

**vivendi**

**Sustainable Development Report  
2005-2006**



Our economic, social, societal  
and environmental responsibility

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**Vivendi is a communications group that holds a leading position in media and telecommunications.**

### Universal Music Group

World's largest recorded music company and world leader in digital music distribution.

### Vivendi Games

Developer, publisher and distributor of interactive games with a catalogue of more than 700 titles. World leader in Massively Multiplayer Online Role-Playing Games (MMORPG).

### Canal+ Group

Leader in television, No. 1 in pay TV in France and Poland, and a major player in the production and distribution of films.

### SFR

No. 2 mobile telephony operator in France, and No. 1 for third generation (3 G) services.

### Maroc Telecom

No. 1 fixed-line, mobile telecommunications and Internet access operator in Morocco.

Vivendi also controls 20% of NBC Universal, a world leader in media and entertainment with activities in film and television production, television distribution, and theme-park operations.

In addition, SFR owns a 34.9% share of the leading alternative fixed-line telecommunications operator in France, neuf cegetel, as of the end of May 2006.



“Vivendi’s specific contribution to sustainable development involves the impact a producer and distributor of content can have on society as a whole.”

# Message from Jean-Bernard Lévy Chairman of the Management Board and Chief Executive Officer

## What is Vivendi's approach to sustainable development?

Sustainable development is at the heart of our responsibility as a company, and it makes a twofold demand on us. First, it requires that we take into consideration all dimensions of the company's operations: economic, social, societal, and environmental. This implies that we pay close attention to the expectations and concerns of all our partners: employees, shareholders, customers, suppliers, institutions, and civil society.

The other demand is that we define and address the sustainable development issues that are specific to Vivendi.

## How do you define these issues?

Let's go back to the general definition proposed in 1987 by the UN Commission on Environment and Development: sustainable development is a process of "...meeting the needs of the present without compromising the ability of future generations to meet their own needs."

From this point of view, Vivendi's specific contribution to sustainable development involves the impact a producer and distributor of content can have on society as a whole. With the digital revolution profoundly changing modes of consumption and distribution of content, we have identified three priority issues: promoting cultural diversity, sharing knowledge, and the protection of youth.

## In what way is cultural diversity a sustainable development issue?

Let's take music as a concrete example: our subsidiary Universal Music Group has more than 4,000 artists under contract in numerous countries around the world. We make every effort to promote and encourage the expression of local talents in all music genres such as jazz, classical, pop, rap, world music, etc. The rapid development of new modes of consumption of music, such as paid downloads on the Internet and distribution of music via mobile telephones, helps us reach our goals.

As a player in the private sector, we support the UNESCO Convention, adopted on October 21, 2005, regarding the protection and promotion of the diversity of cultural expressions, which says that cultural diversity is a mainspring of the sustainable development of communities, peoples, and nations.

## This is a way of contributing to "sharing knowledge"?

Delivering quality content, respecting the plurality of information, stimulating the critical spirit, encouraging our customers' awareness and that of civil society in general, respecting human rights, fostering a dialogue between the cultures of the Northern and Southern countries, protecting natural resources, biodiversity, etc. are concerns that inform everything we do and can contribute to sharing knowledge.

## What are you doing to protect youth?

The protection of minors is a major issue for Vivendi. How can we reconcile the development of offerings of content and services and the potential impact those offerings can have on young people? Each of our business units establishes rules of ethics, engages in actions to inform and raise awareness, and develops tools parents can use to best protect their children against content that may harm them. In this area, the business units work in close collaboration with our Sustainable Development department, which has also established partnerships with experts from civil society who share the same vigilance. This is a difficult exercise given the diversity of the players involved, the speed of technological progress, and changes in the regulatory environment.

## How do you fit the sustainable development process into the Group's strategy?

We conduct our sustainable development policy across the entire company to ensure that it is shared by all the business units and seen as an integral part of their performance. As it is nourished through exchange with our internal and external partners, this approach to sustainable development allows us to make progress in our ability to innovate, contributes to protecting against risks, and consequently contributes to the Group's future.

# Our approach to sustainable development

In 2005, Vivendi confirmed its return to growth, resulting from good performances by all its business units: Universal Music Group, No. 1 worldwide in music; Vivendi Games, world leader in online video games; Canal+ Group, a European leader in film and the leading pay-TV operator in France; SFR and Maroc Telecom, major players in telecommunications in France and Morocco respectively.

This need for performance implies that the Group assert the importance of the sustainable development issues specific to its business sectors, and that it be accountable for its values and its responsibilities to all of its partners: employees, shareholders, customers, suppliers, institutions, and civil society.

The resolve to develop potential organic growth within its business units as part of a collegial approach to management encourages the Group to make the sustainable development process an integral part of its strategy. That integration is all the more necessary since it contributes to opening up new opportunities in terms of innovation, skills, and markets.

## Integrating the three pillars

Our approach to sustainable development consists of putting into perspective the three pillars—economic, social/societal, and environmental—upon which Vivendi's long-term future is being built. This approach encourages us to be vigilant about the overall management of our risks and to pay particular attention to issues that are specific to our business sectors, and in particular the deployment of network infrastructures, production, and distribution of content.

During recent years, our perception and analysis of sustainable development issues has evolved parallel to Vivendi's transformation. The Group has reported on this evolution in its annual Sustainable Development Reports.

In the first edition of its report in 1999, the Group, then active in business sectors involving the environment, drew up an environmental report. In the subsequent editions, Vivendi, which had begun developing its activities in the media and telecommunications sectors, in particular with the acquisition of assets overseas, broadened the scope of its Sustainable Development Report to include its environmental and social responsibility. The report published in 2003 noted the serious financial difficulties the Group had met with in 2002 and began an approach using the three pillars, economic, social, and environmental, to better evaluate the consequences of the large-scale programs of cost reduction and restructuring that were being implemented.

**Vivendi joins the Global Alliance for Cultural Diversity, UNESCO, Paris, October 2005.**

**The UNESCO's Global Alliance for Cultural Diversity brings together governmental entities, businesses, NGOs, creators, and artists in the industrialized and developing countries with the goal of encouraging them to create partnerships between the public and private sectors in order to support the creative industries in developing countries. The Alliance also works in favor of intellectual property and authorship rights, which guarantee protection of the works of creators and artists.**

**In the context of the Alliance, Vivendi has implemented a training and exchange program aimed at promoting local talents in Mali (see page 36).**



## Identifying specific issues

The Sustainable Development Report, published in 2004, marked a step in Vivendi's recovery and a refocus on two business sectors: media and telecommunications. It took into account the Group's process of reflection begun in 2003 to better understand the nature of specific issues such as those related to production and distribution of content: promotion of cultural diversity, sharing knowledge and contributing to raising the public's awareness of sustainable development issues, and the protection of minors. The 2005 and 2006 reports go even farther in the analysis of specific issues while integrating it with a global approach of corporate social responsibility.

## A shared impetus

The Management Board, through its collegial structure and in the nature of its missions (see page 11), is contributing to making the sustainable development policy an integral part of the decision-making process at the highest level.

At the World Summit on the Information Society, held in Tunis under the auspices of the United Nations in November 2005, Jean-Bernard Lévy, Chairman of the Management Board and Chief Executive Officer, told the plenary session of Vivendi's commitments to sustainable development and the Group's contribution to the goals set down in the United Nations Millennium Declaration (see opposite).

## A dedicated organization

The Sustainable Development department, under the direct responsibility of the Group's Executive Vice-President of Communications and Public Affairs, a member of the Group's Senior Management, defines objectives, pilots the process and coordinates its execution within the subsidiaries.

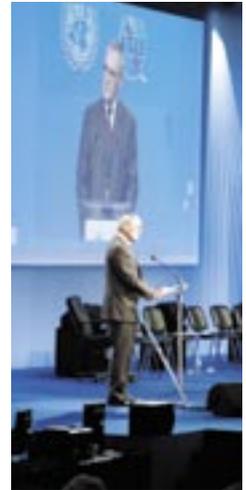
The Sustainable Development department, in association with the General Counsel, ensures coordination and application of compliance procedures in accordance with environmental, health, and workplace safety standards adopted by Vivendi in 2000 (see page 48). It also contributes to relaying the implementation of the compliance program (see page 26).

It is backed by a Sustainable Development Committee, set up in 2003. This Committee is composed of persons dedicated to questions related to sustainable development in the business units and representatives of several functional divisions of the head office (General Counsel's office, Finance, Human Resources, Corporate Communications and Public Affairs).

The Committee meets six times a year. Often taking part in its meetings are European figures from outside the Group (experts, representatives of civil society, corporate leaders, etc.) who enrich the discussion and exchange of information.

**Vivendi participates in the United Nations' World Summit on the Information Society, Tunis, November 2005.**

Vivendi actively participated in the World Summit on the Information Society with two exhibits: one devoted to technological innovation as seen in the Group's products, and the other to its sustainable development policy. The sustainable development exhibit was part of the French pavilion. The pavilion grouped together enterprises, associations, and national and local governmental administrations around the theme of new technologies and their benefits for humanity. Vivendi presented its sustainable development issues to a number of visitors and French and foreign personalities. Jean-Bernard Lévy, Chairman of the Management Board and Chief Executive Officer, delivered a speech before the plenary session on Vivendi's efforts to take into consideration the goals set forth in the United Nations' Millennium Declaration, stressing his desire to stimulate creativity and strengthen capacities for cultural production and distribution in less developed countries.



**Vivendi and Maroc Telecom set up a fund for creating new businesses and promoting employment in Morocco, Rabat, December 2005.**

Jean-Bernard Lévy, Chairman of the Management Board and Chief Executive Officer of Vivendi, and Abdeslam Ahizoune, Chairman of the Management Board and Chief Executive Officer of Maroc Telecom, in the presence of Abderrahim Harouchi, Minister of Social Development, Family, and Solidarity, signed a joint declaration on the establishment of a fund for creating new businesses and promoting employment in Morocco.

The declaration was part of the National Initiative for Human Development launched by King Mohammed VI to aid in the struggle against poverty.

The fund, towards which both companies have contributed one million euros, will be used to aid in the creation of new businesses, regardless of sector. It will receive other funding from the directors' fees of the members of the Supervisory Board of Maroc Telecom. The members have decided to forego their fees and donate them to finance scholarships for deserving Moroccan students pursuing university studies, in Morocco or abroad, oriented towards Maroc Telecom's and Vivendi's business sectors.





## Our economic responsibility

Priorities	Results	Progress areas
<ul style="list-style-type: none"> <li>• Ensure our development by leveraging the substantial possibilities for organic growth within our business units.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2005, the Group's adjusted net income increased by 55%.</li> <li>• Good performance by the business units, with all of them showing growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen our position as leader in our two business sectors, media and telecommunications, by leveraging the development of mobile services, broadband, and the digital revolution.</li> </ul>
<ul style="list-style-type: none"> <li>• Manage risks and opportunities specific to our business activities with a cross-cutting outlook.</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of a dual corporate governance structure comprising a Supervisory Board and a Management Board went very smoothly, guaranteeing continuity in the Group's management and providing a collegial form of management.</li> <li>• Deployment of the sustainable development approach made good progress in the business units.</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidate the capacity for innovation present within the Group and improve the sharing of risks encouraged by the mobilization of our teams and commercial, financial, and technical synergies.</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthen consideration of stakeholders' expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased expertise in managing subscriptions is contributing to better consideration of customers' interests.</li> <li>• Attentiveness to shareholders has been strengthened through meetings held with shareholders in France.</li> <li>• A survey was conducted to better understand the expectations of the financial community regarding Vivendi's sustainable development approach.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold annual meetings between individual shareholders and the CEO in at least three regions in France, in addition to the General Shareholders' Meeting held in Paris.</li> <li>• Develop a cycle of meetings with investors dedicated to sustainable development.</li> <li>• Encourage exchanges with consumer associations in order to anticipate customers' expectations.</li> </ul>

## Our social responsibility

Priorities	Results	Progress areas
<ul style="list-style-type: none"> <li>• Promote Vivendi's values and rules of conduct while encouraging the business units' appropriation of management principles suited to their business sectors and realities on the ground.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased employee awareness of Vivendi's compliance program through the work of the program's network of correspondents in the business units and of the Sustainable Development Committee.</li> <li>• A process of reflection begun by the business units on the adoption of values broken down for each operational level.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop information actions concerning the compliance program, the Group's reference document, to give employees better knowledge of the monitoring procedures and mechanisms implemented in the business units and at the head office of Vivendi SA.</li> </ul>
<ul style="list-style-type: none"> <li>• In our high-technology and creative business sectors, develop skills and increase employees' commitment to excellence.</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of diversity within our teams, contributing to competitiveness.</li> <li>• Accompanying employees through an ambitious training policy.</li> <li>• Consolidation of outreach efforts aimed at the next generation.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue the policies of skills development and mobility that afford employees opportunities for professional fulfillment.</li> </ul>

Vivendi is listed on the ASPI and ESI sustainable development stock indices.

The ASPI Eurozone index, established by Vigeo, is made up of 120 companies, 48 of which are French. The reference guideline is the Dow Jones Euro STOXX Index.

The Ethibel Excellence Sustainability Index (ESI), established by Ethibel, is made up of 303 companies, 15 of them French. The reference guideline is the S&P Global 1200 Index.



Declarative rating

Criteria (min--/max++)	November 2005 rating
Human Resources	++
Environment	++
Customers and suppliers	+
Corporate governance	+
Community and society	+
Human rights	++

((++ leader; + involved; = average; - low involvement; -- no involvement)



## Our societal responsibility

Priorities	Results	Progress areas
<ul style="list-style-type: none"> <li>• Deepen our evaluation of our impact on society as a producer and distributor of content.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved consideration by senior management of issues specific to our activities: promotion of cultural diversity, sharing of knowledge, protection of minors.</li> <li>• Vivendi's adherence to the Global Alliance for Cultural Diversity, a UNESCO initiative.</li> <li>• Vivendi's participation in the World Summit on the Information Society, held under the auspices of the United Nations.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold meetings with other public and private players affected by these issues in order to consolidate a network of correspondents based in civil society.</li> <li>• Evaluate the potential impact on society in general of the new uses made possible by the digital revolution.</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthen social ties by contributing to the creation of jobs in disadvantaged areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of jobs in French territories affected by unemployment or restructuring, in conformity with the commitments made by Vivendi when it came under the Consolidated Global Profit Tax System.</li> <li>• Establishment of a fund for creating new businesses and promoting employment in Morocco.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing our investment aimed at revitalizing areas in France where there is high unemployment.</li> <li>• Aiding Moroccan students in continuing their university studies in Morocco and abroad and offering internships to those who seek them and who fulfill the criteria defined by the association in charge of managing this fund.</li> </ul>

## Our environmental responsibility

Priorities	Results	Progress areas
<ul style="list-style-type: none"> <li>• Deploy an environmental policy that respects Vivendi's commitments and that is integrated into the action programs implemented by the business units.</li> </ul>	<ul style="list-style-type: none"> <li>• 7 site visits and 5 internal audits conducted in 2005 in conformity with the program of compliance with environmental, health, and workplace safety standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend the internal audits to Maroc Telecom and Canal+ Poland sites.</li> </ul>
<ul style="list-style-type: none"> <li>• Improve reporting procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Reworking of the protocol and improvement of the reporting tool</li> <li>• Introduction of new indicators related to waste from electrical and electronic equipment (WEEE) and transportation.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen cohesion among the business units' reporting protocols and consolidate collection of data on the new indicators.</li> </ul>
<ul style="list-style-type: none"> <li>• Improve understanding of the nature of the environmental issues affecting our business units.</li> </ul>	<ul style="list-style-type: none"> <li>• Reflection on environmental impacts related to changing technologies and uses.</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt new environmental performance objectives at Group level.</li> </ul>

Vivendi Benchmark/media sector – compiled by Vigeo (November 2005)





# Economic responsibility



**Jacques Espinasse**

Member of the Management Board, Chief Financial Officer of Vivendi

**“Vivendi’s economic performance in 2005 shows that our Group is now moving in a positive direction.**

**We owe the progress we have made to the strengthening of our corporate governance and management structures, the implementation of a clearly defined strategy, and responsiveness to the interests of all our partners: shareholders, employees, customers, suppliers, and institutions.**

**In today’s world, the financial community has legitimate concerns about sustainable development, which is why we are holding discussions with them to focus on these issues.”**

**19,484** million euros  
Consolidated revenues

**3,746** million euros  
Earnings from operations



Vivendi occupies a leading position in the media and telecommunications sectors. This positioning allows us to better anticipate expectations related to new technologies and to create and market new digital content and mobile services to our subscribers.

The driving themes of our economic responsibility include leveraging our strengthened corporate governance and management structures, developing a cross-cutting vision and management of the risks and opportunities specific to our business activities, promoting cooperation among Vivendi's major brand names in order to give each a competitive advantage by belonging to the Group, and innovating by gaining access to the best talent and by creating new services to anticipate the needs and expectations of our customers.

**page 10** Governance

**page 14** Performance

**page 20** Innovation

**2,078** million euros

Adjusted net income, attributable to equity holders of the parent

**3,154** million euros

Earnings, attributable to equity holders of the parent

# Governance

The adoption of a dual corporate governance structure consisting of both a Supervisory Board and a Management Board that emphasizes collegial management, internal control, and attentiveness to shareholders all contribute to advancing the Group's global risk management.

