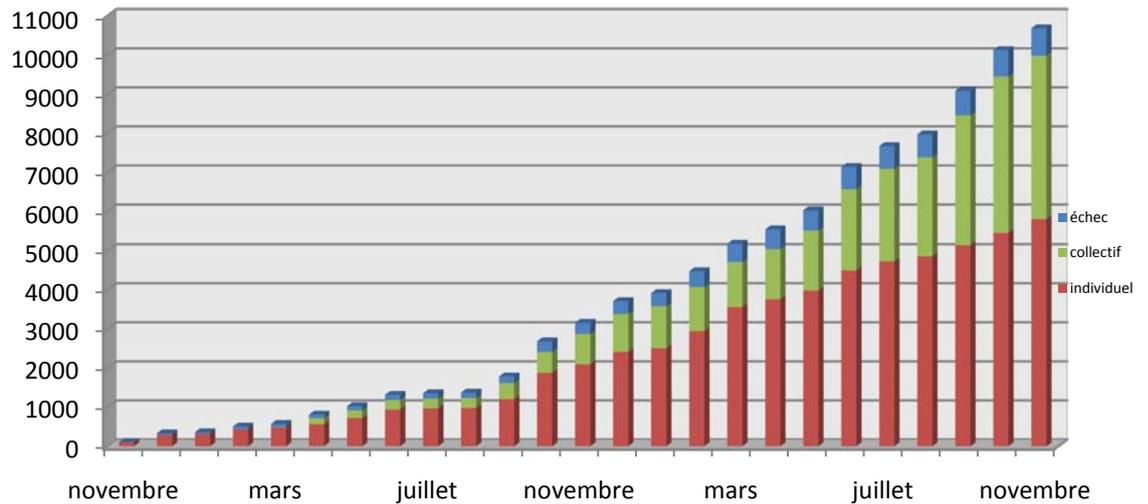
¹² The results presented are as of end November 2012. Based on the number of newcomers in the year, a report may be prepared for the following year.

1.2 TINO : e-learning training sessions on the code of conduct

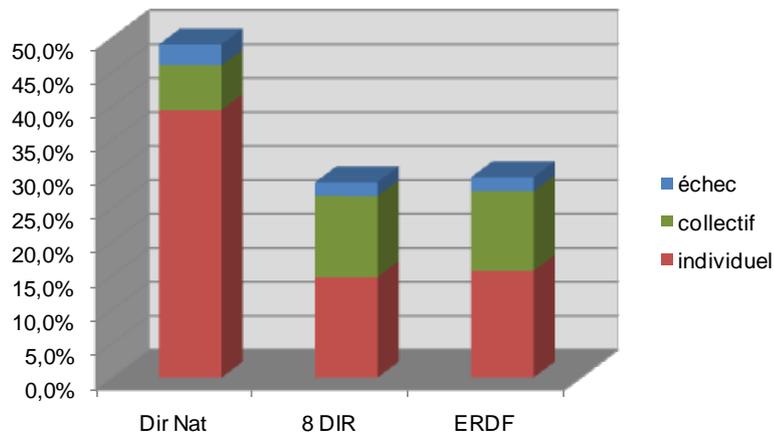
TINO 1&2

TINO 1&2 is a self-learning e-learning tool on the code of conduct. These two modules were restructured by the Training Division and supported by the compliance officer. The new versions have been available since September 2013.

This self-training has also been open to external staff since 2013. For the year 2013, 7,324 persons took the all TINO 1&2 training sessions (about 50% in individual training and 50% in group training), with an overall success rate of about 94.3%.



The distribution between the 8 inter-regions and the national divisions is as follows :



This TINO 1&2 training will be continued in 2014 and 2015 in order to meet the goal of 100% of employees trained in TINO 1&2 by the end of 2015. It is recorded within the training adopted in the professional path.

The compliance officer fully supports this approach. He will in particular ensure this training effort is continued in 2014 and 2015, progressively associated with a periodic evaluation of the knowledge acquired.

Moreover, the creation of specific modules for the HR, Purchasing, IS and R&D domains is being discussed. In the meantime, “custom-made” training sessions could be developed with the compliance officer’s assent.

1.3 Training for service providers and other employees of ERDF

Service providers involved with clients or persons working at ERDF who are not permanent employees (external service providers, interns, temporary employees, apprentices, etc.) also most often can take information or training sessions relative to the code of conduct organized by the divisions.

