

easyJet and cross-European employment

easyJet at the beginning



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Summary

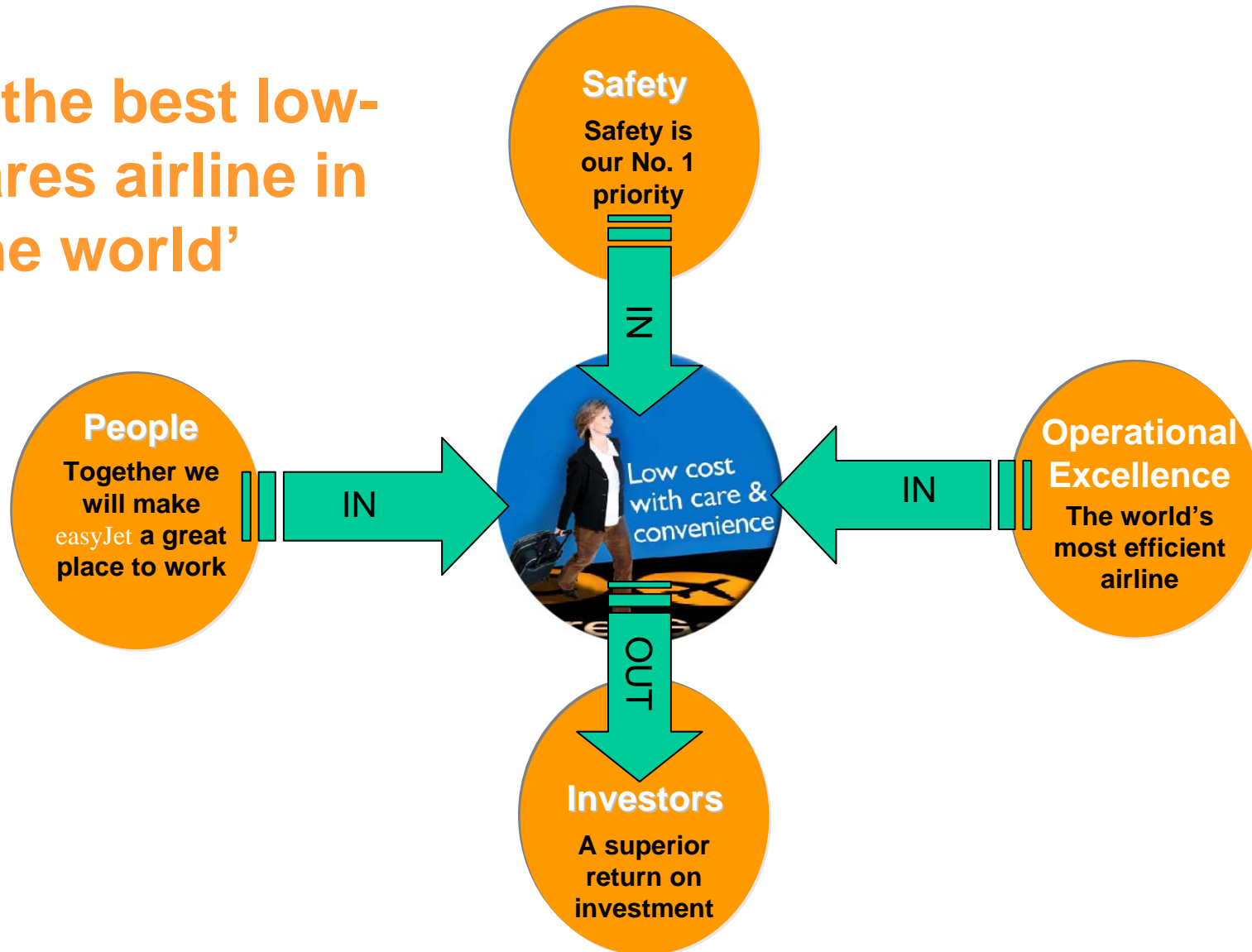
- Where we have come from
- Where are we going
- Why?
 - What this has meant for our people
 - Some of the history
 - Examples
- Lessons for EU/US?

Who were we?

- Built up from 2 aircraft – now 166
- Mainly organic growth
- Started in the UK – but now have bases in 6 countries
- Focus on an ‘orange’ company culture
- The trouble making airline – we came from deregulation and liked to find apple carts to upset

Who do we want to be?

'..the best low-fares airline in the world'



The strategic picture

- We want to be a European airline – not a British airline that flies in Europe
- This means we need to act local, but not lose our central identity - ‘local shades of orange’
- This helps achieve our operational and commercial objectives – but also hopefully means that Governments/regions in Europe treat us as their local airline – not a foreign invader
 - This is central to growing our business – we want to work in partnership with countries across Europe, not to fight them

Our 'local' face

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The original approach to our people

- ➔ We started out with a single (UK) contract – wherever you were based
 - To begin with because we were a UK only airline, and then:
 - The Chicago Convention – aircraft as national territory
 - A UK Government agreement that foreign residents could be subject to UK social security
- ➔ But this became increasingly problematic
 - Inconsistent with our desire to be a ‘local’ airline
 - Complicated for our people – UK social provision not local
 - Legally complicated as different countries read employment law differently
 - Risk of accusations of ‘social dumping’

Our new philosophy

- ➔ We want to be seen as a European airline
- ➔ We are a respectable employer – need to act in ways consistent with this
- ➔ We want to build relationships with Governments/regulators