## A dual corporate governance structure

On April 28, 2005, Vivendi's shareholders approved the change in the administration of Vivendi to a dual corporate governance structure with a Supervisory Board and a Management Board. The move to this new mode of governance went very smoothly, which guaranteed continuity in the management of the Group's business activities, and ensured collegial operation (see box below and the table of corporate governance indicators, pages 54-55).

### The Supervisory Board: Membership and mission

The Supervisory Board, chaired by Jean-René Fourtou, consists of eleven members, of whom nine are independent and four of non-French nationality (three Europeans and one American; see box on page 11), as of June 8<sup>th</sup>, 2006. Their term of office is four years.

The Supervisory Board undertakes to maintain a majority of independent members. A member is deemed independent when he or she has no direct or indirect relationship with the Company, its group or its management, of any kind such as might compromise the exercise of his or her freedom of judgment (as defined in the report of the AFEP-MEDEF working group chaired by Mr Daniel Bouton).

**The Supervisory Board monitors the management of the Company by the Management Board.** It has appointed four specialized committees whose membership and missions it defines and whose conduct is under its responsibility: the Strategy Committee, the Audit Committee, the Human Resources Committee, and the Corporate Governance Committee.

The four committees of the Supervisory Board are made up of members of the Board, appointed by it. The role of these committees is to examine and prepare for the Supervisory Board's deliberations.

### Strategy Committee

This committee is composed of six members, of whom five are independent.

**Main areas of expertise:** strategic direction of the Company; major acquisitions or disposals; granting of securities, including endorsements and guarantees in amounts in excess of the delegated powers granted to the Management Board; major financing transactions; substantial internal restructuring transactions.

**Members:** Claude Bébéar (Chairman), Gérard Brémond, Sarah Frank, Patrick Kron, Andrzej Olechowski, Karel Van Miert.

### Audit Committee

This committee is composed of four members, all of whom are independent and have finance or accounting expertise. At least one of the members must have a thorough understanding of accounting principles and experience in the preparation of financial statements and in the application of the accounting principles in force (a "financial expert" as defined in the Sarbanes-Oxley Act of 2002).

**Main areas of expertise:** review of the annual individual and consolidated financial statements; consistency and effectiveness of the Company's internal control procedures; procedure for appointing statutory auditors; monitoring of the work of the internal and external auditors; accounting methods and principles; any matter which is likely to constitute a risk for the Company.

**Members:** Henri Lachmann (Chairman), Gabriel Hawawini, Pierre Rodocanachi, Karel Van Miert.

## François LENGART

Professor at Groupe HEC (Hautes Études Commerciales)

### Corporate governance and sustainable development

**"The organization of powers within a company is of vital, ongoing importance to that company's survival and progress, and directly influences how the company considers the various factors that make up what is referred to as the common good. Theories on the operation of organizations have stressed the need for a balance of powers to limit the independence of powers. Solitary power in companies often results in only one aspect of the common good being taken into consideration.**

Beginning with the law of 1966, France's legislators introduced the principle of dissociated governance in large corporations by adapting the German model to France. This model consists of a Supervisory Board and a Management Board as a means of controlling and limiting the all-encompassing power of the "French-style CEO" through the use of such a structure.

Two fundamental differences exist between the traditional system and the "German" system. First, there is absolute separation between the supervisory body and management body, since the incompatibility of belonging to both bodies guarantees the independence of each. The possibility of a CEO's being a member of the Management Board does not provide such a guarantee. The second difference lies in the collegial operation of the Management Board, which ensures that several interests are taken into consideration in constructing management decisions.

Corporate governance must take into account the need for sustainable development and therefore must construct management decisions based on consideration of the company's long-term interests. Collegiality and the separation of powers are clearly instrumental in this development."

### Human Resources Committee

This committee is composed of four members, all independent.

**Main areas of expertise:** the compensation, representation, and travel expenses of the Directors and principal officers; stock purchase or stock subscription plans; insurance covering Directors' liability, and additional pension plans adopted by the Company.

**Members:** Pierre Rodocanachi (Chairman), Gérard Brémond, Fernando Falcó y Fernández de Córdova, Sarah Frank.

### Corporate Governance Committee

This committee is composed of four members, three of them independent.

**Main areas of expertise:** appointment of the members of the Supervisory Board and of the Management Board; determination and review of the criteria of independence for members of the Supervisory Board; succession plans for certain members of the Management Board; assessment of the organization and performance of the Supervisory Board.

**Members:** Claude Bébéar (Chairman), Fernando Falcó y Fernández de Córdova, Gabriel Hawawini, Andrzej Olechowski.

Under the direction of the Corporate Governance Committee, **the Supervisory Board conducted a formal assessment of its performance in 2005** by means of a questionnaire addressed to each member of the Board. All the members of the Supervisory Board responded to this questionnaire, which covered six areas: the composition, missions, and duties of the Supervisory Board, its performance and the information made available to it, the organization and operation of the Committees and its relations with the Management Board. The responses were discussed during the meeting of the Corporate Governance Committee held on February 28, 2006 and were presented to the Supervisory Board, which met on the same date.

### The Management Board: Membership and mission

The Management Board, chaired by Jean-Bernard Lévy, is made up of representatives of the Company's business units, the Chief Financial Officer, and the Senior Executive Vice-President, Human Resources (see box below).

**The Management Board manages the Company collegially. It is in charge of managing the Company and conducting its activities. It intervenes in the following areas:**

- financial results, liquidity, and debt;
- divestiture, merger, or acquisition operations not requiring prior authorization of the Supervisory Board;
- social and human resources policy;
- communications policy;
- activities of the compliance program;
- internal audit and internal control procedures;
- litigation;
- environmental affairs;
- insurance.

The Management Board presents a quarterly activity report to the Supervisory Board.

The Management Committees of the business units, which include the senior executives and the business units' respective operational heads, handle the operations and objectives specific to each business unit. Each business unit's Management Committee meets approximately six times per year. The agenda is determined jointly by the Chairman of the business unit concerned and the Chairman of the Management Board and Chief Executive Officer.

Along with Board members Jean-Bernard Lévy, Jacques Espinasse, and René Pénisson, four non-Board senior executives form part of the senior management of Vivendi SA: Robert de Metz, Senior Executive Vice-President, Strategy and Development; Jean-François Dubos, Executive Vice-President and General Counsel, Secretary of the Supervisory and Management Boards; Michel Bourgeois, Executive Vice-President, Communications and Public Affairs; and Régis Turrini, Executive Vice-President, Mergers and Acquisitions.

## The Supervisory Board

**Jean-René Fourtou**, Chairman of the Supervisory Board

**Henri Lachmann**, Vice-Chairman of the Supervisory Board and Chairman of the Supervisory Board of Schneider Electric SA<sup>(1)</sup>

**Claude Bébéar**, Chairman of the Supervisory Board of Axa Group

**Gérard Brémond**, Chairman and CEO of Pierre et Vacances Group<sup>(1)</sup>

**Fernando Falcó y Fernández de Córdova**, Director and Vice-Chairman of Sogecable<sup>(1)(2)</sup>

**Sarah Frank**, Director of the Foundation of the New York Chapter of the National Academy of Television Arts and Sciences<sup>(1)(2)</sup>

**Gabriel Hawawini**, Dean of INSEAD<sup>(1)</sup>

**Patrick Kron**, Chairman and CEO of Alstom<sup>(1)</sup>

**Andrzej Olechowski**, Senior Advisor of Central Europe Trust Polska<sup>(1)(2)</sup>

**Pierre Rodocanachi**, Chairman of the Advisory Board of Booz Allen Hamilton<sup>(1)</sup>

**Karel Van Miert**, Former Vice-President of the European Commission<sup>(1)(2)</sup>

(1) Independent member.

(2) Non-French member.

## The Management Board

**Jean-Bernard Lévy**, Chairman of the Management Board and CEO

**Abdeslam Ahizoune**, Member of the Management Board, Chairman of the Management Board of Maroc Telecom

**Jacques Espinasse**, Member of the Management Board, Chief Financial Officer of Vivendi

**Frank Esser**, Member of the Management Board, Chairman and CEO of SFR

**Bertrand Meheut**, Member of the Management Board, Chairman of the Executive Board of Canal+ Group

**Doug Morris**, Member of the Management Board, Chairman and CEO of Universal Music Group

**René Pénisson**, Member of the Management Board, Chairman of Vivendi Games and Senior Executive Vice President, Human Resources of Vivendi

## Internal control

Internal control is composed of a set of procedures defined by the Management Board and implemented by Vivendi's employees, whose aim is to achieve the following objectives:

- application of the instructions and objectives set by the Management Board;
- compliance with laws and regulations;
- prevention and control of operational risks, financial risks, and risks relating to error and fraud;
- quality and fairness of accounting, financial and management information.

In order to achieve each of these objectives, Vivendi has defined and implemented general internal control principles which rely to a large extent on the definitions of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Report.

Vivendi is organized into operational units. The major orientations and objectives of the Group and of its business units are defined by the Management Board, presented to the Strategy Committee, and reviewed by the Supervisory Board.

The senior executives of each business unit are responsible for implementing strategies and for the internal control system. This system encompasses compliance with Group procedures and designing and implementing procedures specific to that unit.

**The purpose of this internal control system is to increase the accountability of the business units' management and ensure that internal controls are adequate with respect to the risks each of the Group's business units is exposed to. As the parent company, Vivendi SA oversees that internal control procedures are in place in its subsidiaries, in particular with regard to application of its compliance program (see page 26).**

**Directing the internal control process is one of the key responsibilities of the Management Board and the senior management of each business unit. It is supervised by the Supervisory Board, following the recommendations of the Audit Committee.**

An assessment of the effectiveness of the internal control process is conducted independently through the internal audit following an annual plan approved by the Group's Financial department and submitted to the Audit Committee.

The Internal Audit department is composed of 23 auditors in three different offices (Paris, New York, and Los Angeles), supplemented by the internal auditors of SFR and Maroc Telecom and external resources for IT audits. Its operation is regulated by a charter which asserts its independence, defines its accountability to the Chief Financial Officer, who is a member of the Management Board of Vivendi, and entitles it to direct access to the Audit Committee of the Supervisory Board. **The Internal Audit department enjoys an autonomy which allows it to intervene with complete objectivity in all of Vivendi's business sectors and units.** In 2005, the Internal Audit department carried out 123 missions within the Group.

In 2005, the Vivendi Group continued working to achieve conformity with the provisions of the Sarbanes-Oxley Act. In accordance with Section 302 of the Act, procedures for control of financial information were reviewed by the Disclosure Committee and certified by the Chairmen and Chief Financial Officers of the principal business units.

To work towards compliance with the provisions of Section 404 of the Sarbanes-Oxley Act on the need to evaluate the effectiveness of internal control and financial reporting procedures, a questionnaire covering the main components of internal control as defined by COSO was sent to each business unit. The responses were summarized and submitted to the Group's Disclosure Committee.

## The Disclosure Committee

This Disclosure Committee (as defined in the Sarbanes-Oxley Act) was created in 2002 and is responsible for regularly assessing the methods used to draw up and disclose the Company's financial information. It is composed of the Executive Vice-President and General Counsel, the Chief Financial Officer, the Executive Vice-President, Communications and Public Affairs, the Deputy Chief Financial Officers, the Senior Vice-President, Audit and Special Projects, the Executive Vice-President, Investor Relations, and the Senior Vice-President, Head of the Legal department. This committee assists the Chairman of the Management Board and CEO and the Group's Chief Financial Officer in their mission to ensure that Vivendi fulfills its disclosure requirements with respect to investors, the public, and the regulatory and market authorities, in particular the Autorité des Marchés Financiers (AMF) and Euronext Paris SA in France and the Securities and Exchange Commission (SEC) and the New York Stock Exchange in the United States.

## Attentiveness to shareholders

Vivendi's financial communications policy aims at providing all shareholders with accurate, precise, and sincere information on the Group's strategy, situation, results, and financial development. It complies with the procedures implemented in application of the French standards (the Financial Security Law) and the US standards (the Sarbanes-Oxley Act).

### Relaying information to shareholders

Individual shareholders (who numbered 800,000 in May 2006) receive regular and complete information. They can obtain information on the Group's strategy or its situation directly from **the Shareholder Information Service via a dedicated telephone number (for shareholders calling from France: 0 811 902 209—price of a local call; for shareholders calling from other countries: +33 (0)1 71 71 34 99)**. Employees of this Service, part of Vivendi's Communications and Public Affairs department, provide, in real time, all useful information to shareholders and take note of their expectations. In 2005, they responded to questions from nearly 3,000 shareholders.

Shareholders also have a Shareholders section on Vivendi's Web site ([www.vivendi.com](http://www.vivendi.com)), an e-mail address ([shareholders@vivendi.com](mailto:shareholders@vivendi.com)), the *Lettre aux actionnaires* (available in French only) available on the Vivendi Web site, and a free subscription system that allows anyone to receive the documents of their choice (Annual Report, Sustainable Development Report, quarterly and half-year financial statements, etc.) **Employee shareholders also have available to them a dedicated telephone number** through which they can get information, in particular on the employee investment program put in place within the Group.

Since 1997, Vivendi has been welcoming its shareholders to its exhibit at the Actionaria show in Paris, and in 2005 again began holding meetings with shareholders in France's regions. Individual shareholders were able to ask questions and exchange information with Jean-Bernard Lévy, Chairman of the Management Board and CEO, in Lille in November 22, 2005 (700 participants), in Lyon on January 31, 2006 (1,200 participants), and in Marseille on May 10, 2006 (600 participants). During the second semester of 2006, shareholder meetings are planned in Nice on October 12, 2006 and in Paris on November 17, 2006 at the Actionaria show.

**Each year, in addition to the General Shareholders' Meeting held in Paris, meetings between individual shareholders and the Chair of the Management Board and CEO will be held in at least three regions of France.**

### Ongoing communication with investors

Communication with institutional investors takes place through meetings held in the world's major financial capitals.

The Investor Relations department, based in Paris and New York and attached to the Group's Financial department, informs institutional investors and financial analysts about Vivendi's strategy and the results of the Group and its subsidiaries. It maintains a **website rich in continuously updated information, aimed more specifically, but not exclusively, at institutional investors ([www.vivendi.com/ir](http://www.vivendi.com/ir))**.

During 2005, 66 day-long road-show meetings with investors were held. Vivendi's senior executives took part in 48 days of the road shows, SFR in four, Universal Music Group in three, Canal+ Group in two, and Maroc Telecom in nine. **Representatives of a total of 553 investment funds were met in 2005.**

To better respond to the expectations of the financial community with respect to information on Vivendi's sustainable development approach, the Investor Relations and Sustainable Development departments undertook a survey in November 2005, outsourced to the Grant Thornton-Ecodurable consultancy in order to ensure its independence.

Twenty asset management companies selected by the consultancy were sent a questionnaire in order to evaluate their knowledge of Vivendi's sustainable development approach and their recommendations as to how Vivendi can better communicate how it takes its sustainable development issues into consideration.

Fifteen asset management companies answered the questionnaire, including the leading managers of European SRI (socially responsible investing) portfolios and three of the major North American funds.

**In 2006, following the results of this survey (see box below), the Investor Relations department and the Sustainable Development department will hold a cycle of meetings on sustainable development with investors and their SRI contact persons, bringing in the correspondents of the business units if requested.**

## "Investors and their expectations regarding sustainable development," Grant Thornton-Ecodurable consultancy, January 2006: Key results of the survey

1. Of □
2. The□
3. This initiative on the part of Vivendi was very well received by the asset management companies surveyed, who called it "original" and "proactive."
4. Vivendi's 2004-2005 Sustainable Development Report, included with the questionnaire, received an approval rate of above 80% for its overall content and an approval rate of between 70 and 80% for the following specific themes: understanding of the Group's sustainable development approach, assessment of reporting, identification of issues, accuracy of the information provided, and consideration of stakeholders' expectations.
5. Concerning Vivendi's communication regarding sustainable development aimed at the financial community, "ease of access to the appropriate spokespersons" received an approval rate of 88% and the "quality" of Vivendi's responses a rate of 86%; but only 50% of the management companies surveyed found Vivendi's communication approach to be "proactive."
6. The financial community recommends strengthening direct and personalized dialogue: holding one-to-one meetings on sustainable development topics, thematic conference calls, and increased participation by Vivendi in specialized conferences.

# Performance

Vivendi has chosen to strengthen its position as a major player in two business sectors—media and telecommunications—by investing in innovation and in the quality of content and services needed to meet its customers' expectations. This strategy has been successful, as shown by the results for 2005 compared to 2004.

## The Group's strategy

Vivendi's recovery was confirmed in 2005 with the good performance of all its business units, leveraging the development of mobility services and new uses of technology, broadband, and the transition to the digital age. Vivendi's market performance was also above its reference indices, Stoxx Telecom and Stoxx Media, in 2004 and 2005.

### A leading position in complementary business sectors

Vivendi holds a first-rank position in the media and telecommunications sectors. **This positioning allows the Group to better anticipate expectations related to new technology and to create and market new digital content and mobility services to subscribers. In this way Vivendi strengthens its leading position in the complementary business sectors of distribution and content.**

The complementarity of its business sectors encourages expertise in technology, innovation, creation of content, finding first-class talent, protecting intellectual property, and responsiveness to the sustainable development issues the Group faces. Experts in media and content management make their expertise available to the network and service-distribution business units, while experts in technology contribute to opening up new opportunities for the media and content businesses. Vivendi leverages this complementarity to encourage the creation of new projects.