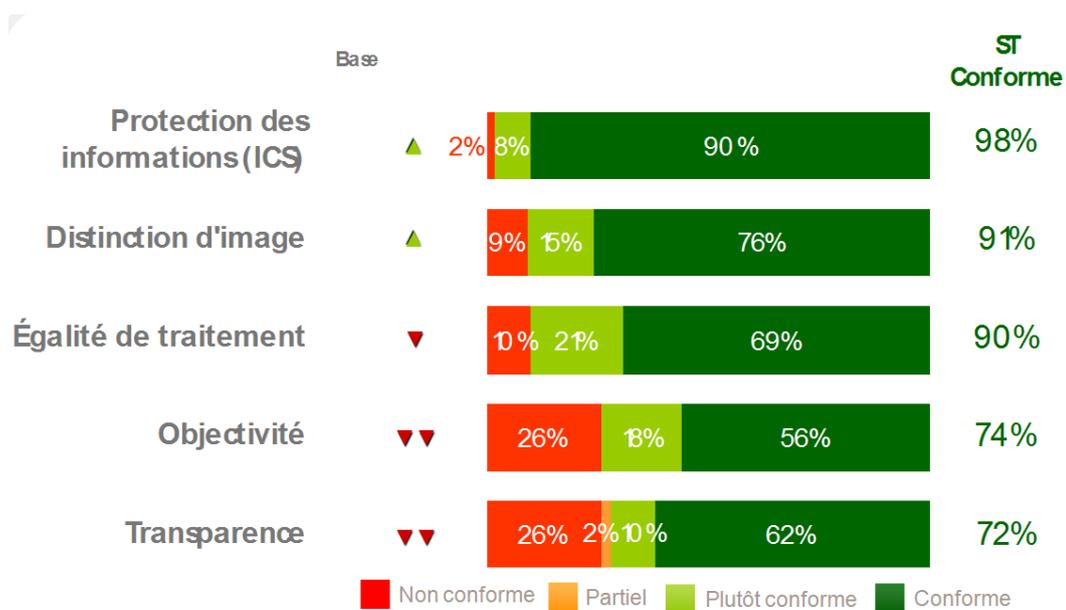
The compliance officer recommends pursuing the measures undertaken in order to guarantee the information necessary with temporary employees and service providers and ensure that the appropriate terms relative to the code of conduct are indeed included in corresponding agreements or contractual texts.

1.4 Assessing and keeping up with the knowledge associated with the code of conduct

One of the measures taken in 2013 on ERDF's code of conduct planned on improving the adoption of the code of conduct in the training for employees in contact with clientele.

At the end of 2013, a first approach was brought out from the indications given by the TINO training modules, by the inclusion of the code of conduct in the individual annual interviews and by the results of surveys mystery calls.

The first two indicators are addressed in the part of this report (see Part 2-II-1.2 for TINO and Part 2-II-2.2 for EAAPs). The third, concerning the results of the mystery calls surveys, is described below :



Concerning the protection of information, the compliance officer asked the directors concerned to carry out immediate awareness actions and reminders with their orientations. In addition, all code of conduct representatives were also made aware of.

For image differentiation and equal treatment, the results obtained confirm proper assimilation by the orientations.

For objectivity and transparency, the rates achieved are not high enough. The compliance officer recommends as such that ERDF consider, externally as well as internally (support in call centers), the educational stances necessary for client satisfaction.

2 - Managerial measures and other HR measures

The memorandum "HR provisions made by ERDF relative to the code of conduct"¹³ was updated on March 1, 2013. The compliance officer is pleased to note that it is henceforth applied.

In the managerial and HR domain, the points to be monitored are the following :

- Compliance programs and internal checks on the code of conduct ;
- Managerial point during individual annual interviews ;
- Reference to the code of conduct in employment publications at ERDF ;
- Confidentiality of information for employees leaving the regulated domain.

2.1 Compliance programs and internal checks on the code of conduct

Each large national division and ERDF's eight interregional divisions have established their compliance program with respect to risk analysis.

These programs were sent to the compliance officer before the summer of 2013.

These programs are monitored by each interregional division in connection with the units concerned. An implementation study report is drawn up at end of year.

The compliance officer ensures the fulfillment of these programs and the production of the reports, in particular during meetings of the code of conduct representatives.

Each division integrates control of this risk in its internal check strategy and reports on it each year in its annual report sent to the national division of audit, internal and risk control.

	Régions									Moy.	Directions Nationales						Moy.	Moy. ERDF
Analyse de risques	3	2,5	3	3	2,5	3	3	4	3,0	3	3	2,5	2,5	2,5	2,7	2,9		
Programme de conformité	3	3	3	3	4	4	3	3	3,3	2,5	2,5	3	2,5	2	2,5	3,0		
Pilotage et engagement managérial	3	3	3	3	4	4	3	3	3,3	2,5	2,5	3	2,5	2	2,5	3,0		
Mesure du programme de conformité	3	2,5	3	3	3	3	3	3	2,9	2,5	3	2,5	2,5	2	2,5	2,8		

Setting up 25 autonomous regional divisions within the national territory will confirm in 2014 managing this risk and management strategy of the code of conduct at this level.

A staging point on the progress of the compliance programs must be conducted, for example during performance reviews, to ensure the proper implementation of the measures announced.

The code of conduct representatives of the interregional divisions will thus have to guarantee visibility in adopting this oversight for each regional division for their inter region and shall remain in communication with the national level.

¹³ ERDF-PRO-RH_15 memorandum

2.2 Managerial point during individual annual interviews

Without getting into the content of the annual professional assessment reviews (EAAPs), covered by confidentiality, one managerial provision sets forth acknowledging inclusion of the code of conduct in the "EAAP" software application for managing individual annual interviews.

As is the case with the other indicators set forth in this report, a global indicator of adoption of the code of conduct was thus produced for the first time by all ERDF's divisions for interviews for the year 2013.

EAAP	8 inter-regional Divisions	National Divisions	ERDF Total
with adoption of the code of conduct during the interview	75%	63%	74%

The compliance officer wants this indicator to still be monitored in 2014 by ERDF's divisions, with a goal of 100% defined within their compliance programs.