- ➔ This led us to decide to move our people onto local contracts
 - All our bases except 1 are now on contracts grounded in local conditions and consistent with the local application of employee law
 - We aim for at least 50% local pilots and 90% local cabin crew – if most of our people are going to be ‘local’, it makes sense for them to be on local contracts

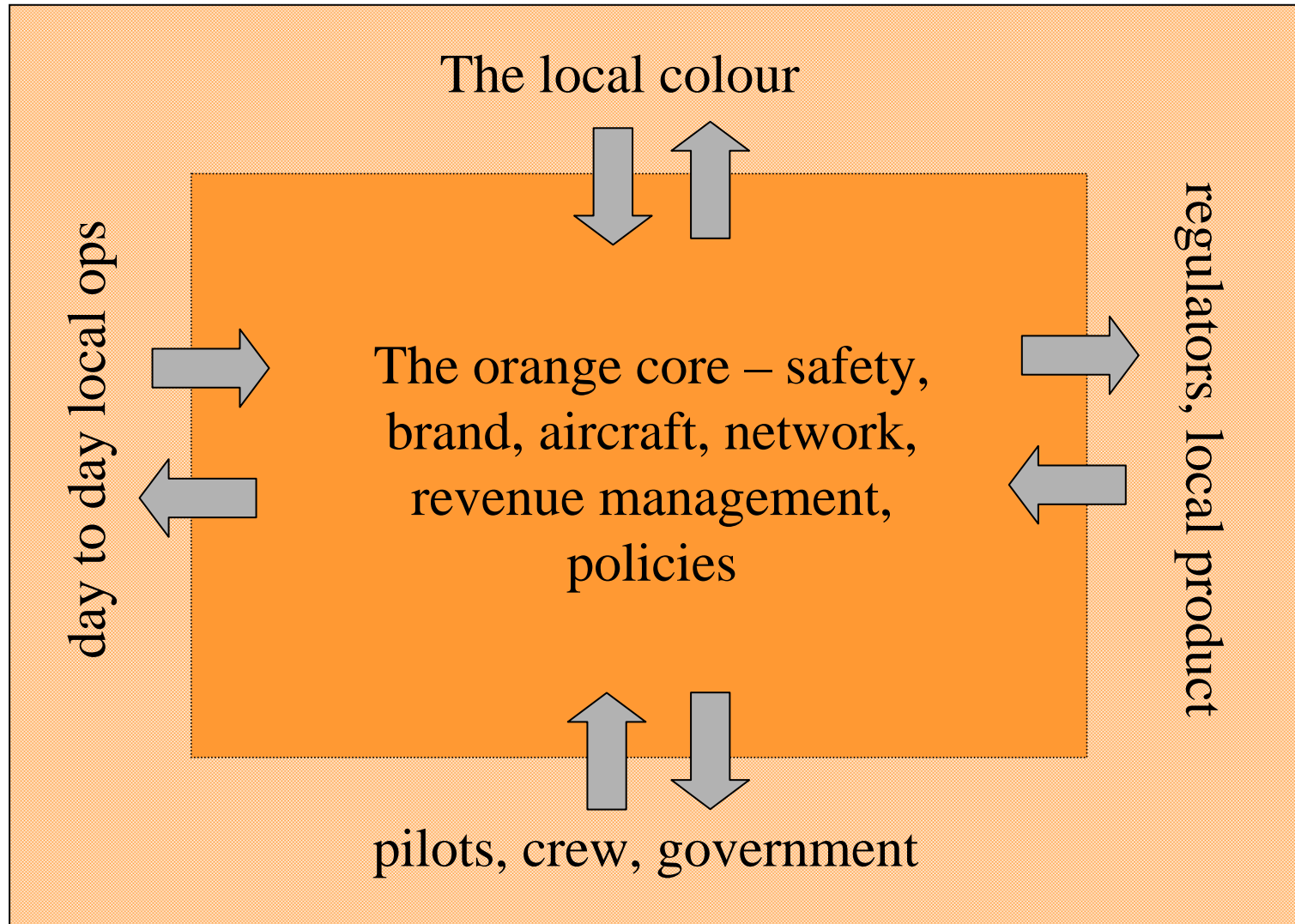
- ➔ This localism does have costs – more complexity and overhead
- ➔ And we need to manage the perceived pay differences across the company

Employment Principles

- Aim to recruit & retain good people by paying competitive rates of pay:
 - Simple to understand
 - Easy to administer
 - Flexible for the company and employee
 - Driven by the appropriate **local** market
 - Opportunities for employees to share in company success
 - Shaped to benefit from local tax alleviations
 - Avoid legacy benefits
- Need transferability (share schemes, staff travel)
- Ability for core & flexible contracts

The shades of orange - how it works

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The new system - common aspects

- Management & reporting relationships
- English
- Vision & values
- Overarching policies
- Standards
- Communication
- Flying hours (subject to local AOC)
- Crewing and rostering protocol
- Brand behaviour
- Remuneration policy
- Recruitment
- Training
- Promotion
- Night stops
- Expenses policy
- Share schemes (subject to local tax)
- Continuity of service (ensuring no legacy costs due to local legislation)

The new system - local aspects

- Determined by easyJet philosophy and policy implemented in line with local legislation
- Employee representation and agreements
- Pay and conditions
- Pensions
- Social charges
- Taxation
- Absence management
- Performance management
- Discipline and grievance

Thoughts on EU/US?

- (note - easyJet has no particular angle here, so please take these as dispassionate comments)
- The differences in culture/approach within Europe are as large as across the EU and the US – if airlines find it worthwhile adapting to local circumstance in the EU, likely to take the same view of the US
- The distance between the US and EU is likely to make localism more important