For example, given the strong demand for music consumption, SFR and Universal Music Group are working together to make SFR a benchmark company for music distribution in France.

Another illustration of this pooling of resources is the development of television on mobile devices, in which consumers are showing strong interest. This new demand for consumption of content in short formats and on small displays represents a vector for growth that can make Vivendi the champion of mobile television. And in pooling their knowledge, SFR and Canal+ are helping attain that objective.

## Investments

in millions of euros – IFRS

	in cash	
	2004	2005
Gross content investments	1,506	1,709
Capital expenditure (tangible and intangible)	1,322	1,580
Financial investments	394	1,406
<b>TOTAL</b>	<b>3,222</b>	<b>4,695</b>

Finally, a new division dedicated to video games on mobile devices has been created within Vivendi Games. The additional expertise of Vivendi Games and SFR should allow Vivendi to take a leading position in this rapidly developing market.

**Expertise in managing subscriptions is also of value for all the Group's business units** who adopt this economic model: from Canal+, which has 20 years' experience, to Vivendi Games, now reaping benefits with the launch in late 2004 of its massively multi-player online game *World of Warcraft*, not to mention SFR and Maroc Telecom.

While Vivendi's competitor telecommunications operators are investing in the media sector (content platforms, acquisition of exclusive rights, etc.) and competing content producers are seeking to control their distribution (purchasing infrastructure networks, Web sites, portfolios of subscribers, etc.), Vivendi is profiting from its twofold positioning.

## Vivendi share price in euros (July 1, 2002-May 31, 2006)



As of May 31, 2006

**32** billion euros  
market capitalization

**12<sup>th</sup>** place  
among CAC 40

**17<sup>th</sup>** place  
among Euronext

## Evolution of Vivendi's results (2002-2005)

in millions of euros figures as published	French GAAP			IFRS		Growth 2004-2005
	2002	2003	2004	2004	2005	
<b>Revenues</b>	58,150	25,482	21,428	17,883	19,484	+9%
<b>Earnings from operations</b>	3,788	3,309	3,476	3,233	3,746	+16%
<b>Adjusted net income, attributable to equity holders of the parent*</b>	-514	349	1,380	1,338	2,078	+55%

\* Vivendi considers adjusted net income (loss), attributable to equity holders of the parent, which is a non-GAAP measure, to be a relevant indicator of the Company's operating and financial performances. Vivendi's management focuses on adjusted net income (loss) attributable to equity holders of the parent, as it best illustrates the performance of continuing operations excluding most non-recurring and non-operating items. Adjusted net income (loss) includes earnings from operations, other income from ordinary activities, income (loss) from equity affiliates, interest, and tax and minority interests relating to these items. As such, it excludes other charges from ordinary activities, other financial charges and income and earnings from discontinued operations as presented in the consolidated statement of earnings, the tax and minority interests relating to these adjustments, as well as non-recurring tax items (notably the changes in deferred tax assets relating to the Consolidated Global Profit Tax System and the reversal of tax liabilities relating to tax years no longer open to audit).

### The ability to innovate, backed by the Group

**The Group's size and resources give its business units the capacity to launch numerous and ambitious internal investments and follow up on opportunities.**

The presence of engineers, developers, content suppliers, and marketing teams in Europe, Asia, North America, and Oceania give the Group areas of expertise that allow it to master the growth of new technologies in the various communication standards, in the new digital compression formats, and in new forms of distribution. The Group's know-how is enriched by this network of experts who are quick to spot the most promising talents, the best standards, prepare the networks, and distribute the services.

For example, the development of multimedia services on Maroc Telecom's networks in 2006 will be coupled with the launch of a pay-TV offering from Maroc Telecom with the aid of Media Overseas, a 100%-owned subsidiary of the Canal+ Group. Maroc Telecom also gets the benefit of SFR's expertise in offering innovative mobile-telephony services.

The experiment with mobile television using the DVB-H standard, launched in September 2005 in France using Nokia terminals for distribution, brought together the skills of Canal+ (organizer and principal aggregator of the television content offering) and SFR (operator of the telecommunications network).

Another illustration of the capacity for innovation inherent in the Group's size is the sharing of risks. The multiplayer online role-playing game *World of Warcraft*, launched in late 2004 in the United States, and in Europe and Asia in 2005, required an investment of 70 million euros for development and promotion. Vivendi Games alone would not have been able to provide the investment at a time when the business unit was facing operating losses and restructuring. The Vivendi Group encouraged and supported the development and follow-up of this product, which met with immediate large-scale success.

The same is true for the Canal+ Group, which would not have been able to invest the substantial sums (600 million euros yearly over three years) needed to acquire the rights to the French League 1 soccer championship without Vivendi's support and financial weight and health. This investment should radically change the pay-TV market in France. By virtue of its being a part of Vivendi, the Canal+ Group is in a position to make a success of this radical transformation, a challenge Vivendi's scale enables it to take on.

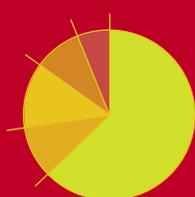
**Consequently, mobilizing teams, knowing the terrain, and sharing risks through financial, commercial, and technical synergies are essential advantages for Vivendi's different business units, who operate in regulated sectors subject to never-ending technological change and intense competition.**

## Evolution of dividend

	2000	2001	2002	2003	2004	2005
<b>Net dividend per share</b>	1 €	1 €	0 €	0 €	0,6 €	1 €
<b>Date of payment</b>	05/02/01	05/13/02	N/A	N/A	05/04/05	05/04/06
<b>Total payment (in millions of euros)</b>	1,081	1,048 <sup>(1)</sup>	0	0	639 <sup>(1)</sup>	1,147 <sup>(1)</sup>

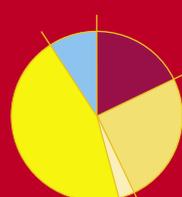
(1) Number of shares ranking for dividend as at January 1, after deduction of treasury shares held at the dividend payment date.

## Breakdown of revenues, 2005 as of December 31, IFRS (in millions of euros)



### by geographical area

France	12,216	63%
Rest of Europe	1,933	10%
United States	2,414	12%
Morocco	1,773	9%
Rest of world	1,148	6%



### by business unit\*

Universal Music Group	4,893	25%
Vivendi Games	641	3%
Canal+ Group	3,452	18%
SFR	8,687	44%
Maroc Telecom	1,860	10%

\* Excluding non core operations and elimination of inter-segment transactions.

## Results and strategic priorities of the business units

In 2005, each of the business units increased its market share and contributed to the profits and positive cash flow that made it possible to distribute a dividend. Aside from the five business units whose results are presented below, Vivendi owns a 20% share of NBC Universal, which paid the Group approximately 350 million euros in dividends in 2005. NBC Universal, a world leader in media and entertainment, is engaged in film production and television broadcasting, television distribution, and operation of theme parks.

	2005 Results
<p><b>Universal Music Group</b> World's largest recorded music company and world leader in digital music distribution.</p>	<ul style="list-style-type: none"> <li>• 1.5%* growth in revenues with growth in North America and in the music publishing market;</li> <li>• digital revenues were nearly three times 2004 sales and represented 5.3% of Universal Music Group's total revenues in 2005, compared to 2% in 2004;</li> <li>• earnings from operations increased by 20%* (480 million euros), reflecting higher sales volumes, continued cost savings efforts and the end of the restructuring program.</li> </ul>
<p><b>Vivendi Games</b> Developer, publisher and distributor of multi-platform interactive entertainment. World leader in the Massively Multi-Player Online Role-Playing Games segment.</p>	<ul style="list-style-type: none"> <li>• 35%* growth in revenues;</li> <li>• exceptional success of the Massively Multi-Player Online Role-Playing Game <i>World of Warcraft</i> in numerous key markets (North America, Europe, Australia, New Zealand, South Korea, China, and Taiwan) with more than 5.5 million customers in December 2005 (6.6 million in April 2006);</li> <li>• earnings from operations (amounting to 41 million euros) show very strong growth (+ 244 million euros) due in particular to the success of <i>World of Warcraft</i>, <i>50 Cent: Bulletproof</i>, <i>Robots</i>, <i>Hulk</i> and to the implementation of the restructuring plan.</li> </ul>
<p><b>Canal+ Group</b> Leading television group, No. 1 for pay-TV in France and Poland, and a major player in film production and distribution.</p>	<ul style="list-style-type: none"> <li>• 4%* growth in revenues, due in particular to the success of the Canal+ offering "Le Bouquet";</li> <li>• 4% growth in the subscription portfolio (310,000 net subscriptions to pay television over 2005);</li> <li>• 8.25 million subscriptions;</li> <li>• earnings from operations amounted to 176 million euros*.</li> </ul>
<p><b>SFR</b> No. 2 mobile-telephony operator and No. 1 for third generation (3G) mobile services in France. As of May 2006, SFR owns 34.9% of the capital of neuf cegetel, the leading alternative fixed-line telecommunications operator in France.</p>	<ul style="list-style-type: none"> <li>• 7%* growth in revenues, related to the growth of the customer base (+ 9%, or 1.38 million new customers);</li> <li>• 17.2 million customers (December 2005);</li> <li>• number of exclusively 3G customers: more than one million, which is double the initial goal set for 2005;</li> <li>• for the third consecutive year SFR leads the market in terms of net subscriber recruiting (gross sales minus cancellations) with a 39.4% market share;</li> <li>• development of "voice" uses (11% increase, for an average of 296 minutes of communication per customer and per month);</li> <li>• very strong increase in the number of text and multimedia messages, with 5.4 billion "Texto" SMS messages (versus 4.5 in 2004) and 98 million MMS messages (versus 37 million in 2004) sent by SFR subscribers;</li> <li>• earnings from operations increased by 3.6%* to 2,422 million euros (+10.8% excluding non-recurrent items in 2004 and 2005).</li> </ul>
<p><b>Maroc Telecom</b> No. 1 in fixed-line and mobile telecommunications and Internet access in Morocco.</p>	<ul style="list-style-type: none"> <li>• 16%* growth in revenues;</li> <li>• 10 million customers (fixed-line and mobile telecommunications and Internet access);</li> <li>• net recruiting of 2.4 million mobile-telephony subscribers (from 6.4 million in 2004 to 8.8 million in 2005);</li> <li>• earnings from operations amounted to 762 million euros, up 14%* compared to 2004.</li> </ul>

\* On a comparable basis.

Comparable basis essentially illustrates the effect of the divestitures that occurred in 2004 (mainly the "Flux-divertissement" business of StudioExpand, Canal+ Benelux, UMG's music clubs, Kencell and Monaco Telecom), and in 2005 (primarily NC Numéricable), and includes the full consolidation of minority stakes in distribution subsidiaries at SFR and of Mauritel at Maroc Telecom as if these transactions had occurred as at January 1, 2004. In 2004, comparable basis also includes estimated mobile-to-mobile sales at SFR applying in 2004 the rate applied in 2005. Comparable basis results are not necessarily indicative of the combined results that would have occurred had the events actually occurred as of January 1, 2004.

### Strategic priorities for 2006

- maintain global market share;
  - accelerate Universal Music Group's transformation into a music entertainment company taking advantage of talents and brands to create new sources of revenues and growth through innovation;
  - grow music publishing revenues;
  - improve margins based on migration from physical to digital sales;
  - fight piracy and build up the offering of legal downloads.
- maintain leadership in the Massively Multi-Player Online Role-Playing Games (MMORPG) segment by strengthening the international success of *World of Warcraft* (launch of an extension pack: *The Burning Crusade* and development of a Spanish version);
  - strengthen Vivendi Games' position on the PC and game-console market through the acquisition of four development studios in 2005 and early 2006;
  - become a world leader in video games on mobile devices following the creation, in 2006, of a new division dedicated to this fast-growing market;
  - strengthen Vivendi Games' presence in Asia.
- carry out the combination of the pay-TV operations of the Canal+ Group and TPS to be in a position to provide consumers with a simpler, richer offering, in France and in other French-speaking territories;
  - continue to invest in high-quality content (sports, movies, documentaries, fiction, news) and in seeking new talent;
  - be a major player in digitization of television in France;
  - develop innovative services (high definition, video on demand, etc.).
- continue growing the customer base and develop the use of 3G (third generation);
  - confirm a position of benchmark operator for new multimedia uses accessible via mobile telephony: music, television, video, and games;
  - consolidate leadership in innovation with the launch of new services;
  - strengthen leadership in customer satisfaction;
  - strengthen operational excellence.
- strengthen leadership on the rapidly growing mobile market through innovative offerings;
  - consolidate customer satisfaction and develop new uses with the support of Vivendi Group's expertise (new mobile services, broadband Internet, pay-TV offering, etc.);
  - contribute to the development of the information society by encouraging access to the Internet;
  - continue enriching content, in particular through the generalist information and services portal Menara, Morocco's leading portal and the first French-Arabic portal in Africa.

## Attentiveness to customers

**Evolving technologies, changes in modes of consumption, and diversification of the services offered by Vivendi's different business units all contribute to strengthening their ties to their customers, more and more of whom are subscribers.**

Managing subscriptions is now common to the various Vivendi business units: the Canal+ Group, whose revenue is based on the number of subscribers; Vivendi Games, with the success of subscription-based multiplayer online games; SFR; Maroc Telecom (to a lesser degree as purchase of prepaid cards remains the dominant mode of consumption for the Moroccan operator's customers), and even Universal Music Group, with the increase of legal offerings of music for downloading via the Internet.

The subscription model, which is a source of recurring revenue, constitutes a form of security and a major advantage for Vivendi and provides ease of use for its customers. That is why subscribers are an asset that must be maintained through constant attentiveness to their opinions and expectations.

### Vivendi Games

In 2005, Vivendi Games became the leader of the Massively Multi-Player Online Role-Playing Games (MMORPG) market with the success of *World of Warcraft*, developed by in-house studio Blizzard Entertainment. The game, launched in late 2004, numbered 6.6 million players around the world in April 2006.

A massively multi-player online role-playing game is a video game played only online via a broadband Internet connection simultaneously with thousands of other players who are also connected. The player, after having purchased a copy of the game and installed it on a computer, takes out a subscription for a period of his or her choice, allowing access to the game universe, whose principal characteristic is constancy. The consequence of this principle is that customer assistance needs to be on hand 24/7.

**This service is provided by "game masters" who step in at any time to help players overcome their difficulties, whether technical incidents or problems related to illicit behavior by other players (see page 42). Managers of communities of players take note of ideas, comments, and complaints from subscribers who express themselves in discussion forums (see below).**

The teams located in the geographical regions where the game is played (United States, Europe, South Korea, China, Taiwan, Australia and New Zealand) send a report on players' positive and negative comments to the head office of Blizzard Entertainment in the United States each week. This allows developers to adapt the contours of *World of Warcraft* to local specificities.

### Canal+ Group

The Canal+ Group, in order to be fully responsive to the expectations of its subscribers and to make operational adjustments as quickly as possible, has made attentiveness to customers a priority objective. **The rate of satisfaction of subscribers to Canal+ has been increasing consistently for two years and in 2005 reached 83%** (83% of subscribers said they were fully or largely satisfied with their subscription to Canal+). As a corollary to that satisfaction rating, subscription-renewal intentions were consolidated: 78% of the subscribers stated a definite or probable intention to renew their subscription (Source: Canal+ satisfaction barometer, Institut Synovate, October 2005).

The Customer Service department of Canal+, which has 710 employees and two customer relations centers, in Saint-Denis and Rennes, provides several modes of access to subscribers (telephone, letters, e-mail, interactive services via TV or the Internet) for responding to their concerns. In 2005, the department answered 4 million letters and handled 4.8 million incoming calls and 1.6 million calls via the interactive voice servers. Among the programs the Customer Service department has implemented are the "Espace client," a service available 24/7 on the Web sites ([www.canalplus.fr](http://www.canalplus.fr) and [www.canalsat.fr](http://www.canalsat.fr)), which provides subscribers with information and privileged direct access to subscriptions, and – since November 2005 – *Mon E-Mag*, an online Webmagazine that offers customers personalized services.

Customer satisfaction is measured monthly based on representative samplings of customers who have made a request, and daily via an online quality barometer of the customer relations centers that lets subscribers express their level of satisfaction with the handling of their requests in real time.

Finally, as part of its proactive customer satisfaction policy, in 2005 Canal+ began **meeting with consumer associations** such as ADUF (Association des Utilisateurs de Free) and takes part in exchanges within entities like the GRESC (Groupement de Réflexion des Services Consommateurs) and AMARC (Association pour le Management de la Réclamation Client).

Canal+ Group's objective is to make strong commitments to its customers regarding quality of service. These commitments, which constitute the start of a process leading to certification of the Canal+ Distribution Customer Service, will be made public around September 2006.

Thomas Johnsen

Community Manager, Blizzard Entertainment, a Vivendi Games studio

**"As a community manager for *World of Warcraft* players, Blizzard's massively multi-player online role-playing game (MMORPG), my focus is to provide support to the thriving player community outside the game itself. Communicating with the players, gathering their feedback, and providing insight to the game and its development create stronger ties with the Blizzard studio, the developers of *World of Warcraft*, and the players. We are building and consolidating a welcoming and inclusive community for everyone.**

**As part of the European community team, I work very closely with my French and German colleagues to ensure that the entire European community receives the same level of service. We also work closely with the community teams in other regions on global messaging. Through observing, reporting and discussing the impressions of the different regional communities with other internal teams, especially those in development and customer service, we are able to devise the short- and long-term plans for broadening and further improving the community support."**

## SFR

To better meet its customers' expectations, SFR manages customer relations end-to-end (billing, information, and changes in offerings, technical assistance, online counseling and sales, reminders and assistance in cases of late payment) and conducts a monthly assessment of satisfaction with its customer service by an independent consultancy. This survey, conducted among customers of the three French mobile-telephony operators, clearly confirmed SFR's lead, with the highest satisfaction rates on the criteria of availability, appropriateness of responses, and courtesy on the part of service representatives throughout 2005. **Also, the survey conducted in late 2005 by TNS-Sofres and Bearing Point on the quality of customer service of France's three mobile operators confirmed that SFR's Customer Service is Number One.**

This approach to quality is illustrated by the renewal in 2005, for three years, of the contract with the certification service SGS ICS. The service regularly assesses SFR Customer Service's compliance with its 50 service commitments.