2.3 Reference to the code of conduct in employment publications

The compliance officer was able to verify that, in the large majority of cases, ERDF's internal employment publications do contain a reference to the code of conduct¹⁴.

However, although the wording¹⁵ was standardized by the aforementioned HR memorandum, the wording selected is still varied. In this regard, the compliance officer recommends that particular attention is brought in 2014 to complying with this memorandum and strict application of the notation indicated, regardless of the type of ERDF job published¹⁶.

2.4 Confidentiality of information for employees leaving the regulated domain

A reminder of the individual responsibilities, relative to the confidentiality of commercially sensitive information known during the period of activity at ERDF, was made for employees leaving the company, and more specifically the regulated domain. This reminder is in general made by sending a registered letter with return receipt requested, but can also be done by signing a certificate of compliance before the departure of the employee in question.

Like for the previous items, in 2013 the compliance officer wanted the indicator on this point, re-established in 2012, maintained so as to ensure the proper implementation of this security measure of ERDF's information.

Departure from regulated domain	8 inter-regional Divisions	National Divisions	ERDF Total
Correspondence sent or certificates signed	80%	100%	81%

The compliance officer would like this indicator to continue to be monitored in 2014 by ERDF's divisions, with a goal of 100% defined within their compliance programs.

¹⁴ : An analysis of 150 publications on the job market showed that there was a reference (partial or complete) to the code of conduct in 86.8% of cases. An analysis of 54 publications in SIEM showed that there was no reference to the code of conduct.

¹⁵ : The ERDF-PRO-RH_15 memorandum specifies that : "The notation to be recorded is the following : *the job is required to be in compliance with the principles and commitments defined by ERDF's Code of conduct*"

¹⁶ : An analysis of 150 publications shows that no professional training jobs published contained any mention of the code of conduct.

3 - Quality initiatives

In 2013, ERDF finalized a new mapping of its operating and support processes. The six major operational processes were also restructured, in addition to the two processes already revised in 2012.

Quality rules were adopted in 2012 between the national quality managers, the process leaders and the compliance officer. They were confirmed in 2013 by the technical division :

- An analysis of the risks regarding the principles of the code of conduct and the associated coverage strategies, must be prepared and clearly included in the national description memorandum for each process ;
- A code of conduct stop point must be effected during process reviews ;
- The analysis conducted on the stop point must be tracked and the potential measures taken clearly explained.

The compliance officer notes that the six new national process description memoranda all refer to the code of conduct. But, in the risk analyses included in these descriptions, the code of conduct appeared little like a significant consideration.

The compliance officer recommends that national process standards are distributed upon the annual update of the process descriptions, beginning 2014. He himself will conduct during 2014, an examination of the risks analysis and the code of conduct ratings, a check of the associated coverage provisions and an inventory of the stop points in process or performance reviews.

4 - Measures regarding the information systems

ERDF has been implementing for several years information systems to create data exchange functioning conditions with market players (SGE : exchange management system, etc.) and to undertake changes to the historical information systems to the electricity distributor's own autonomous systems.

In 2013, the issues retained by the compliance officer regarding information systems were the following :

- finalizing the sharing of historical IS between ERDF and EDF's entities placed in competition,
- adopting the principles and commitments of the code of conduct in the design and development of computer tools and applications,
- securing the protection and access to data, in particular through authorization devices.

Concerning finalizing the sharing of historical IS between ERDF and EDF, the work undertaken by EDF to handle the transfer of clients' historical data to its own SIMM¹⁷ and FELIX tools was completed during the third quarter of 2013. These results constitute a particularly important point as regards standardizing relations between ERDF and suppliers. It makes it possible to consider that the QE-TGC historical environment is henceforth part of the only regulated domain. ERDF's GINKO project, which must become an alternative in the future to this environment, was subject to new changes during the year 2013, its functionalities being periodically presented and discussed within the electricity working group presented by the CRE and its future convergence with SGE is undertaken, taken into account in the V6 step of SGE.

Concerning adopting the principles and commitments of the code of conduct in the design and development of the computer tools and applications, several discussions were held over the course of the year 2013 between the business line project teams, those in charge of the new

¹⁷ For the record, 4.75 million clients remained untransferred at end 2012.

IS developments and the compliance officer. They specified the terms for adopting the principles of the code of conduct in the design of the applications. It is worth noting accordingly further studies conducted on the IS tools associated with producers' connections, in particular for the NRE the reliability assessment of the milestone dates in the connection procedures. It is also noted that the "ERDF-Connect" portal is available in all the regions, except one planned at the beginning 2014, so as to allow connection requesters to have, in compliance with the principles of the code of conduct, online monitoring of their file.

Concerning data access and protection security, the compliance officer conducted no specific checks on the management of clearances during the year 2013. However, he was able to survey the proper functioning of the internal checks regarding the management of clearances. Moreover, he notes that ERDF's sensitive applications are henceforth placed under the control of a consistent authentication directory allowing for maintenance and simplified monitoring of the persons having access to ERDF's IS resources¹⁸. All these items will be taken into account in conducting a check by the compliance officer planned in 2014.

More generally speaking, questions on data protection and associated access conditions were subject to many internal work requests over the course of the year 2013. In this regard, active relations were maintained during the year between the IS security managers and projects, the security and real estate managers and the compliance officer. They must be continued over the course of the year 2014, in particular so as to set up the IS provisions regarding the protection and communication measures and approaches set forth in point 3 of the first part of this report.