7,000 customer-service representatives, 2,500 of whom are direct employees of SFR's Customer Service, handle relations with SFR's customers. In 2005, 35 million calls and four million letters were handled by these teams. Overall, 94% of claims are handled and resolved by customer service in less than five working days. If the customer remains dissatisfied, he or she files an appeal with Customer Service, and a customer satisfaction representative re-examines the entire file.

**In 2005, SFR also continued its discussions with consumer associations in the form of annual meetings, round tables on current topics, visits to customer relations call centers, etc.** SFR also took part in the work done by the Conseil national de la consommation (CNC – national consumer council) and in the round table held under the sponsorship of the Minister for Industry on September 27, 2005.

Following the decision of December 1, 2005 by the Conseil de la concurrence (competition Council) on the operation of the mobile-telephony market in France – a decision appealed by SFR –, the operator immediately began direct dialogue with its customers, offering them the opportunity to meet with representatives of the company's management in some fifty "Espace SFR" points of sale throughout France. A letter was first sent to each customer inviting them to participate in these discussions and stressed the competitiveness of the French mobile-telephony market, which SFR helped open to competition.

## Maroc Telecom

In December 2004, Maroc Telecom was awarded ISO 9001 version 2000 quality management certification for the entirety of its activities. This certification, awarded by an internationally recognized certification bureau, Det Norske Veritas (DNV), guarantees the quality of the services provided by the telecommunications operator and is proof of its commitment to continue to provide increasingly excellent service to its customers and all its partners.

**The scope of the certification covers the totality of Maroc Telecom's business areas: from marketing to after-sales service, as well as sales, installation, and startup, billing and collection, and all the support services offered by the company.**

Since December 2004, two surveillance audits have been conducted, in June 2005 and January 2006. DNV auditors noted very clear progress made in the area of the responsiveness of the 2,500 customer-relations employees, which it identified as one of the strong points of Maroc Telecom's quality system. The auditors noted the following improvements in particular:

- diversity in the methods used both to identify customers' expectations and to measure their satisfaction with the various services offered;
- broader outreach to all categories of customers: residential, businesses, major accounts, etc.;
- analysis and use of feedback from customers to define and implement actions to better meet their expectations and increase their satisfaction.

In addition, during the annual general management review, areas for progress were identified for 2006, such as systematizing analysis of reports on customer feedback, continuing to improve call handling and response times, and reducing reaction times to customer claims.



The service provided by the customer-service teams, essential to the quality of our attentiveness to our customers, has been recognized at Canal+, which led the field in the 2005 "Casques d'or" ("Golden Headset") awards organized by the AFRC (French association of customer-relations centers) and *Centres d'Appels Magazine*, winning the trophy for best social practices (in terms of recruiting, training, and working conditions).

# Innovation

Vivendi's strategy is based on the will to innovate and to lead. That means attracting and retaining new talent and content suppliers, creating and marketing services that respond to consumers' evolving habits, and protecting intellectual property rights in conformity with the commitments included in the Group's Internet Confidence Charter.

## Attracting and retaining talent

Finding and keeping new talent is a need that cuts across Vivendi's various business units.

### Canal+ Group

Canal+ has been acting as a "headhunter" for talent for more than twenty years in order to develop its program offerings, which focus increasingly on innovation, freedom, and culture.

### Spotting young talent

**In order to create a real force for new ideas to feed its production capabilities, Canal+ created "Repérages", an artistic-awareness team, in early 2004.**

The mission of this team is to find new talent through the press, in society at large, and in performance (hosts, commentators, journalists, comedians, directors, and authors), to meet them, and to offer them support.

**Regular casting calls and assistance to certain projects in the writing or pilot stages are a means for Canal+ to maintain ongoing relations with the most promising talents and to orient them along the optimum paths for their development.**

In May 2005, "Repérages" held 80 individual interviews and in October 2005 issued a casting call to some 60 journalists specialized in the Seventh Art. Resumes and video screen tests were then circulated to the program directors and all the Canal + Group's editorial departments and channels. This program led to more than fifteen new faces being seen on the air in 2005.

The choice of comedians is made using the same approach, and Canal+ has many major new comedy talents to its credit, who have gained from the exposure the group can offer to start their careers – such as Julie Ferrier, who was spotted by "Repérages" when she was just starting out.

With the acquisition of the Comédie! channel in November 2004, the Canal+ Group now has an invaluable laboratory where young talents can try their creative wings before taking flight on the Group's other channels.

### Investing in cinema creation

**Canal+ is the leading investor in cinema creation in France** (see page 38).

**This investment benefits emerging talents.** The channel encourages young filmmakers through a collection of short films that its short-film programming department is supporting for the fifth consecutive year in 2006 by issuing a call for submissions from which ten short films will be selected for pre-purchase at a unit price of 25,000 euros and distributed via Canal+.

This involvement with creators of short programming is also evident in an active pre-purchasing policy (in 2005, Canal+ broadcast 247 short films, 108 of them French and 98 European) and partnerships with numerous festivals, to which the channel devotes ample space.

**As for feature films, Canal+'s investments** (126 million euros in 2005 to acquire 120 films) **far exceed those of other French television channels.** In 2005, the number of films pre-purchased by Canal+ accounted for a very large share of the films produced in France – 50% of the films approved by the CNC (Centre national de la cinématographie) and 57% of the 187 French-initiative films. **These investments benefit first and second films in particular.** Canal+ financed 35 of the 69 French-initiative first films (51%) and 18 of the 34 second films (53%) approved in 2005.

**Canal+ Cyfrowy is also the largest private investor in film in Poland.** In ten years (1995-2005), Canal+ Cyfrowy has invested 35 million euros, co-producing more than 100 fiction films, documentaries, and short films. In 2005, Canal+ Cyfrowy invested 3.5 million euros in the production of 17 films (half of them made during the 2005 financial year).



Opposite: Comedienne Julie Ferrier at one of her performances on the set of "Samedi Pétantes," a program on Canal+.

Right-hand page: Universal Music Group promotes the discovery and development of new talent like Grand Corps Malade (AZ), the French slam artist; Venezuelan conductor Gustavo Dudamel (Deutsche Grammophon); and Hayley Westenra (Decca), a singer-songwriter from New Zealand.

In September 2005, six films co-produced by Canal+ Cyfrowy of the seven entered by the channel won awards at the 30th Gdynia festival, Poland's most important film event. Among these six prize-winning co-productions, *Komornik* by Feliks Falk was awarded the festival's Grand Prix, and *Oda do Radosci*, a first film made by three young filmmakers, received the special jury prize.

### Universal Music Group

With the recording industry facing new challenges, Universal Music Group has maintained its rank as world leader in recorded music in terms of revenues (internal estimate for 2005 and International Federation of the Phonographic Industry (IFPI) 2004 estimate) and leads the market in digital music distribution.

UMG's success lies in its ability to attract successful artists and earn their loyalty while continuing to discover and support new talent over the long term. **Universal Music, which has more than 4,000 artists under contract around the world and more than 50 labels, is a pool of talented artists who benefit from the sharing of expertise and of risk made possible by their record companies' belonging to a major label** (see Daniel Richard box, page 36).

A&R directors of labels are always on the lookout for author-composers, performers, and musicians and work to nurture long-term relationships with their artists through contracts that generally call for the production of several albums over a period of years.

To do even more to find new talents, in November 2004, UMG launched a digital-music label—UME Digital—which allows A&R directors to enter into exclusive agreements with new artists and digital distribution agreements with independent labels. This initiative contributes to promoting talent within UMG, which is present in 75 countries around the world. UME Digital is the world's first digital-music download label.

In 2005, many new artists promoted by Universal Music ranked among the best-selling artists of the year, in particular in the US, the UK, and France with Akon, Keane, The Game, and Kaiser Chiefs, and also Tokio Hotel in Germany, Nox in Hungary, Christina Stürmer in Austria, Bell X1 in Ireland, Ai in Japan, etc.

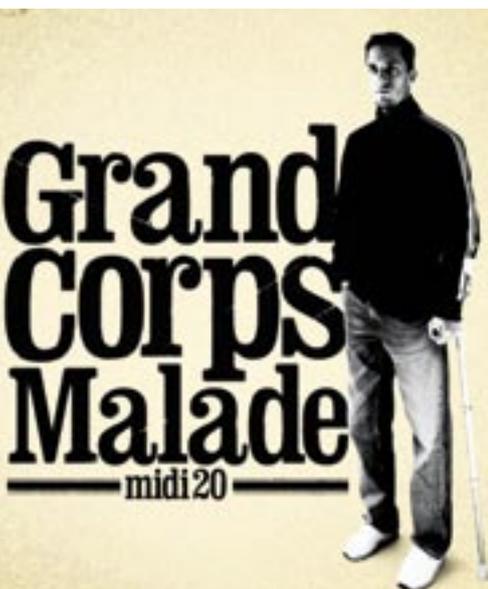
In France in 2005, new talent accounted for 13% of total production (11% in 2004, 10% in 2003) or 87 albums out of 665, and 34% of new French-language albums. Superbus (pop-rock), Matt Pokora (rap), and Grand Corps Malade (slam) are among the new talent found by Universal Music France, which also continues its long-term support of artists it first brought to the public's attention, such as Calogero, Arthur H., Zazie, and Souad Massi, winner of the 2005 Victoire award for Best World Music Album.

### Vivendi Games

**Vivendi Games, a developer, publisher, and worldwide distributor of multi-platform interactive games, strengthened its internal development capacities with the acquisition of four creative studios in the space of a year (May 2005-May 2006).** The portfolio of creative studios and publishing brands includes Blizzard Entertainment, Sierra Entertainment, Radical Entertainment, Massive Entertainment, Swordfish Studios (named Developer of the Year in 2004 by the Independent Game Developers Association), and High Moon Studios (ranked among the Top 50 Technology Innovators by *IT Magazine*).

The choice of consolidating talent internally through the acquisition of studios is in keeping with the policy of professional development promoted within Vivendi Games (see page 29) and is a response to the Company's desire to promote investments in intellectual property rights on different media. With a catalogue of more than 700 titles, including many to which Vivendi Games holds the intellectual property rights—in particular *Warcraft*, *StarCraft*, *Diablo*, and *World of Warcraft* from Blizzard Entertainment, *Crash Bandicoot*, *Spyro the Dragon*, *Empire Earth*, *Robots*, and many more—Vivendi Games aims to strengthen its position on the market for console-based games and has the ambition of leading the market for games on mobile platforms.

The new division dedicated to this business sector was created in March 2006 and established in France, in the Paris region. It has an offering of games already available on mobile platforms (such as the famous *Crash Bandicoot*) offered by 70 mobile operators active in 40 countries. Its task is to leverage the entire Vivendi Games catalogue to deliver versions redesigned by teams of graphic artists to suit small mobile displays. During the first quarter of 2006, more than 50 young creators were recruited by the mobile-games division, in part via its Web site and partnerships with schools of the graphic arts (see page 33).



## New uses

Faced with the acceleration of the new uses of technology ushered in by the digital revolution, Vivendi needs to integrate a long-term vision of the potential impact of these new uses as a part of its strategy, in which innovation is fundamental.

The constant birth of new modes of consumption demonstrates consumers' appetite for the opportunities the new technologies provide.

Broadband and mobility are transforming modes of access to more and more diverse content available on a constantly growing number of platforms. Vivendi is committed to the digital revolution with its programs in music distribution, video on demand, mobile television, and other areas.

### The new market for mobile music

With third generation (3G) telephony and the possibility of downloading full-length music titles in hi-fi sound, mobile telephones are becoming a strategic distribution channel for the music industry. **As of late 2005, the digital music market (songs, ringtones, personalized rings and voice-mail tones) already accounted for 12% of the music market in France** (Source: GKF and SFR), accounting for revenues of approximately 200 million euros in 2005. **More mobile telephones with music-player functions (4.65 million) were sold in France than portable music players (4.13 million) in 2005 (Source: GFK estimate).**

With 340,000 songs downloaded during the month of December 2005 alone and 830,000 during the year, in a few months SFR emerged as one of the leading music platforms in France. The market for mobile music should continue its strong growth in 2006.

### Video on demand

In October 2005, the Canal+ Group launched CanalPlay, its legal video downloading service, extending its commitment to the development of new modes of consumption of television content. CanalPlay offers a rich and varied catalogue of more than 1,000 videos (recent and back-catalogue films, children's programs, manga, etc.) available for downloading via the Web, offering full guarantees of security for rights holders. Since December 2005, this service has also been part of the television-via-DSL offering of the operator Free. Three months after its launch in January 2006, CanalPlay had booked 300,000 orders for video ("adult" programs accounted for only 30% of online orders). The interest aroused by this new service confirms the policy of Canal+ Group, which has entered into partnerships with several companies (Free, Intel, Microsoft, etc.), including, recently, with Archos, with whom CanalPlay offers the possibility of transferring video downloaded from the site to mobile media players.

### The mobile-television experiment

The Canal+ Group, SFR, Nokia, and towerCast have launched a mobile-television experiment, authorized by the French broadcast authority CSA (Conseil supérieur de l'audiovisuel) on September 13, 2005 for a period of nine months. A panel of 500 testers was set up by Canal+ and SFR, drawing on their subscriber base. These 500 users have access to a bundle of television channels and radio stations, carried using the DVB-H standard on Nokia 7710 terminals. The results of this experiment as of March 2006 (see box below) confirm the initial feedback from 3G. DVB-H improves the user experience thanks to the quality of the sound and picture. Testers were especially enthusiastic about the quality, and also the size of the display used to view the 17-channel TV and radio bundle, which includes Canal+, i>télé, Planète, CinéCinéma, Sport+, l'Équipe Télé, France 2, France 3, Europe 1, fip, NRJ, etc. **The results shown below confirm the strong attraction of mobile television on telephones and pocket TVs.** The companies which launched this experiment hope that regulatory, economic, and industrial factors will come together as soon as possible to encourage rapid deployment of mobile television.

### Evaluating the potential impact of new uses

Vivendi is working to define and evaluate the potential impacts of the new uses encouraged by digital convergence of communication networks on customers and on society in general. The Group is actively participating in several initiatives with a mixture of private individuals, associations, and French and European public bodies, due to the fact that this issue is being taken into consideration in the work to revise EU's Television Without Borders Directive.

**Vivendi's Sustainable Development department has included this dimension in its analysis of issues related to the Group's responsibilities to society. It meets regularly with its contacts in Vivendi's business units and seeks the opinion of experts from civil society in order to take the broadest possible vision of this subject, taking into account the extreme speed of technological change, the expectations of consumers, and a regulatory context that is now undergoing revision.**

An emerging area has to do with the issue of sharing content. The new technologies are making a contribution to preserving and disseminating our musical heritage. As an example, in February 2006, Universal Music Group International launched a vast program, to cover several years, that will make more than 100,000 recordings from its European catalogue that are no longer available on the market accessible for downloading on line. The "Digital Archeology" program, as it's called by Barney Wragg, Director of Universal Music Group International's eLabs Department, represents considerable progress in opening up many "digs" and reviving artistic memory, a precious possession both for music lovers and for artists.

## Mobile TV: Summary of results of the DVB-H experiment

- Testers watched mobile television an average of 20 minutes per day.
- 50% of the testers said they watched mobile television largely at home, 14% in public transportation (despite the absence of coverage in the Paris Métro during the experiment), and 12% at the workplace.
- Three periods of intensive use were noted: in the morning (9 AM – 10 AM), midday (1 PM – 2 PM), and evening (8 PM – 10 PM). Testers turned on their terminals to watch a specific program or simply to pass the time, with a preference for news programs. More than 80% say they were satisfied with the content offering.
- The programs most watched were: news, music, entertainment, sports, documentaries, and, for Canal+ testers, film.
- 73% of the users said they were "more or less" or "very" satisfied with their use of the service. 68% of testers said they would subscribe to the CanalSat bundle offered in the experiment at a cost of seven euros per month or more.

(Source: press release from Canal+ Group, Nokia, SFR, and towerCast, March 2006)



## Protecting intellectual property

Respect for intellectual property, a principle included in Vivendi's Internet Confidence Charter, is a source of vitality for the Group's economic development at a time when its content production activities (music, films, game software, etc.) are under direct threat from electronic piracy.

In the context of the legislative debate in France on the bill concerning authorship and related rights in the information society, Vivendi has contributed to the discussion of the challenges inherent in online distribution of cultural content. This analysis was informed by the technological advances the Group is associated with, in particular in the United States, through its music activities, and by developments in international jurisprudence (the Grokster ruling of the US Supreme Court of June 27, 2005, followed by the Kazaa decision of Australia's Federal Court of September 5, 2005).

In this capacity, Vivendi took an active part in seeking solutions to the issue of peer-to-peer distribution within the Artistic and Literary Property High Council (CSPLA). The Council is made up of telecommunications operators, representatives of rights holders, software publishers, Internet service providers (ISPs), consumer associations, and press publishers. Vivendi and the majority of the members of the CSPLA shared an innovative approach aimed at promoting the arrival of a second generation of sharing systems, one which, unlike existing peer-to-peer applications which operate illegally, would be respectful of authorship rights. This process of legalization of peer-to-peer requires that software publishers be held liable should they refuse to cooperate with rights holders.

**This approach is aimed at meeting a threefold objective: finding a means of fighting illegal sharing of protected files that is more effective than sanctions against Internet users, the emergence of new forms of commercial distribution, and a more secure environment both for rights holders and for Internet users.**

In application of the *Charter of Commitments for the Promotion of the Legal Offering of Online Music, Respect for Intellectual Property, and the Fight Against Digital Piracy*, signed on July 28, 2004, Vivendi actively contributed to the work of the monitoring committee in 2005. This committee includes the public authorities, ISPs, and music professionals, and has the task of promoting the quality and diversity of the material available on legal music downloading platforms, as well as the initiatives being taken by ISPs.

This new mode of collaboration and cooperation was led at the European level by Viviane Reding, EU Commissioner for the Information Society and Media. At the 2005 Cannes Film Festival, Viviane Reding brought together several corporate leaders, including Jean-Bernard Lévy, around a project for a charter devoted to film online, but called for future openness to other cultural content. This project, developed by a working group of which Vivendi is a member, led to the adoption of a Charter of best practices at the 2006 Cannes Festival.

**Within Vivendi, the business units take a common approach to issues related to protection of intellectual property and the resources brought to bear by the different business units as new distribution services for cultural content emerge and new economic models take shape in the digital arena.**

### Universal Music Group

During 2005, the International Federation of the Phonographic Industry (IFPI) and the Recording Industry Association of America (RIAA) continued their actions to combat electronic piracy by encouraging legal distribution of digital music – UMG is working in collaboration with content distributors in all countries to provide consumers with alternatives to piracy such as à la carte downloading (e.g. Apple's iTunes), subscription services (e.g. Napster), etc. – and also by collaborating with public authorities in certain countries to strengthen legislation and inform consumers on the dangers of piracy.

### Vivendi Games

Vivendi Games has implemented economic models such as Blizzard Entertainment's massively multiplayer online role-playing games, which associate Internet use and technology to prevent piracy. Systems of unauthorized servers (which facilitate the use of pirated software) are currently a real challenge that has led Vivendi Games to become particularly active in litigation.

### Canal+ Group

Canal+ signed the inter-industry draft agreement on cinema, an initiative of the French Minister of Culture and Communication. Signed on December 20, 2005 by all players in the film industry, Internet service providers, Canal+, and France Télévisions, this agreement defines the conditions for legal delivery of cinematic works on demand via the Internet. It provides a balanced response to piracy, guarantees protection of intellectual property, and encourages creative development.

### SFR

Since June 2005, SFR Music has been making 500,000 music titles available for downloading to mobile devices and PCs, and in a few months has become the third-ranking French player on the digital music market. In this context, protection of the works becomes an issue of major importance. SFR is implementing digital rights management (DRM) solutions that ensure traceability of downloads to enable fair remuneration of authors and composers.

## Piracy: some figures

### Music

- 885 million illegal music files were circulating on the Internet in January 2006 (compared to 870 million in January 2005 and 900 million in January 2004).
- 35% of illegal file-sharers have cut back or stopped the activity while 14% of them have increased it. Half of illegal file-sharers who cut back on illegal file-sharing did so because of concern over the legal consequences, 35% did so out of concerns about viruses, and 15% because they could not find the song they wanted on the peer-to-peer networks (estimate made in November 2005 on a sampling of 3,900 online consumers in Spain, Germany, Sweden, the UK, and France).

Source: International Federation of the Phonographic Industry, IFPI:06 Digital Music Report

### Film

- In 2004-2005, 92% of already-released pirated films are available on peer-to-peer networks (a system for direct sharing of files between Internet users who connect to each other's computers without the intermediary of a central server) before their release on DVD in France.
- More than a third of the pirated films on the Internet are available before their release in theaters in France.
- On average, the "pirate" French-language versions of films are available 45 days after the film's release in French theaters; for American films, "pirate" copies appear on peer-to-peer networks an average of four days after their release in theaters in France.

Source: Centre national de la cinématographie (CNC), study conducted by ALPA (French Association for the Fight against Audiovisual Piracy), October 2005



# Social responsibility



**René Pénisson**

Member of the Management Board, Senior Executive Vice-President, Human Resources, Vivendi and Chairman of Vivendi Games

“In our business units, skill and creativity, together with a team spirit and strong motivation on the part of all men and women who work at Vivendi, all make it possible for our Group to hold leading positions in each business sector.

The Management Board, made up of the heads of the business units, the Group’s Chief Financial Officer, and the Senior Executive Vice-President, Human Resources, assumes full responsibility for and collegially manages the application of Vivendi’s commitments to social responsibility. The Management Board guarantees adherence to the Group’s fundamental values and contributes to encouraging an exchange between the different business units.”

34,031 employees  
Total Group staff

40% management  
in total Group staff

38% women  
in total Group staff



With its commitment to innovation, Vivendi conducts a training policy aimed at allowing its employees to acquire and strengthen the skills necessary for achieving their objectives and pursuing their professional development.

Vivendi's social practices are founded on helping its employees achieve personal fulfillment, giving each of them opportunities for advancement that match their skills and sense of responsibility, and maintaining working conditions that respect the dignity and privacy of individuals.

**page 26** Employee involvement

**page 28** Choice based on skills

**page 32** Outreach to the next generation

**57%** of total Group staff  
in the telecommunications sector

**43%** of total Group staff  
in the media sector

# Employee involvement

Vivendi strives to make the most of its employees' contributions and to optimize responsiveness to the on-the-ground needs of the business units. To achieve this goal, Vivendi ensures that the values and rules of conduct the Group has defined in its compliance program are followed, while encouraging a decentralized management of human resources and the adoption of management principles specific to each unit.

## Sharing values and rules of conduct

Vivendi has defined its values and commitments regarding its partners in six Charters accessible on the Group's intranet (see box, page 27). **To ensure that these commitments, which are formalized in the form of rules of conduct, are observed throughout the Group, Vivendi adopted a compliance program on January 24, 2002.**

This program was revised in 2005 to incorporate changes in legislation and the major changes the Group has undergone over the last three years. The revised program will be distributed to all employees in 2006.

The program is intended to raise all employees' awareness of the need to respect rules of conduct and to implement programs and procedures for monitoring respect of those rules in all Group companies, coordinated by specially authorized correspondents: the compliance program officers.

These rules of conduct concern employees' rights, the sincerity and protection of information, the prevention of conflicts of interest, commercial ethics, use of property and resources belonging to the Group, financial ethics, and respecting the environment.

**Compliance with these rules of conduct is a condition for belonging to Vivendi.** An evaluation report on their implementation within the Group's business units is compiled each year by the General Counsel and presented to the Audit Committee. The third edition of this evaluation report was presented to the Audit Committee in February 2006.

## Well-informed social dialogue

In 2005, relations between management and trade-union and personnel representatives were sustained through **frequent dialogue that went beyond the obligations to inform and consult stipulated in legislation and collective agreements.**

On the Group level, the Group Works Committee and the European Social Dialogue Committee, as well as the Corporate Works Committee, were regularly

informed by management of the major orientations of the Group's strategy and its financial situation, and exchanges of points of view continued throughout the year with the announcement of the proposed combination in the pay-TV sector in France at the close of the 2005 financial year.

In 2005, in the area of social policy, some of the Group's French companies began considering a supplementary pension fund savings plan accompanied by financial support from the Company.

This program, undertaken in conjunction with trade-union and personnel representatives, began to take concrete form in 2005. **At Vivendi SA, a collective agreement was signed to implement a corporate retirement savings plan (Plan d'Epargne Retraite d'Entreprise - PERE) for all employees starting in December 2005.** This plan is funded by compulsory contributions made by the company (which include a contribution from the Corporate Works Committee) and by employees, as well as by additional voluntary contributions from the employees. It enables employees to build up a supplementary pension scheme paid in the form of a life annuity which will benefit from a favorable tax treatment. The work currently underway should lead to implementation of retirement savings plans in other Group companies in 2006.

## Decentralized management of human resources

The Group has adopted a decentralized management of human resources in order to better encourage the professional development of employees and to take into account the specific context of each business unit. **Each of the business units, as part of the process of growth and social responsibility, mobilizes its employees through voluntary policies.**

In 2005, sustained cooperation with trade-union and personnel representatives led to the signing of 57 collective agreements in the subsidiaries (including 28 in France). These agreements covered primarily job training, remuneration, employment, safety, and mobility.

## Employee safety

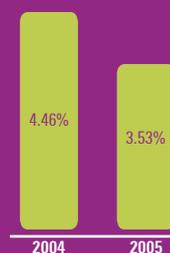
In 2005, Vivendi made workplace safety a priority. A combination of effective health, safety, and working conditions committees (CHSCTs) and training programs resulted in a significant decrease in workplace accident severity and frequency rates. In 2005, the number of employees trained in safety in the Group grew by 25% compared to 2004.

Severity rate of workplace accidents with lost days



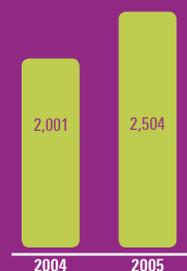
Calculation method: number of lost days for workplace accidents x 1,000 / number of employees x number of hours worked per year (estimated at 1,750 for the Group).

Frequency rate of workplace accidents with lost days



Calculation method: number of workplace accidents with lost days x 1,000,000 / number of employees x number of hours worked per year (estimated at 1,750 for the Group).

Number of employees trained in safety



- The merger between **Cegetel** and **neuf telecom**, beginning at the time the project was announced, led to many discussions aimed at facilitating the process of informing and consulting the Works Committees of both companies. In parallel to this process, negotiations were undertaken between the management of Cegetel and neuf telecom and the union organizations of both companies to define certain guarantees and to anticipate the consequences of the development of the new neuf cegetel group on labor relations.
- As part of the efforts to encourage and recognize its employees' commitment to civil society, **SFR** created a concept it calls "citizen-employee." For the first time, a company is recognizing its employees' involvement in not-for-profit associations by allowing them to spend up to 11 paid days annually working for such organizations. SFR grants a "citizenship time credit" to the employee, who is also entitled to paid leave that is not deducted from working time. The status of citizen-employee was defined in a company-level agreement signed on March 9, 2006 with trade-union and personnel representatives.
- As part of its modernization program begun in 2001, **Maroc Telecom** conducted the final phase of its voluntary-departure plan in 2005. A total of more than 3,300 employees of Maroc Telecom (915 in 2005) took advantage of the favorable conditions to carry out personal or business projects or to begin their retirement early.
- At **Vivendi Games, in France**, an agreement concerning organization of work teams involving creation of several new jobs was entered into by management and the trade unions. The overall staff of the business unit increased 128% over 2004.
- At **Canal+**, management's proposal involving an employee savings plan and additional employer funding was signed by all the trade unions on March 31, 2006.

## Vivendi's Charters

### Values Charter

Ethics, priority to the consumer, creation of value, teamwork, social responsibility, cultural diversity, creativity.

### Safety at Work Charter

This charter expresses Vivendi Universal's commitment to vigilance in regards to observation of workplace safety standards — standards set by the International Labor Organization or standards resulting from national legislation, when the latter provide greater protection.

### Fundamental Social Rights Charter

This charter reiterates the Group's resolute commitment to respecting fundamental rights as defined by the International Labor Organization: prohibition of child labor, prohibition of forced labor of detained persons or convicts, and prohibition of discrimination based on union membership.

### Supplier Relations Charter

This charter sets down the principles governing the process of purchasing for the Group's companies, to ensure the objectivity and the appropriateness of the selection of a supplier or service provider.

### Environment Charter

This charter enumerates Vivendi's commitments to promoting respect for the environment in all its business activities.

### Internet Confidence Charter

The Internet Confidence Charter sets down the principles to be followed and the concrete measures to be applied in the context of the Group's Internet activities.

## Whistleblowing

In application of the 2002 Sarbanes-Oxley Act (Section 301-4), companies listed on the New York Stock Exchange must have a "whistleblowing"\* program. This system has been the subject of debate in Europe and in France, where the French Data Protection Authority (CNIL — Commission nationale de l'informatique et des libertés) issued a guideline document on November 10, 2005 specifying the scope of whistleblowing systems, defining the categories of persons involved, and discussing the issue of anonymity of the whistleblower.

In 2006, Vivendi is continuing study and discussion of the requirements and recommendations for implementation of the system in collaboration with industry associations and with other private French companies who are subject to the same obligations. The Sustainable Development Committee is keeping its contacts informed on the progress of this process.

\* A professional whistleblowing system is a system implemented by a private or public organization, encouraging its employees to report issues that can affect its business or involve its responsibility in a serious manner. It does not supersede other existing information reporting channels (to managers, personnel representatives, account auditors, public authorities, etc.) that are not covered by the CNIL's guidance; it is complementary thereto.

A professional whistleblowing system can, for instance, take the form of a toll-free phone number or a specific e-mail address through which the reports made by whistleblowers reach specially trained individuals.

The system is then structured to organize a verification of the data collected in a confidential framework. It thus enables the employer to decide in full knowledge of the facts on measures to be taken to remedy the problem. (Source: CNIL)

# Choice based on skills

Skills and a sense of responsibility are at the heart of Vivendi’s recruitment and professional development policy. Choice based on skills means adopting diversity as a factor of competitiveness, making training a priority in aiding employees’ careers, and sharing skills and expertise within the Group.

## Diversity, a corollary of non-discrimination and a factor of competitiveness

After adopting a Fundamental Social Rights Charter in 1996, which reiterates the Group’s firm commitment to respecting the rights defined by the International Labor Organization, Vivendi expressly stated in its compliance program that **discrimination** based on sex, age, lifestyle, belonging to a specific ethnic group or nationality, disabilities, religious or political convictions, or trade-union membership **violates the dignity of persons and is contrary to the social policy the Group strives to promote.**

Vivendi’s position regarding discrimination has been clearly established. And its corollary, **diversity**, is a part of the Group’s values and is considered a factor of competitiveness.

Vivendi’s Sustainable Development department, which since 2003, has set up Sustainable Development committees in which the business units and Corporate departments participate, regularly includes the topic of diversity on its agenda in order to identify and share best practices.

### Canal+ Group

The Canal+ Group is one of forty French groups who signed a **Diversity in the Company Charter** on October 22, 2004. Canal+ Group’s signing of the charter demonstrates its commitment to representing society in all its richness and diversity.

Through the contributions of its journalists, the regular appearance of a variety of commentators and guests, and its news, sports, film, and music programming, the Canal+ Group’s broadcasting has always reflected the values of integration, solidarity, and respect for diversity of national origins and cultures. The Canal+ Group itself reflects that diversity in its employees, without the need for establishing percentages or quotas. Statistics on gender, which are legal in France, show the significant presence of women in positions of responsibility (see table below).

## Representation of women in the Vivendi Group

Percentage of women in:	Canal+ Group	Universal Music Group	Vivendi Games	SFR	Maroc Telecom	Corporate
total Group employees	50%	45%	21%	54%	22%	54%
management	42%	39%	21%	35%	26%	45%
senior management	17%	0%	25%	0%	14%	0%

The team of graphic artists working in the video games on mobile devices division of Vivendi Games. Created in March 2006, this new division is located in the Paris region, and includes a wide diversity of employees, which contributes to stimulating the game developers’ creativity.



**Universal Music Group – United States**

In the United States, in the early 1990s, **Universal Music Group adopted a training program called “Respectful Workplace Training.” The program aims to raise employees’ awareness of and respect for differences, along with the importance of the full realization of an individual’s potential in the workplace.** The training course is made available to employees every two years. In 2004, 1,600 employees took the course, and the goal for 2006 is to train the entire workforce of 2,500 people.

The program’s four goals are: defining the employee’s role in creating a respectful work climate; understanding when and why behavior may be inappropriate or illegal; sensitivity to the effects of harassment on people and teams; identifying resources and tools that employees may use when addressing problems in the workplace.

This program is intended to better adapt life in the workplace to the changes that have taken place in society: integration of minorities, the roles of women, the impact of technology, new styles of management, etc. It informs employees about legislation in force and internal rules of conduct regarding non-discrimination and encourages them to share their own experiences and concerns.

**Vivendi Games**

The diversity of Vivendi Games’ employees is an advantage for the creation and development of video games around the world. **This is why the commitment to the diversity of profiles and talents is the backbone of Vivendi Games’ recruiting and professional development policy.** This policy is aimed not only at retaining and aiding teams within the company, but also at spotting potential future employees in the game industry.

The success of the massively multiplayer online role-playing game *World of Warcraft*, with 6.6 million players as of April 2006, is a good illustration of this need. Launched in the United States, Australia, New Zealand, South Korea, Europe, China, Singapore, Taiwan, Hong Kong, and Macao, this game—played exclusively online via broadband Internet connection simultaneously with thousands of other players who are also connected—requires developers, technicians, and “Game Masters” who can adapt to the extreme diversity of players.

In France, the Vivendi Games team demonstrates that diversity of cultures, as can be seen in the table below on breakdown of hirings by nationality.