5 - Industrial and purchasing policy under the code of conduct

In the domain of ERDF's industrial policy and the use of service providers, the two main points defined as a reference of the checks exercised under the code of conduct are the following :

- o adopting, in the contractual documents signed with service providers, provisions relative to the code of conduct ;
- o specific provisions in external service contracts facilitating the implementation of measures regarding the code of conduct with ERDF's clients.

Concerning adopting provisions relative to the code of conduct in contractual documents signed with service providers, the compliance officer was able to check on the main contracts, the existence of binding confidentiality clauses mentioned towards the external service providers.

Concerning the specific provisions in external service contracts facilitating the implementation of measures regarding the code of conduct with ERDF's clients, it was noted, during the compliance check on adopting the code of conduct in the "Managing individual and professional clients" process, that a presentation had been organized with regard to service providers by each regional division visited. It consists of educational action with the managers at service provider companies so as to assimilate the code of conduct and ensure their own training to their staff. It was also found that the service providers were moreover made aware of the relational stances intended to increase client satisfaction. The compliance officer encourages continuing these actions.

¹⁸ Please note that the project granting application authorizations based on the business line profile type will make it simpler to manage the access rights for the application modules and data. It is well under way, adapting to the rate of setting up new organizations and the corresponding changes in business lines.

6 - Measures regarding separation of sites

After the upgrades made over the course of the previous years, the residual situations of proximity between the ERDF and EDF sites continued to be reabsorbed as ERDF's sites are adapted locally. In this regard, the compliance reports of the interregional divisions indicate the cases that are being handled.

Moreover, it was found during the checks that ERDF signage is systematically affixed at the entranceways of the company's sites. However, there are a few rare arrow signs, in particular on the roads, indicating the old names EDF or EDF GDF. Concerning the arrow signs, the compliance officer again recommends reabsorbing the few cases of signage that is non-compliant.

III - Implementation of the measures regarding ERDF's independence and overseeing its relations with its parent company

Further to the publication of the Energy Code in 2011, ERDF adapted its code of conduct so as to introduce ERDF's independence set forth by the texts. It was deemed more positive to maintain two new principles explaining thus the principle of independence : management autonomy¹⁹ and image differentiation. In 2013, using the recommendations established last year by the compliance officer and by the CRE, measures were taken to comply with the obligations made in its relations with its parent company and within the EDF group. The executive board will reaffirm the principle of independence in the 2014 code of conduct.

In addition, ERDF has promised the CRE to implement a "code of conduct and independence" action plan, in response to the recommendations expressed by the regulator.

In this context and through the missions entrusted to him, the compliance officer assumes specific responsibility towards the company management, including by his presence at meetings of the Supervisory board and its committees. At the end of 2013, he was able to gather the items and observations presented below, representing ERDF's relations with its parent company and within the EDF group.

1 - Measures regarding the company's governance and the Supervisory board's activities

As previously indicated, in 2013 the compliance officer attended the main meetings of the Supervisory board and its committees. He received all documentation examined during these meetings, as well as those of the Executive committee. In 2014, he will participate in the compensation committees.

Concerning the modification of the charter requested by the CRE, a request for modification was sent by the Board of directors to the Chairman of the supervisory board. The compliance officer in particular noted the study announced regarding the modification of the charter to guarantee that the compensation conditions for the members of the Board of directors on the one hand and the management executives on the other hand are set based on the criteria associated with ERDF's sole performance.

2 - Measures to avoid confusion between the ERDF and EDF images

The transfer of property of the ERDF brand was completed on February 14, 2012. In addition, an agreement was signed on November 12, 2013 between ERDF's Communication division and that of the EDF group on the operational procedures, in accordance with the 2012 recommendations. This agreement, that differentiates ERDF's communication data, also follows the same model as the existing RTE – EDF agreement.

In 2013, like each year, ERDF continued and reinforced its approach to develop its name recognition, explain its role and missions on the market and differentiate itself from its parent company with its outside contact persons.

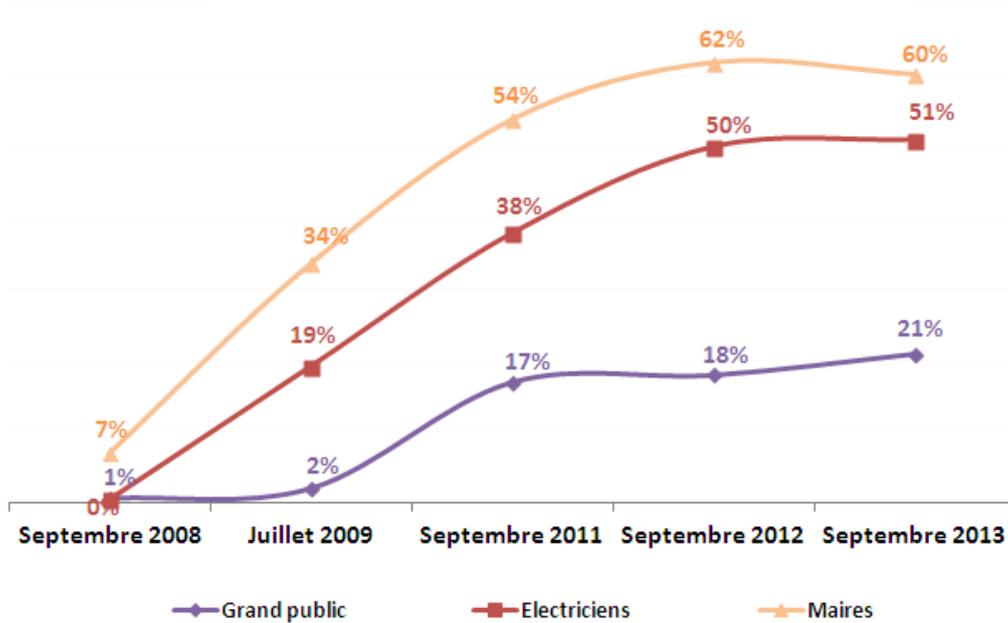
¹⁹ For the record, the term autonomy was preferred to the term independence, autonomy better representing the balance found by ERDF between the obligations arising from its neutral and non-discriminatory position on the market and its affiliation with the EDF group.