**SFR**

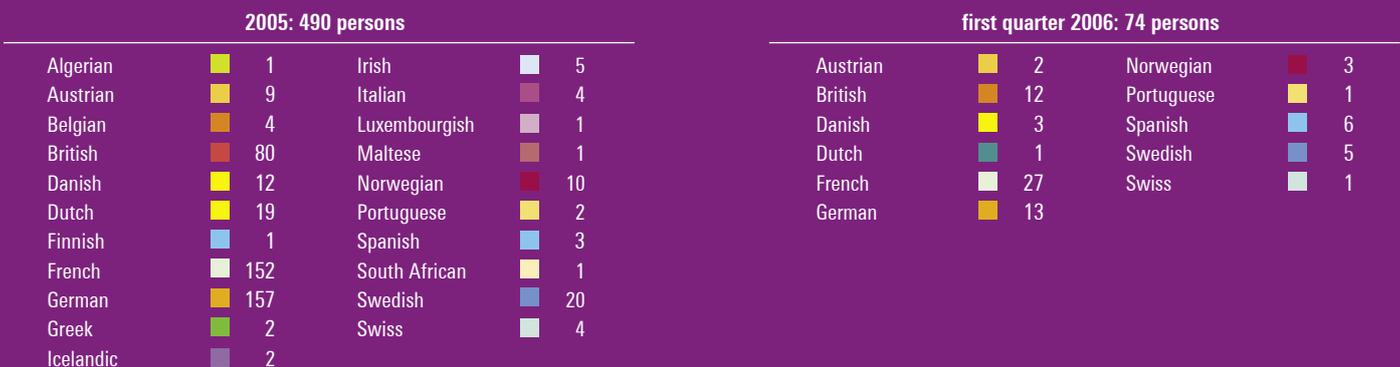
In spring 2006, SFR renewed its three-year company agreement, first entered into in 2002, to promote hiring of disabled workers. In addition to an objective of 7% in the recruiting flow for disabled persons, **the agreement provides for a “disability mission” in charge of all actions involving the integration of disabled employees.**

This mission works in permanent liaison with recruiting agencies, schools, and human resources teams to identify jobs to be filled. All openings in the company are potentially open to disabled employees recruited on the basis of their skills.

The disability mission facilitates the adaptation of work stations and monitors the integration of the persons recruited. **In 2005, 104 employees took advantage of specific disability awareness training modules.** Also, ongoing partnerships were developed with the protected sector, representing a total amount of €475,000 in 2005.

Diversity in recruiting at Vivendi Games in France

Breakdown of hirings by nationality



## Supporting employees

Vivendi conducts a training policy aimed at giving its employees opportunities to acquire and strengthen the skills necessary for attaining their goals and advancing their careers. Training needs and preferences are surveyed regularly and discussed by management and employee representatives, as well as during the annual individual assessment interview with each employee. The percentage of the payroll devoted to training in the Group is well above the legal minimum in France.

### Vivendi SA

Vivendi SA management has chosen to give all its employees, including management, training in the annual assessment interview process simultaneously. This training, received by 80% of head office employees, was organized in the form of joint sessions that allowed participants to mix regardless of their status in the company.

**This innovative approach**, which breaks with the tradition of reserving training in the assessment interview process for managers, **has encouraged transparency and implementation of common guidelines**. The same information and the same messages were sent to all employees; in this way, managers and employees each contribute to improving the atmosphere and the content of the interviews, improving their effectiveness. Mixing the participants also enriches discussion with the contributions of the managers taking part. This approach has encouraged the development of best practices.

An evaluation of the assessment interviews campaign will be carried out at the end of the first half of 2006. It will identify areas for improvement and additional resources and aid in better targeting advanced training modules based on the feedback.

Vivendi's support to its employees is particularly active in the business units in telecommunications, a sector exposed to rapid technological change and increasing competition, and Canal+, with its commitment to High Definition (HD) television.

### SFR

In a context of the stabilization of its staff (8,033 employees as of December 31, 2005) and after a period of intense growth which led to a tenfold increase in the number of employees in ten years, SFR is implementing a human resources policy aimed at giving all employees the possibility of building their own career in harmony with their personal life goals.

This approach has led to major investments in implementing the Individual Right to Training (DIF – Droit Individuel à la Formation) legislation. SFR has developed training modules designed to help each employee make a career assessment: 673 employees, 9% of the company's total staff, took advantage of their individual right to training.

**SFR, working with trade-union and personnel representatives, has also been preparing for the deployment of a predictive jobs management program aimed at encouraging adaptation of employees' skills to changes in their working environment**. This is taking place in the current context of major changes in the uses and techniques of mobile communication. This adaptability is also being promoted by the implementation, in February 2006, of "*Espaces Métiers*" providing ideas and information on the company's business areas, possibilities for training, and changes in the sector and in the job market.

### Maroc Telecom

**MassaRH** is the name Maroc Telecom chose for its employee skills development program. *MassaRH*, in French, is a contraction for "Management des savoirs R(essources) H(umaines)" ("Managing human resources knowledge"), and in Arabic means "the way, the path."

Expanding human capital **by encouraging employees to develop skills and reach their professional goals** ensures growth for the company over the long term, and that is why the Moroccan operator has implemented this program, which completes the vast modernization program launched in 2001.

Human resources management experienced the strong dynamic with the implementation of employee assessments in 2002, computerization of human-resources management, job classifications, the adoption of internal regulations in 2003, the signing of a collective agreement in 2004, and then the deployment of *MassaRH* in 2005. This program allows employees, along with their managers, to assess their skills, define a plan of action, and measure progress made via annual interviews and follow-up meetings.

### Canal+

Since April 2006, Canal+ is accessible via satellite in high definition (HD). **The move to HD has been accompanied by a vast training program that benefited all the technical personnel (140 employees)**.

Canal+'s choice of HD has major impacts on all the television business areas (production, cinema, programming, sports, news, etc.). Thus, it is in this context that Canal+, within its corporate university Campus+, is developing training modules internally to make all employees aware of this exciting technological adventure.



In 2006, Canal+ is continuing a vast training program to develop the skills of its employees who are dealing with major technological change.

Opposite: Canal+ Group's digital distribution center, which is in the process of encoding the services offered as part of the mobile-television experiment (see page 22).



Maroc Telecom hosts a meeting of human resources managers in Rabat, September 30, 2005. From left to right: Mohamed El Bachiri, Director of Human Resources Administration, Maroc Telecom; Isabelle Michalak, Director of Human Resources Development, Maroc Telecom; Annie-Mireille Perrier, Director, Recruiting and Mobility, Vivendi; Catherine Godard, Human Resources Director, Universal Music France, Antony; Dominique Fougerat, Director, Skills and Talents, SFR; Myriam Verstraete, Assistant Human Resources Director, Universal Music France, Antony; Mathieu Peyceré, Vice-President, Human Resources, Vivendi head office; Lahousseine Digoulay, Executive Vice-President, Human Resources, Maroc Telecom; Catherine Pelard, Director, Mobility and Careers, Canal+ Group; Pierre Allain, Executive Vice-President, Social Affairs, Vivendi; M'Hammed Rhazlane, Executive Vice-President and Advisor to the Chairman of Maroc Telecom.

### Sharing skills and expertise

Vivendi is developing internal sharing of expertise by continuing its policy of mobility and exchanges with subsidiaries.

#### The Human Resources department at Vivendi brings together the contact persons for all the subsidiaries six times a year through their mobility network.

These meetings are hosted by each of the five business units (Universal Music, Vivendi Games, Canal+ Group, SFR, Maroc Telecom) and by Vivendi's Corporate office.

The agenda of these meetings routinely includes job perspectives in the business units, individual mobility requests, and collective issues such as management of employment preservation plans.

During 2005, the merger of Cegetel and neuf telecom was monitored closely. Two social safeguard agreements signed prior to the implementation of an employment preservation program succeeded in adapting Cegetel's workforce without firings, on a strictly voluntary basis, including the transfer of one hundred employees to the SFR teams.

These meetings of the mobility network also serve to broaden discussion to include complementary topics, including skills development. Training officers in the business units were invited to present their expectations regarding the implementation of the Individual Right to Training. Framework agreements on training are planned so that smaller entities within the Group can benefit from advantageous conditions.

The mobility network, which is composed of about twenty members, is backed by some one hundred internal recruiters in France and an intranet application called "Invivo," which lists all of the open positions, in all categories, at the Corporate level and in Vivendi's business units. Employees wishing to find a new position within the Group can view the internal job offers and apply directly with the recruiting company. Employees can also find practical advice for progressing professionally within the Group while browsing the site. To facilitate job changes within the same business unit—telecommunications, music, audiovisual, video games—or to make it possible to move from one business unit to another, the Group and its companies have made commitments that can be read about in detail by clicking on "Invivo Netique." These commitments are outlined in a document intended for all Human Resources departments in the various Group companies. It details the legal rules to be applied for transfers from one company to another.

Thanks to strengthened procedures for publishing job openings and better definition of the job profiles available in the Group, 650 employees took advantage of the mobility program in 2005, either within their own company or in another of the Group's business units.

## Breakdown of employees in the Group as of December 31, 2005

### by geographical area



### by business unit



# Outreach to the next generation

Vivendi operates in business sectors that are in constant change. As a responsible company that also needs to regenerate itself with new skills, Vivendi is making special efforts to reach out to the next generation. This commitment is illustrated through its use of apprenticeship, the recruitment of young employees contributing to the enhancement of knowledge and expertise, and its integration of young men and women from disadvantaged areas.

## Apprenticeship

### The Apprenticeship Charter

On June 7, 2005, Vivendi signed the Apprenticeship Charter along with several other CAC 40-listed companies. The term “apprenticeship” is taken to mean all the legislative measures related to dual-education work contracts, including apprenticeship contracts and professionalization contracts.

The signing companies feel that they have a responsibility in training that goes beyond their own needs, and that it is up to them to contribute to strengthening the actions taken by the public authorities in this key area. The commitments in the Charter are:

- to take on apprentices and students at all levels on an alternance (dual-education) basis;
- to increase their number by 20% in two years;
- to respect cultural and ethnic diversity in recruiting.

In March 2006, nine months after signing the Charter, **Vivendi had already doubled the objective of 20%**, with a total of 203 apprentices in the Group compared to 162 in 2005.

### Internships

Internships, which do not come under the Charter but are nonetheless a form of apprenticeship, are governed by strict criteria at Vivendi SA. Students, whether continuing or ending their studies, must obtain an internship agreement from their schools. Interns at Vivendi SA are paid between 30 and 110% of the minimum wage (1,218 euros per month as of March 31, 2006), depending on their educational level.

**In 2005, the Vivendi head office welcomed 43 interns. The average duration of the internships was three and a half months.** Following their internships, 12% of the interns were hired – 60% directly under permanent contract and 40% who obtained permanent contracts after an initial period under fixed-term contract. Interns perform jobs that give them qualifications for future employment.

Beginning in June 2006, they can evaluate their experiences by completing a detailed questionnaire used by the Human Resources department to assess whether the internship met their needs and expectations.

## Attraction

**In a Group where the business sectors are exposed to continual upheavals in uses and techniques, young employees are indispensable as a channel for enhancing skills and know-how.**

### Maroc Telecom

As part of the “*Initiative Emploi*” forum piloted by the Moroccan government, **Maroc Telecom signed a framework agreement covering five years (2005-2010) in which the operator commits itself to participate actively in creating jobs.** Maroc Telecom provides opportunities for young graduates and young unemployed people to embark on a career through its distribution network for products and services.

In exchange for premises in which to operate and a contribution of 2,500 dirhams (the equivalent of 230 euros), **Maroc Telecom provides young people with the necessary infrastructure** (telephones, telecommunications lines, products, etc.) for developing telephony and Internet sales offerings aimed at the population. In partnership with Morocco’s National Employment Promotion Agency (Agence nationale de promotion de l’emploi et des compétences – ANAPEC), which finds and selects candidates and provides them with general training in such skills as accounting management, **Maroc Telecom provides the technical and sales training needed to run these telecommunications *téléboutiques*.** The training is handled by the operator at the regional level in dedicated training units. These units provide the young entrepreneurs with two days of orientation each week to familiarize them with Maroc Telecom’s customer policy.



Vivendi Games Europe is engaged in several partnerships, research contracts, and apprenticeship contracts with design, graphic arts, programming, and other schools in order to reach out to the next generation and recruit talented enthusiasts of the new uses related to the burgeoning video-games market.

With *Passeport Ingénieur Télécoms*, created in 2005 in partnership with France's Education and Employment Ministries, SFR became the first French company to make a commitment with the public authorities to an equal opportunity program giving students from disadvantaged urban areas access to engineering schools.



In its deployment of the *téléboutiques*, Maroc Telecom strives to encourage hiring of disabled persons. The operator makes the infrastructure necessary for opening a *téléboutique* available to disabled candidates free of charge.

Maroc Telecom's objective with this agreement is the creation of 10,000 jobs (including two jobs per *téléboutique* opened) by 2010 (600 projects and 1,200 jobs in 2006). During the two first months of implementation, November and December 2005, Maroc Telecom surpassed the interim objectives, supporting 800 projects resulting in the creation of 1,600 jobs.

**Vivendi Games**

The development of new video-game practices related to the growth of the new technologies has led Vivendi Games to recruit numerous young employees and define new job profiles. Vivendi Games' European structure illustrates this achievement.

The international success of the massively multiplayer online role-playing game *World of Warcraft*—whose number of players more than quadrupled in one year, from January 2005 to January 2006—has led to the recruiting of Game Masters. The Game Masters step in at any time, 24 hours a day and 7 days a week, to assist players in resolving difficulties, whether technical incidents or problems related to improper behavior on the part of other players (see page 42). In Europe, where the number of subscribers surpasses one million, more than 300 Game Masters were hired in 2005 within the team based in the Paris region.

The creation of a new Vivendi Games entity in March 2006 dedicated to video games on mobile devices and based in France, near Paris, is contributing to the creation of new jobs especially suited to young people (see below).

**Integration of young people from disadvantaged areas**

By launching its *Passeport Ingénieur Télécoms* program in March 2005 in partnership with France's Ministry of Education and Employment, SFR became the first French company to make a commitment with the public authorities to an equal opportunity program giving students from disadvantaged urban areas priority for training as telecommunications engineers.

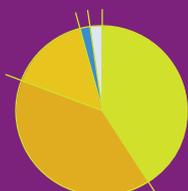
The program provides assistance for the students from the time they prepare to take the qualifying examination through their entry into the job market. This assistance is provided by SFR employees serving as tutors who facilitate the student's access to the company (introduction to the business activities, internships, visits to sites, etc.), provide career orientation (assistance with research projects, preparation for interviews, etc.), and help them build a network of contacts. Some students also qualify for scholarships from SFR.

In 2005, its first year of operation, *Passeport Ingénieur Télécoms* involved 145 students selected from all over France, 22 industrial technology preparatory programs (*Adaptation technicien supérieur – ATS*), 11 engineering schools, and some 100 tutors from SFR's management personnel.

**Employee recruiting at Vivendi Games in France**

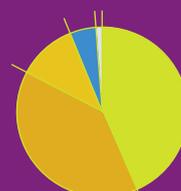
**Breakdown by age group**

in 2005



ages 18 to 25	41%	199
ages 26 to 30	40%	197
ages 31 to 35	15%	73
ages 36 to 40	2%	11
ages 41 to 50	2%	10

first quarter 2006



ages 20 to 25	43%	32
ages 26 to 30	39%	29
ages 31 to 35	11%	8
ages 36 to 40	5,5%	4
ages 41 to 50	1,5%	1



# Societal responsibility



**Sarah Frank**

Member of the Vivendi Supervisory Board

**“In my capacity as a member of the Supervisory Board and of its Strategy and Human resources Committees, I have been impressed by the extent of Vivendi’s commitment to fully integrate its sustainable development policies throughout the Group. All public companies today have a social responsibility policy, but it seems to me that Vivendi has gone further than most with its approach to sustainable development.**

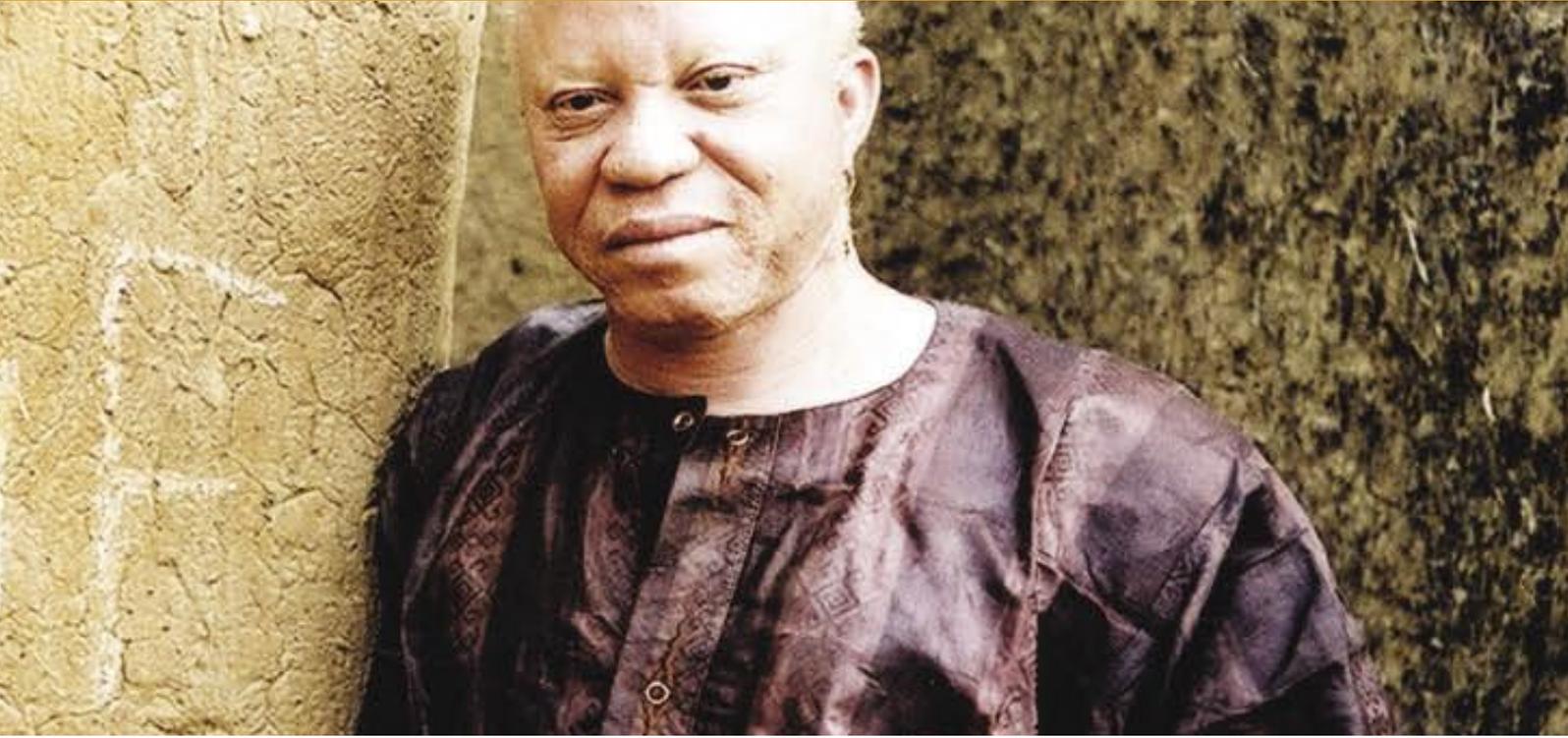
**As a leader in media and telecommunications, Vivendi’s policies properly demonstrate real awareness of and responsiveness to the sustainable development issues that are specific to all business units, and in particular the production and distribution of content: delivering quality content, promoting cultural diversity, protecting minors. This adherence to strong sustainable development puts the Group in a better position to capitalize on the benefits of responsible business practice in all the sectors in which it operates.”**

More than **4,000** artists  
under contract with Universal Music Group  
around the world

At December 31, 2005

More than **700** game titles  
in the Vivendi Games catalogue

**51%** of first  
and second French-initiative films  
received a contribution from Canal+



Malian author-composer-singer Salif Keita, a Universal Music Jazz France artist, has created a foundation to aid albinos, who are rejected by African society and often denied access to medical care. Salif Keita was the selected national spokesman of the Africa 2015 initiative launched by the United Nations Development Program (UNDP) to mobilize populations around the UN Millennium Development Goals (UMD) project.

Analyzing the societal responsibility of a group like Vivendi, which produces and distributes content, means going beyond responsibility to customers to consider the impact of the Group's activities on society as a whole. Giving present and future generations the means to satisfy their curiosity, attracting and fostering local talent, promoting diversity of content and artistic expression, encouraging openness to others, protecting minors, and strengthening social ties are all guiding principles of Vivendi's sustainable development policy.

**page 36** Promoting cultural diversity

**page 40** Sharing knowledge

**page 42** Protection of minors

**page 44** Social ties

640,000 euros

donated to La Voix de l'Enfant  
association by SFR

293 million pages viewed

on the Menara Web site, Maroc Telecom's portal

# Promoting cultural diversity

Cultural diversity “is a mainspring for sustainable development of communities, peoples and nations,” the UNESCO General Conference stated in its Convention on the Protection and Promotion of the Diversity of Cultural Expressions, adopted on October 21, 2005 in Paris. Vivendi shares that vision and has made cultural diversity one of the guiding principles of its responsibility to society.

## Strengthening production capacities: Supporting talent in Mali

In 2005 Vivendi joined with UNESCO as part of **the Global Alliance for Cultural Diversity**, an initiative of UNESCO aimed at supporting the development of cultural industries and combating piracy in developing countries and countries in transition.

Strengthening production capacities **by promoting local talent and implementing training and exchange programs** is an integral part of Vivendi’s mission.

Vivendi, in partnership with UNESCO, is deploying a training program so that Le Moffou, Malian artist Salif Keita’s digital recording studio in Bamako, can become a force in making musicians in Mali and neighboring countries better known and appreciated. **The first training session took place in March 2006.** It gave three technicians the opportunity to get initial training or expand their knowledge of sound recording and mixing and to take part in recording an album by the young singer Doussou Bakayoko.

### Salif Keita

Malian singer-author-composer

“Mali has a wealth of talent, but if young people are to get involved in a musical career, they need assistance and support and a place where they can produce their albums, and they also need to be able to make a living from their music by receiving royalties from their work, which is why we have to fight piracy.

Until now my studio, Le Moffou, which is equipped with the newest technologies thanks to the support of Universal Music Jazz France, has lacked skilled personnel. The training program launched by Vivendi in partnership with UNESCO is an extraordinary opportunity. It will let young people learn the trade of sound engineer. Le Moffou will then be able to welcome a large number of artists and become a real cultural crossroads for West Africa.”



Le Moffou, Salif Keita’s studio in Bamako (Mali): The first training session for sound technicians, in March 2006, part of a partnership between Vivendi and UNESCO.

### Daniel Richard

Director of Universal Music Jazz France

“Universal Music is the only ‘major’ with a specific label devoted to jazz today in France. We’re tremendously lucky to be able to work in total freedom while also belonging to a major label, which lets us share certain services. At Universal Music Jazz France, we have twenty-two artists under contract with whom we love making music. We sign contracts for two or three albums with them. We take risks producing artists who may not be commercially successful in the short term, but who will be making a contribution to the heritage of jazz in a few years.

Our business is also to continue infusing life into our catalogue, which includes more than two hundred artists, and to make the most of the extraordinarily rich fund of material it represents—for example by creating anthology products like the “Jazz in Paris” collection, which has been very successful.”

Universal Music Jazz France, a subsidiary of Vivendi which produces albums by Salif Keita, contributes to this project through very concrete actions, including: financing digital equipment for the Moffou studio, recruiting trainers (French sound engineers), and spotting local artists. UNESCO received funding from Spain's Agency for International Cooperation for the launch of this training program.

Vivendi's goal is to organize a festival in Bamako at the end of this annual program. The festival would contribute to promoting young local artists whose albums would then be recorded in Salif Keita's studio.

### Encouraging diversity in musical repertoires

Among Vivendi's business units is the Universal Music Group, the world's leading music company in terms of market share with 25.6% of album sales in 2005. UMG is also a world leader in digital music. This puts the Group in a position to foster artistic creation and promote local artists throughout the world.

Through the richness of its repertoire, **UMG encourages the exchange of cultural expression and access to a diverse range of artistic content** as reflected by the following indicators:

- Number of artists under contract with UMG worldwide: more than 4,000, the majority of whom express themselves in their native language.
- Number of countries where UMG is present: 75.
- Number of labels brought together under the major label: more than 50. Among the best known are: AZ, Barclay, Decca, Deutsche Grammophon, ECM, Geffen Records, Interscope Geffen A&M, Island Def Jam Music Group, Lost Highway, Machete Music, MCA Nashville, Mercury Nashville, Mercury Records, Philips, Polydor Records, Universal Motown Records Group, Universal Music Latino, Verve Music Group.

- Diversity of local and international repertoires: jazz, classical, rap, pop, rock, hip hop, Latin music, gospel, country, etc.
- Number of titles owned or administered by UMG's publishing group: over one million.
- Number of Grammy Awards won by all UMG labels in 2005: 40, the largest number in the industry, representing a broad range of musical genres.
- Number of "Victoires de la Musique" awards won in 2005 by Universal Music France: 8 out of 15, including the award for best World Music album with Algerian singer Souad Massi.

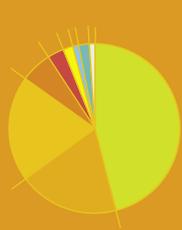
UMG is dedicated to introducing and to promoting new musical genres, and founded Machete Music in 2005 for this purpose. This label, entirely dedicated to the burgeoning market for urban Latin music, including rap, hip hop, and the brand-new reggaeton movement, is a first for a major label.

New information and communication technologies that are fueling new forms of music consumption, such as paid downloads on the Internet and sale of music on cellular telephones, are **a superb vehicle for promoting UMG artists, including local talents in developing countries.**

Since 2005 UMG has had its own music network, The International Music Feed. This network broadcasts video programs devoted to artists from around the world, 24 hours a day. It is the only network in the United States that presents international talent alongside American performers. Many of the artists seen on the network are UMG artists.

## Diversity in music repertoires

Breakdown of Universal Music Group's revenues for 2005 by musical genre



### France

French easy-listening	46%
International easy-listening	19%
Compilations	20%
Classical	6%
Jazz	3%
Movie soundtracks	2%
Rap/R&B	1%
World/Reggae	2%
Techno/Jungle/House	1%



### United States

Rock	23%
Pop	17%
Rap/Urban	22%
Country	9%
Latin music	15%
Movie soundtracks	3%
Classical	3%
Jazz	2%
Other	6%

## Promoting diversity of cinematic expression

**Diversity of cinematic expression is an issue that particularly concerns the Canal+ Group.** The Canal + Group's concern for this issue can be evaluated in two main areas: financial support and editorial programming.

As regards financial support, promoting diversity is an integral part of Canal+'s commitments to cinema industry organizations (see box below). Three indicators reflect this commitment to diversity:

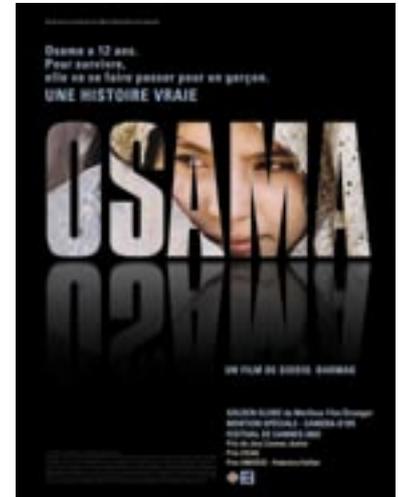
- Canal+'s financial support to young creators who are making their first or second film. In 2005, Canal+ financed 35 of the 69 first films (51%) and 18 of the 34 second films (53%) among the French-initiative films approved by the CNC (Centre national de la cinématographie).
- The nationality criterion for cinematic works pre-purchased or purchased by the channel. In 2005, Canal+ financed 106 of the 187 French-initiative films approved by the CNC and 14 of the 53 minority co-productions listed by the CNC. (A French-initiative film is a film produced in its majority by a French production company, and a minority co-production is a film produced in its majority by a non-French company; in the present case the latter are essentially European co-productions).
- Canal+'s balanced investment in all film budget areas. In 2005, 54% of the films pre-purchased by Canal+ were *films d'auteur* whose projected cost was less than 5 million euros.

**This commitment to diversity is the foundation of the film offering (more than 90% of subscribers in 2005 recognized the diversity of cinema genres – films d'auteur, genre films, documentaries) and is one of the channel's added values, one that will not change with the planned combination with TPS set for late 2006 (see box below).**

As regards programming, Canal+ enriched its editorial offering in 2005 with the creation of two programming slots: *La Séance Découverte* and *La Séance Cinéma Indépendant*, both of which give television viewers the opportunity to discover foreign, innovative, and independent films.

**The Canal+ Cinéma channel**, launched in March 2005 within Canal+ Le Bouquet, also offers its subscribers some twenty films from around the world, never before seen on television, and sometimes even in cinemas. Most of these films received critical mention or won prizes at festivals: Cannes

Among the world cinema films offered by Canal+ Cinéma (launched in March 2005) was *Osama* by Sedigh Barmak. *Osama* is the first Afghan film ever shown at the Cannes Festival. Screened at the Festival in 2003 as part of the Quinzaine des Réalisateurs, *Osama* won a special jury mention. In 2004, *Osama* won the Golden Globe award for Best Foreign Film. The film was also awarded the Association of French Arthouse and Experimental Cinemas (Association française des cinémas d'art et d'essai – AFCAE) prize in 2003.



(*Uzak*, by the Turkish filmmaker Nuri Bilge Ceylan, *Osama*, by the Afghan Sedigh Barmak); Venice (*The Return*, by Russia's Andrei Zviagintsev; *Zatoichi*, by Takeshi Kitano); Sundance (*We Don't Live Here Anymore*, by John Curran); Cognac (*Box 507*, by Enrique Urbizu); Deauville (*Long Way Home*, by Peter Sollett and *What Alice Found* by A. Dean Bell); Annecy (*Oseam*, a Korean film by Sung Baek Yeop; *Mari Iyagi*, by Lee Sung-Gang).

A 100%-owned subsidiary of the Canal+ Group, **StudioCanal**, a major player in France and Europe in film financing, acquisition, and distribution, also contributes, along with Canal+, to the commitment to diversity. Approximately 600 screenplays are read every year by the StudioCanal teams in an effort to build a **production policy that reflects all aspects of world cinema**. In 2005, StudioCanal worked with 18 French producers and 15 non-French ones in 12 different countries on all continents.

## Canal+'s commitments

Canal+ made the following commitments in an agreement entered into with the French film industry organizations that took effect January 1, 2005 for a term of five years:

- to devote 17% of its obligation to acquire cinematic works originating in the French-language to films with a projected budget of less than or equal to 4 million euros;
- to contribute to financing a wide variety of films, balancing its participation among all the different levels of budgets;
- to devote at least 9% of its revenue to the acquisition of French language films as part of its obligation of devoting 12% of its revenue to acquiring European works.

Manuel Alduy

Director, French film acquisitions, Canal+

“Since its founding, Canal+ has always supported diversity in the cinema (support to young filmmakers, variety of genres and nationalities, support to small-budget projects). The planned combination with TPS will not call into question that policy of support to content for two essential reasons: because it is one of”

Maroc Telecom contributes to preserving cultural and artistic heritage by supporting several festivals where groups like Tagada, a Moroccan ensemble of stage and popular-arts performers, regularly appear.



There is diversity of origin, but also of content. StudioCanal's co-productions and acquisitions include comedy (*Les Poupées Russes* by Cédric Klapisch) and genre films (*Anthony Zimmer* by Jérôme Salle, *The Interpreter* by Sydney Pollack) and the work of experienced filmmakers (*Million Dollar Baby* by Clint Eastwood) alongside films by young creators. StudioCanal devotes a large share of its investments to first films: 16 out of the 47 that were co-produced or purchased in 2005.

**StudioCanal ensures that this diversity benefits the widest possible audience through its worldwide marketing of its catalogue. With more than 5,000 titles and 55 countries of origin represented, it is one of the most extensive film catalogues in Europe.** In 2005, StudioCanal films were sold to television outlets in 79 countries and marketed in video form in more than 30.

**In its role as ambassador of the Seventh Art, the Canal+ Group is also associated with several major cinema events,** including many festivals in France (Cannes, Clermont-Ferrand, etc.) and in Poland, where the Group has been present since 1995 (see box below).

## Promoting heritage

As the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions states, "cultural diversity forms a common heritage of humanity and should be cherished and preserved for the benefit of all." Groups like Vivendi can **contribute to the preservation and promotion of this cultural heritage so that it can be handed down to future generations.**

Accordingly, **in Portugal, Universal Music** has committed itself to supporting its artist Carlos do Carmo, who, in partnership with UNESCO, is working to preserve Fado. UMG Portugal is making its archives of Portuguese traditional music and popular song available to the artist.

**In South Africa, Universal Music** is also preserving the country's rich linguistic (eleven official languages) and cultural heritage by producing artists whose repertoires range from the most modern rhythms to traditional African dance and gospel music.

**StudioCanal**, a 100% subsidiary of the Canal+ Group with the largest catalogue of films in Europe, devotes 5% of its yearly investments to preserving and maintaining this priceless heritage. This is a major effort that involves both restoration of films (StudioCanal has "saved" *La Grande Vadrouille*, *Le Roi et l'Oiseau*, and *l'Armée des Ombres* among others), digitization of media to optimize use and distribution of films on new media (video on demand, mobile television, etc.), and internationalization of the catalogue (subtitling or dubbing of all films for various countries). In 2005, StudioCanal produced 262 subtitled versions of 80 films and dubbed more than 60 into six different languages.

**Maroc Telecom** also has an active policy of support for preservation of artistic heritage, in particular music. The Moroccan operator is a partner in several festivals, such as the Fes Festival of World Sacred Music, the Casablanca Festival, the Amazigh Mediterranean Festival in Tangiers, and the Rabat Festival.

## Canal+ Cyfrowy, Poland

In Poland since 1995, the Canal+ Group continues to contribute to the development of cultural diversity by investing substantially in production and also in promotion of the cinema.

Since the beginning, Canal+ has been an institutional partner of the Gdynia Festival of Polish Feature Films. In addition to direct financial support, the network organizes events and special broadcasts during the festival.

Canal+ is also a financial and media partner of the Era New Horizons Film Festival in Cieszyn, which focuses on independent artistic production from around the world.