Each county has a territorial director and each administrative region a regional director, ERDF is now secured in the territory, with a strong proximity with elected representatives, companies and the general public.

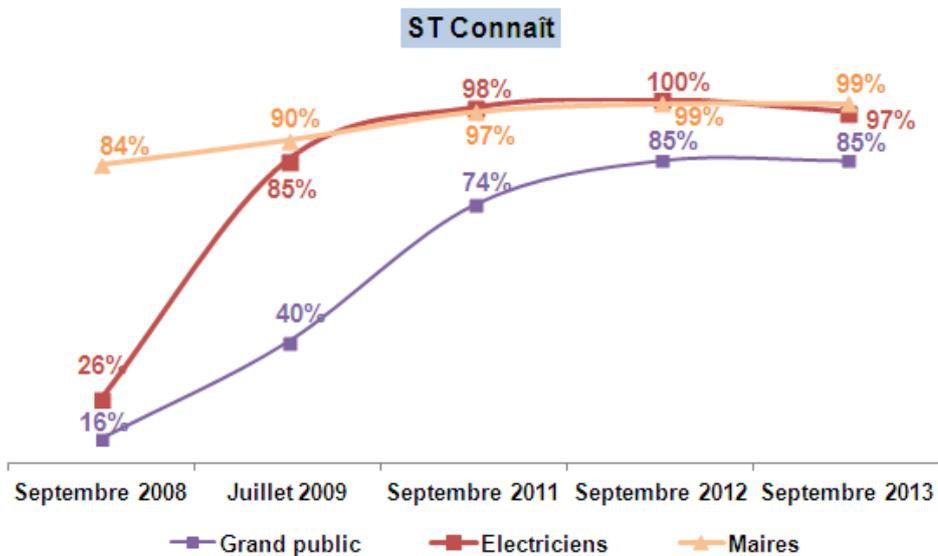
Concerning developing ERDF's name recognition as a distributor of electricity, the studies show a strong level of name recognition with elected representatives and electricians, and stable in 2012.

Please note on the other hand an increase in spontaneous name recognition for the general public.

Changes in ERDF's spontaneous name recognition



Changes in ERDF's assisted name recognition²⁰



²⁰ Answer to the question : "Do you know ERDF, if only by name?"

Moreover, journalists also did differentiate ERDF's role from RTE's, and the supplier EDF. As proof, during climatic events, the compliance officer analyzed all the press reviews and no journalists confused ERDF with its parent company EDF.

Taking into account the substantial achievements for ERDF's name recognition obtained by the end of 2013 with consultant partners go-betweens with the general public, it did not seem indicated to recommend in principle a change in name. A study could thus be launched on the opportunity to change the logo.

On the other hand, within the invitation for tenders for the LINKY meter, the compliance officer is pleased to note the decision to delete the "turbine" and keep the name Electricité Réseau Distribution France (ERDF), consistent with his suggestion. This measure makes it possible to reduce the risk of confusion with the parent company's logo. Consumer confusion may thus increase, even though the understanding of opening the markets is improving.

The rollout of Linky should be also an opportunity to explain the electric market and each one's role and to reinforce the image of the electric distributor ERDF.

Moreover, please note the decision in 2013 to change the naming of the ERDF's Internet environments from "erdf" and no longer "erdfdistribution"²¹ thus following the recommendation asserted in 2012. In addition each employee will progressively have an "erdf.fr" Internet suffix.

Finally, the letter announcing the meter reading date was modified in April 2013. It clearly explains the respective roles of the distributor and the suppliers. Likewise, the compliance officer is pleased to note that the name of the distributor on the helpline as well as information on its metering activity are now specified on most suppliers' electricity bill.

3 - Measures regarding services shared or exchanged between ERDF and its parent company²²

From the work carried out last year and presented in the 2012 report on implementing ERDF's code of conduct, the compliance officer undertook before the summer of 2013 to examine the applicable specific provision of the compliance standards defined on three new domains of activities for which ERDF works with its parent company : real estate, insurance and Human Resources. The corresponding study, conducted independently, was entrusted to an independent firm. It assessed the adoption of the compliance standards in the three domains examined. It also specified the general rules that must regulate overseeing and establishing contracts entered into between ERDF and its parent company. It in particular helped clarify the decision-making process to be associated in practical terms with the criteria set forth in ERDF's purchasing strategy with respect to its parent company established in 2012.

At the same time, and still following the work carried out in 2012, the CRE conducted at the beginning of 2013 an audit of the commercial and financial agreements between ERDF and EDF. The observations and recommendations asserted by the regulator led to preparing action plans in spring 2013, for which ERDF has committed in particular by late 2013 / early 2014 to :

- set up an independent ad hoc committee of contract managers, in charge of verifying the compliance and control of the proper application of the purchasing strategy,
- update the purchasing strategy memorandum to specify the measures on confidentiality, the frequency of benchmarks and the share of the set lump-sum cost,
- define a framework agreement applicable to all of the contracts as they are renewed,

²¹ For the record, ERDF has retained the ERDF Internet domain name rights since 2010 that was previously held by a third party company. So, access by www.erdf.fr simplifies access to help and reference information offered by the company.

²² Please note here and further that the term "parent company" includes at the same time departments of EDF S.A. and any subsidiary company controlled by EDF and financially consolidated into the group.

- have individual confidentiality commitments signed for EDF's purchasers working for ERDF,
- have them take training adapted to the code of conduct and independence,
- abandon the automatic renewal clauses and reinforce, in all of the service contracts with the EDF group upon each renewal, the definition of the amounts forecast before carrying out the service and adapting the duration clauses,
- set a benchmark at a relevant frequency concerning the costs of the purchasing service and analysis of the performance provided for the purchasing actions by setting up appropriate dashboards.

At the end of 2013, the studies and actions carried out during the year, even if they were not yet all fully developed, culminate in an operating standards framework for beginning 2014, as recommended by the compliance officer in his 2012 report, then approved and specified by the CRE in its 2012 annual report on implementing the codes of conduct.

In practical terms, and to respond to the changes expected by the regulator, the compliance officer recommends that, under the measures taken that will be associated with ERDF's 2014 version of the code of conduct, operating compliance standards are implemented on the relations and services exchanged between ERDF and its parent company or with an associated entity. These standards should correspond to the items presented in Appendix 3, updated with previously made contributions. Examining its implementation, in particular through the documents mentioned for the domains of activities studied in 2012 and 2013, should make it possible to assess by the end of 2014 the oversight of the decision-making process based on ERDF's autonomy with respect to its parent company.

Appendix 1 - ERDF's code of conduct – 2013 External version

2013 EDITION





ERDF'S CODE OF CONDUCT


As a public electricity distributor, ERDF ensures connections to the distribution network and the delivery of electricity across France under objective, transparent and non-discriminatory conditions. Under the same conditions and according to concession licence specifications, ERDF leads operations such as network development and operating, call for power generation, metering activities and related data management.

As required by law, ERDF has drawn up a Code of Conduct which specifies the framework and measures for carrying out its missions and activities in the general interest and for implementing the operating rules of the electricity market.

We are committed to complying with the principles and commitments of the Code of Conduct, and to ensuring compliance with them at every level of the company. We also ask our employees to participate actively in implementing these measures in order to nurture and uphold the public electricity service every day for all ERDF's customers, consumers and market players.

The Board of Directors.


 Michèle Bellon


 Jean-Pierre Bel


 Catherine Cros


 Michel Derdevet


 Laurent Ferrari



PRINCIPLES OF CONDUCT



Equality of treatment. ERDF provides identical service and treatment to customers in the same situation; it does not favor some to the detriment of others.

Objectivity. In dealing with its customers and other market players, ERDF's services, procedures and practices are based on authoritative documents arising from legislation and regulations or from accepted technical practice.

Transparency. ERDF publishes and communicates information to its customers and other market players to assist them in their decision-making and to help them follow the processing of their requests.

Information protection (CSI*). ERDF protects information of an economic, commercial, industrial, financial or technical nature that it may hold in the course of its business and whose communication would have an adverse effect on fair and open competition.

Image distinction. In its brand strategy and communication practices, particularly with consumers and suppliers, ERDF maintains a distinction between its own activities and those of the other entities of the EDF group, which operate in the competitive market.

Management autonomy. Within the EDF group, ERDF's officers independently manage the operations and the human, material, technical and financial resources related to the missions entrusted, subject to the shareholder's financial oversight and to the possible use of shared services under contracts drawn up at market conditions.

** Commercially Sensitive Information*

ERDF'S CODE OF CONDUCT |||| 2013 EDITION



COMMITMENTS OF THE CODE OF CONDUCT

DISTRIBUTION SYSTEM

CONNECTION

- Providing the applicant with the technical, contractual and financial terms for connection, sequencing and work monitoring.
- Carrying out studies and establishing connections based on transparent, objective and non-discriminatory procedures and technical and financial requirements.
- Ensuring the confidentiality of commercially sensitive information associated with connection.

SYSTEM UTILIZATION AND

ENERGY DISTRIBUTION

- Providing each user, upon request, the qualitative and quantitative information used in managing his or her contract.
- Switching suppliers in a non-discriminatory manner within three weeks of receiving the customer's request.
- Carrying out operations and technical work in a transparent and non-discriminatory manner, particularly in the event of supply interruptions or a crisis situation.
- Ensuring the confidentiality of commercially sensitive information associated with energy distribution and metering.

PROCESSING CLAIMS

- Providing information on the steps to be taken, processing procedures and possible appeals.
- Responding to the customer within a specific period of time following a claim.

COMMUNICATION

- Informing the customer and others about ERDF's missions and remit in the electricity market structure.
- Informing customers about ERDF's services and how to access them.
- Publishing and updating all reference documents on the ERDF website, providing a basis for objectivity and an understanding of its services.
- Each ERDF employee or representative is held to the principles and commitments of the Code of Conduct in their dealings with customers and market players.

FIND OUT MORE:
www.erdfdistribution.fr



2013 EDITION IIIII ERDF'S CODE OF CONDUCT

ORGANIZATION

AND CONTACTS

June 2013

IMPLEMENTATION OF THE CODE OF CONDUCT

- ERDF's executives are responsible for implementing the Code of Conduct and associated measures.
- The members of the Executive Committee and ERDF's regional directors are assisted by Code of Conduct coordinators. They establish their own annual compliance plans and regularly monitor them in relation to internal control plans.
- As required by law, ERDF has a Compliance Officer who is in charge of ensuring that the distribution system operator's practices comply with the Code of Conduct. The Compliance Officer is the main point of contact for the regional and national executive levels, the business lines and the Code of Conduct coordinators. He draws up the report on implementation of the ERDF Code of Conduct, which is published and sent to the French energy regulator CRE (Commission de Régulation de l'Énergie).
- ERDF's business lines and business process managers are responsible for implementing the Code of Conduct and for the consistency of the measures taken.
- At the end of the year, each department conducts a self-assessment of its compliance plan and reports on its performance. This information is sent to the ERDF Compliance Officer.



FIND OUT MORE:
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ERDF COMPLIANCE OFFICER

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ERDF'S CODE OF CONDUCT ■■■ 2013 EDITION

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ERDF - A business corporation with a board of directors and a supervisory board with a capital of 270,037,000 euros - Nanterre business register 444 608 442

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Appendix 2 - The compliance officer's 2014 program of audits and checks

Since 2011, the regulator has asked compliance officers of the distribution network operators to establish, in their annual report on implementing the code of conduct, a program of audits and checks for the following year.

This program of audits and checks for the coming year is presented below, notwithstanding changes and additions that may be made after the publication of the annual report of the CRE.

Taking into account the analyses and recommendations presented in the previous part, five main domains to be monitored, involving conducting audits and checks over the course of the year 2014, are planned by ERDF's compliance officer :

- ❖ *participation in ERDF's governance bodies,*
- ❖ *outside examination of ERDF's services and activities (external audits, etc.),*
- ❖ *continuing to examine the contracts binding ERDF with its parent company,*
- ❖ *monitoring and helping to implement the 2013 measures,*
- ❖ *operational checks towards ERDF's interregional and regional divisions.*

2014 audits and checks program for ERDF's compliance officer

			2014 Program												
			01	02	03	04	05	06	07	08	09	10	11	12	
External audits	Examining the contracts binding ERDF with its parent company (following the 2012 and 2013 audits)	<ul style="list-style-type: none"> ERDF's International Domain of Activities 													
	Client relations	<ul style="list-style-type: none"> Client relations associated with supply interruptions and network repair 													
Internal audits	Monitoring of the activities of ERDF's DACIR	<ul style="list-style-type: none"> Inclusion of the code of conduct in the internal audits 													
		<ul style="list-style-type: none"> Inclusion of the code of conduct in the internal check 													
Checks	Monitoring and checks of ERDF's compliance programs	<ul style="list-style-type: none"> Monitoring the implementation of the 2014 code of conduct measures (following the 2013 RMO and requests report CRE 2013) <ul style="list-style-type: none"> Client information Training employees Organization Management autonomy and image differentiation 													
		<ul style="list-style-type: none"> Monitoring the compliance programs of ERDF's divisions 													
		<ul style="list-style-type: none"> Indicators regarding the code of conduct 													
		<ul style="list-style-type: none"> 2013 CRE Requests 	<ul style="list-style-type: none"> to be specified 												
	External surveys	<ul style="list-style-type: none"> Code of conduct mystery telephone calls towards the 25 divisions 													
	Checks associated with the 2013 report ²³	<ul style="list-style-type: none"> Inclusion of the code of conduct in the processes (risks, coverage, stop points) 													
		<ul style="list-style-type: none"> Inclusion of the code of conduct in the connection procedures for NRE producers (ACL, MED and RAB interregions) 													
		<ul style="list-style-type: none"> Measures taken in preparation for the expiration of the Yellow and Green Regulated Sales Tariffs at the end of 2015 													
		<ul style="list-style-type: none"> Measures taken relative to the protection and communication of ERDF's data, including access clearances to ERDF's applications 													
		<ul style="list-style-type: none"> Check on the implementation of the operating compliance standards for services exchanged between ERDF and the EDF group 													
<ul style="list-style-type: none"> Possible additional checks 															
Summary and report															

²³ These audits, conducted by ERDF's compliance officer, may be completed based on the recommendations made in the 2013 CRE report.

Appendix 3 - Operating compliance standards for services exchanged between ERDF and an entity of the EDF group

In order to ensure proper application of ERDF's management autonomy principle within the context of services exchanged between ERDF and an entity of the EDF group, the compliance officer and the regulator recommended for several years that ERDF sets up its own practical provisions to indicate how it oversees its relations with its parent company.

After these recommendations and under the actions that ERDF agreed in 2013 to carry out, operating compliance standards regarding the decision-making process and support contracts for services exchanged between ERDF and EDF are presented below.

Operating compliance standards for services exchanged between ERDF and an entity of the EDF group²⁴

I - Standards regarding ERDF's decision-making process

1 - Purpose

The purpose of the standards regarding the decision-making process is to assemble the items showing ERDF's independence and how ERDF oversees covering its needs and the services that it can share, purchase or make available with the EDF group.

2 - Standard principles regarding the decision-making process

- P1 – ERDF defines its own needs ;
- P2 – ERDF first evaluates the options to cover this need : outsourcing the service either internally, to the parent company, or via the purchasing procedure ;
- P3 – Insofar as is necessary ERDF can discuss with EDF : covering its needs in particular within group synergies or the policies which it follows, the pricing terms and economic competitiveness, the level of expertise specifically held by the EDF group, possible reciprocal services, etc. ;
- P4 – ERDF approves its own choice of type of response to the need expressed. The decision-making terms are clearly set independently of the EDF group ;
- P5 – The previous principles apply reciprocally for services that ERDF can provide to the EDF group.

3 - Organizational elements regarding the decision-making process

- O1 – Memorandum on the purchasing strategy ;
- O2 – Preparing a memorandum on the provisions governing the decision-making process regarding commercial and financial agreements entered into between ERDF and the EDF group ;
- O3 – Setting up and running a specialized committee to independently examine ERDF's concrete operational needs in each domain and compliance with the principles of these operating compliance standards. This committee shall have access to all related items and documents ;
- O4 – Managing the portfolio of agreements and discussions of services between ERDF and the EDF group and preparing an annual report presented to the Supervisory board.

²⁴ The agreements between ERDF and EDF dealing with ERDF's activities with market players (GRD-F, etc.), as published in the reference documentation on ERDF's website, are not taken into account.

4 - Documents associated with the decision-making process

- D1 – Strategic and organizational memos (see above) ;
- D2 – Reports from meetings of the specialized committee and associated preliminary documents (needs expression, positioning of offers and benchmarks, portfolios, etc.) ;
- D3 – Decisions statements regarding services exchanged between ERDF and the EDF group (compliance with the group's policies, directional decisions, reports of Board of directors, internal instructions, memoranda for signature, etc.).

II -Standards regarding contracts between ERDF and the EDF group

1 - Purpose

The purpose of the standards regarding the contracts is to gather all items showing ERDF's control of the content and main characteristics of the agreements and contracts for services exchanged between ERDF and the EDF group under the principles of these standards.

2 - Standard principles regarding contracts

- P6 – Purpose of contracts : the wording of the purposes of contracts must :
 - be adapted to ERDF's previously defined needs (see decision-making process),
 - be specific and operational,
 - allow for possible competitive bidding or at least comparison with other service providers,
 - include service requests in case of multiple services that cannot all appear in the purpose of the contract.
- P7 – Provisions regarding other contractual clauses :
 - Long-term or automatic renewal clauses are to be avoided ;
 - Exclusivity clauses in favor of EDF are to be avoided ;
 - It is recommended to set out clauses that set out an annual price revision mechanism with the possibility to terminate the contract without penalty in case of disagreement on price or in case of price no longer corresponding to the market conditions ;
 - Confidentiality clauses, carrying sanctions for violations, are to be systematically set forth, with the provisions necessary regarding commercially sensitive information and individual commitments of the persons in charge of carrying out or monitoring the services set forth ;
 - Examine the need for clauses setting out the checks during the contract (to check the effect of the services, application of the agreed upon price, etc.) and along with penalties and/or the possibility to exit the contract without penalties for the exiting party ;
 - Set out clauses setting forth the governance terms guaranteeing ERDF's independence at the monitoring committee level and reports preparation by these committees.
- P8 – Content of the contract in case EDF is selected as a co-contracting party : setting the price should, at the very least :
 - be subject to negotiations that must be formalized, the joint discussions must be stored then archived,

- avoid lump sum amounts unless economically and contractually justified (be able to justify that it's a market price and explain all price and cost elements),
- rely on calculation formulas (human and financial means mobilized),
- set forth in the contract the specific breakdown of the price and cost elements,
- in any case, give rise to the gains or savings realized for prices proposed by third parties within benchmarks.

3 - Organizational elements regarding contracts

- O5 – ERDF will ensure that annual approval of the forecast and end-of-contract financial position statements are planned and carried out in order to avoid any automatic renewal. The needs expression phase must accordingly be reiterated no later than the end of the contract ;
- O6 – ERDF agrees to enter into the contracts before they are implemented ;
- O7 – ERDF has comprehensive centralized monitoring of the portfolio of services exchanged and the contractual texts established with the EDF group.

4 - Documents associated with the contracts

- D4 – Contractual texts ;
- D5 – Confidentiality commitments set forth in the contracts ;
- D6 – All documents associated with fulfillment of the contracts ;
- D7 – Analysis grids on the contracts ;
- D8 – Annual audit reports of the forecast and end-of-contract financial position statements.

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