Canal+ has also been involved for several years in support for the Koszalin Festival of Film Debuts, awarding prizes, as in 2005 to Eléonore Faucher, for her feature film *Les Brodeuses*.

Ale Kino (a cinema channel created in Poland by Canal+ Cyfrowy) is also co-organizer of the Ale Kino Films of the World Festival, whose goal is to illustrate the diversity of world cinema. This festival was awarded the "Audience Inspiration" prize by the readers of Poland's leading daily newspaper in the category of memorable events of the year 2005.

# Sharing knowledge

Evaluating the "intellectual footprint" of the Group's business activities on society is part of Vivendi's responsibility as a producer and distributor of content. Maintaining high quality standards, encouraging public awareness about issues of sustainable development, and developing dialogue between cultures are goals Vivendi energetically pursues. The Sustainable Development department is leading the process and regularly invites its business unit representatives to take part in discussing this issue.

## Delivering quality content

Technological developments are adding to the resonance of the content distributed by providers like Vivendi. Satellite, DSL, digital terrestrial television, mobile telephony, etc., are all channels for distribution of information. The responsibility to deliver quality content is incumbent on media companies who send out information to wider and wider audiences.

**The Canal+ Group** is particularly aware of its responsibilities. The obligation to produce quality applies to film (see above: in 2005, more than 90% of subscribers recognized the quality of the films it broadcasts) and news programming. Canal+'s editorial policy has three guiding principles: **diligence, clarity and realism in dealing with topics; respect for pluralism and independence; and inclusion of an international point of view.** This policy concerns the Group's news, investigative, and other programs (*Le Journal, La Matinale, Lundi Investigation, 90 minutes, i>télé*, programs on the thematic channels, etc.)

**The international vision was strengthened in 2005 to make television viewers aware of how information is dealt with by the major media in other countries and extend their knowledge of how editorial approaches to current events differ.**

In line with this objective, constructive approach, the channel is offering a new series of documentaries, *Ne dites pas à ma mère que je suis...* ("Don't Tell My Mother I'm..."). The series includes four special programs annually, and offers viewers a chance to learn about the daily life of women and men who live in countries experiencing war or crisis. The reporting is a mixture of seriousness and a lighter approach, to show that life continues despite the obstacles. The first of these documentaries, broadcast in May 2006, was devoted to Afghanistan.

**Maroc Telecom**, with its generalist information and service portal Menara, is also committed to this requirement for quality content. **Menara is the first bilingual (French-Arabic) Web portal in Africa.** Between 2003 and 2005, the number of pages viewed on the site increased from 80 to 293 million yearly, and the number of visits increased from 11 million to 38 million.

Menara is a privileged access point to national and international information. An editorial team made up of journalists and content managers updates the news section of the portal seven days a week. Content is broken down into several thematic areas: politics, the economy, Maghreb, the world, technology, children, etc. The editorial team is constantly attentive to the concerns of users, including those who connect from countries other than Morocco, and continually enriches the content offered with new topic areas.

## Fostering awareness of sustainable development issues

Both in the content it distributes and in the awareness efforts it implements, the resources deployed by Vivendi to foster understanding of sustainable development issues are aimed at an ever-growing public.

**The Canal+ Group** has taken on the mission of contributing to current debates by expressing positions on themes that are at the core of these concerns. Respect for human rights is central to many news stories and special programs, such as the commitment made to the Ni putes ni soumises association. For the second year, Canal+ devoted an entire day to the **struggle carried on by Ni putes ni soumises to increase public awareness of violence against women.**

Since autumn 2005, *i>télé*, the Canal+ Group's all-news channel, has been accessible free of charge on digital terrestrial television (DTT), making it available to a broader audience. *i>télé* is the leading French continuous-information channel, with its on-air time divided between news and discussion programming. Since April 2006, *i>télé* has offered a **new citizenship magazine, *Engagés***, devoted to non-governmental and charitable organizations.

Contributing to awareness of the need to protect the natural environment is also among the Canal+ Group's initiatives and in particular its channel **Planète**, also accessible via DTT. **As France's leading documentary channel**, Planète has been informing its audience about environmental issues since 1988 by programming numerous documentaries (see below).



## Biotiful Planète

Planète has joined with the WWF, Prodom (a subsidiary of Media Overseas, a wholly-owned subsidiary of Canal+ Group), and Gédéon to produce a series of three *Biotiful Planète* documentaries devoted to the threat posed by human activity to the rich biodiversity of Overseas France (French Guyana, Réunion, Mayotte, and New Caledonia). The series was broadcast during Sustainable Development Week (May 29 - June 4, 2006) with the support of the Ministry of Ecology and Sustainable Development, the Ministry of Overseas Territories, and the Ministry of Tourism.

Driss Jettou, Morocco's Prime Minister, visits Vivendi's sustainable development exhibit at the World Summit on the Information Society, held under the aegis of the United Nations in Tunis in November 2005. At the Summit, Menara Junior, the special children's area of Maroc Telecom's Menara portal, was designated as one of the best e-content projects. From left to right: Amine Trabelsi, Fixed-Line and Enterprise Networks Department, Maroc Telecom; Kamel Okba, CEO of Casanet, a Maroc Telecom subsidiary; Driss Jettou, Prime Minister of Morocco; Pascale Thumerelle, Vivendi's Vice-President of Sustainable Development; Rachid Talbi El Alami, Minister-Delegate to the Prime Minister in charge of economic and general affairs.



In order to raise public awareness of causes such as children's rights, the struggle against hunger, solidarity against AIDS, disability, crisis situations, etc., the Canal+ Group gives free advertising time (3,000 spots in 2004, 3,200 in 2005) to non-governmental organizations, foundations, and international institutions like UNICEF, Action contre la Faim, the World Food Program, Handicap International, and others.

**SFR**, which for many years has been committed to the causes of disability and protection of children, has broadened the scope of its efforts to also include environmental issues.

**SFR was the first French operator to implement a large-scale program of collecting and recycling used mobile phones at all its points of sale. In 2005, nearly 60,000 cell phones – 76% more than in 2004 – were collected in the 675 "Espace SFR" outlets throughout France.** Depending on their condition, they were recycled or reconditioned for sale in emerging countries where mobile telephony can contribute to hastening development. Proceeds from the sale of reusable cell phones cover the entire cost of the collection system and leave surplus revenue that is donated to La Voix de l'Enfant (see page 44). The telephones collected in 2005 will generate a donation of 400,000 euros to La Voix de l'Enfant.

Since 1999 **Maroc Telecom** has been carrying on a program to promote protection of the environment. As part of the program and in partnership with the Mohammed VI Foundation for Environmental Protection, **Maroc Telecom takes part each year in the "Clean Beaches" operation.** The goal is to see the Blue Flag, a European label recognizing such factors as water quality, cleanliness, arrangement and management of the site, safety, information for visitors, etc., raised on the beaches of Tangier and the surrounding area. Maroc Telecom finances the infrastructure and cleaning of the beaches: renovating or building restrooms, installing lighting, paying cleanup teams, etc.

Since 2002, and in line with its support for "Clean Beaches," Maroc Telecom has used a series of summer events on beaches to promote awareness of environmental issues. The program is a way for Maroc Telecom to reach a wider population within the Kingdom **by offering events devoted to education on environmental protection** and respect for public spaces. Children take part in instructional programs in the form of waste-recovery workshops.

## Developing North-South dialogue

Responsiveness to the issue of increasing dialogue between the cultures of the South and North is progressing thanks to better coordination of the different players within the Vivendi Group.

This dialogue is encouraged by the **Canal+ Group** through its channel **Canal+ Horizons**, Canal+'s channel for the African continent, and thanks to *i>Afrique*, a broadcast on Africa offered by the news channel i>télé. The editorial stand of these two programs echoes the vitality of today's Africa.

**Available in more than forty African countries, with 100,000 subscribers throughout Africa, Canal+ Horizons is the benchmark French-language pay-TV channel and covers the entire African continent via the cable satellite networks.**

With its pan-African vocation, Canal+ Horizons is committed to a program of purchasing and co-production to benefit African cinema. In 2005, the channel supported some ten co-productions including *Un amour d'enfant* by Ben Diogaye Beye, *Faro* by Salif Traoré, *Kato Kato* by Idrissa Ouedraogo, and *Atlantic Express* by Moussa Yoro Bathily.

**Canal+ Horizons** also extended its program offering in 2006 with a **new broadcast, AFRIK'ART, devoted exclusively to art and culture in Africa.** Co-produced by Prodom (a subsidiary of Media Overseas, a wholly-owned subsidiary of the Canal+ Group) and PHProd, the program is seen on Canal+ Horizons in Africa and on the Voyage channel, visible in France via CanalSat (see box below).

**i>télé**, an all-news channel of the Canal+ Group, is **the only French news channel to offer viewers a weekly magazine, i>Afrique**, on history and current events on the African continent. Its avoidance of clichés in processing information and its references to African oral tradition in its use of traditional sayings and proverbs make the program unique in French television.

**Maroc Telecom**, via Menara Junior, a special space on the Menara portal especially for children, offers young Web surfers opportunities to extend their knowledge of the world and to express themselves (see above).

## AFRIK'ART

**AFRIK'ART**, a new 26-minute monthly cultural program on Canal+ Horizons, offers a modern, dynamic vision of the African continent, stressing its cultural diversity and helping reveal the burgeoning creativity of sculptors, craftspeople, musicians, filmmakers, and stylists in the countries of Africa.



# Protection of minors

The Protection of minors is a major societal concern for Vivendi. Mobile telephones, video games, films, etc. can be vehicles for content of a sensitive nature. The Group's different business units and the Sustainable Development department are taking a comprehensive approach to dealing with this concern.

## The Internet Confidence Charter

Vivendi has adopted an Internet Confidence Charter that expresses the Group's commitment to protecting children, and an Ethics Charter. Vivendi affirms its commitment to promoting methods of choice and control of content and to cooperating with authorities in the fight against illegal content.

In conformity with the Group's commitments, the business units use various means appropriate to their business areas and the impact they have to fulfill this commitment. The protection of minors cuts across Vivendi's activities even more as telecommunications operators include a growing number of content services in their offerings and as customers, young people in particular, adopt the new modes of consumption.

## Ethics rules

### Mobile telephony

**SFR**, whose activity as a telecommunications operator is evolving towards that of a distributor of content (music, TV-video, Internet access, etc.) with the development of Third Generation (3G) telephony, encouraging new multimedia uses of mobile devices, is now assuming increased responsibility (see box below).

That is why, in 2005, SFR surveyed respect of its **Ethics Charter** by content providers, and in 2006 began regular assessments of their compliance. This control process focused, among other areas, on the quality of moderation in chat rooms, the warnings displayed prior to access to certain services, and transparency as to downloading costs. SFR is also working in the Internet Rights Forum to establish a classification system for mobile multimedia content and services like the ones used to rate films, television, and video games, based on criteria shared by all operators and other stakeholders (the French broadcasting regulatory body, Conseil Supérieur de l'Audiovisuel – CSA, and the National Union of Family Associations, Union nationale des associations familiales – UNAF, etc.)

### Video games

Equally committed to assuming responsibility, **Vivendi Games** defined **rules of conduct** for the launch of the massively multiplayer online role-playing game *World of Warcraft* in late 2004. This type of game is played over the Internet within a community of players who interact in a virtual world. They are encouraged to communicate among themselves and take part in discussion forums. The game, intended for players over the age of 12 (12+), includes rules of conduct that are part of the subscription agreement signed by the adult customer.

**These rules define behaviors that are considered violations of respect for human dignity (violence, pornography, inciting to racial hatred, etc.) Game Masters oversee their application in all areas of the world where the game is marketed** (see page 18). Sanctions are imposed for failure to respect these rules. They range from simple warnings to closure of the account, and can include suspensions for a period of 3 hours or 72 hours. **Closure of the account is a definitive sanction**; it is applied when a player has broken the rules of conduct excessively or repeatedly. This vigilance extends to the discussion forums. Controls are exercised by the managers of communities of players who are particularly aware of the need to protect minors.

## Parental control

### Unsuitable content

The **Canal+ Group**, in its concern for protecting young audiences against unsuitable content, uses two tools: **rating symbols and double encryption**.

In 1985, soon after its launch, Canal+ adopted a system of color codes for alerting television viewers to program content that might be unsuitable for young audiences. This spontaneous initiative demonstrated the channel's desire to inform its subscribers. In 1998, the CSA decided that a system of symbols with color

## Charter for responsible development of mobile multimedia

In January 2006 the Afom\*, of which SFR is a founding member, signed the Charter for Responsible Development of Mobile Multimedia with the Ministry for the Family. This charter aims to integrate current measures taken by the different operators to control "sensitive" content and fight illicit content, and to strengthen those measures with new commitments. As a result, beginning in November 2006, the operators will systematically offer parents the option of parental control when a mobile telephony line is opened, if it is to be used by a minor. SFR is also strongly encouraging its customers not to use their telephones while driving. Extending the information disseminated for several years on this topic, a communication campaign launched in 2005 by Afom\* reminded all users of the rules for using cell phones in automobiles

\* French association of mobile-telephony operators: created in February 2002, Afom is a not-for-profit association under the 1901 Law. It includes the three French mobile-telephony operators, an

Afom has three main missions:

- To consider subjects of inte
- To define shared responsible practices in common with mobile-telephony stakeholders and inform the public of them;
- To serve as the interface for instit

### PEGI Charter

The PEGI (Pan-European Game Information) charter uses five age brackets and six content criteria:

<b>3+</b> Three and over	<b>16+</b> Sixteen and over	 Violence	 Frightening images
<b>7+</b> Seven and over	<b>18+</b> Eighteen and over	 Nudity or sex	 Explicit language
<b>12+</b> Twelve and over		 Drugs	 Encouragement of discrimination

codes similar to those used by Canal+ and common to all over-the-air channels should be adopted. Then, in its recommendation of November 18, 2002, the regulatory body opted for a system of symbols based on the recognition of five age groups: no symbol (all audiences), -10 (not recommended for children under age ten), -12, -16, -18.

For its digital distribution, the Canal+ Group implemented, in 2002, a system of double encryption for its premium channel and for the channels making up the CanalSat bundle that distributes programs in Category 5 (those prohibited for under-18s).

**SFR, in application of its Code of Ethics and its commitments, provides all its customers with a free parental control service** so that parents can protect their children from unsuitable content. This service allows access to certain sensitive content to be blocked on the *Vodafone live!* multimedia portal and on Gallery. Since 2005, it can also be used to block access to mobile Internet services not belonging to the network. Parental control can be activated on the sfr.fr Website, by calling 900, or by connecting directly to the *Vodafone live!* portal from the user's SFR mobile device.

**Marc Telecom, the leading Internet service provider in Morocco, has a policy of facilitating Internet access for the largest possible number of citizens by offering a wide range of services, including a parental control system the operator includes free of charge in its "Pack Menara Sécurité" offering.**

### Video games: Controlling use

In November 2005, **Vivendi Games** implemented parental control for parents whose children share the exciting adventures that are part of the story of the multiplayer online role-playing game *World of Warcraft*.

The system allows parents, who are the holders of the account, to ensure that their children's gaming time stays within reasonable limits. By enabling the parental control system, parents can define the days and times during which their children may play (weekends exclusively, one or several predetermined weekdays between certain hours, etc.) and the frequency of breaks (every thirty minutes, once an hour, etc.) (see box below). Anyone attempting to log on to the game outside the authorized times is not be allowed to connect to *World of Warcraft*.

### Awareness actions

#### Video games: content classification

In order to alert consumers as to the content of video games, **Vivendi Games** was one of the initiators of Europe's Pan-European Game Information (PEGI) system, and is today one its most active promoters. This system came into force in 2003 at the initiative of the interactive-games industry, and is overseen by the Interactive Software Federation of Europe (ISFE). Companies are free to apply this classification to leisure software. Vivendi Games adopted the **PEGI charter** (see box opposite) from the outset. It uses five age brackets (3+, 7+, 12+, 16+, 18+) and six criteria (violence, nudity or sex, drugs, frightening images, encouragement of discrimination, explicit language) to categorize games' content. In the United States, a similar classification system (Entertainment Software Rating Board) has been implemented by the Entertainment Software Association.

#### Mobile telephony: cooperation and vigilance

**SFR** is conducting an awareness campaign for its customers and the public in general. The brochure *Téléphonie et contrôle parental* ("Telephony and Parental Control"), produced by SFR in cooperation with four consumer associations, was reissued in 2005. Between November 2005 and March 2006, eight million copies of the brochure were published. Available at the "Espace SFR" outlets and on the sfr.fr Web site, the booklet is also included in all cell-phone subscription renewal packs.

**SFR** also actively cooperated in the publication of the first *Votre enfant et le téléphone mobile* ("Your child and mobile telephones") guide published by Afom \* in 2005 and produced in partnership with the National Union of Family Associations (UNAF), among others. This guide gives parents the information they need to fulfill their role of parent and educator in helping their children learn proper use of cellular phones – in terms of the technical aspects and in terms of proper behavior in society.



### Marc Valleur

Psychiatrist; Senior Physician, Marmottan Medical Center, Paris

*"World of Warcraft is an extremely captivating game, and the idea of imposing controls on the amount of time spent playing is a way of recognizing that the risks of loss of control at the level of a game sequence and of addiction do exist. Vivendi Games' implementation of parental control in the form of this system is then interesting, but a priori applies only to young people who have sufficiently close relations with their parents... though a self-imposed control system might be possible"*

Opposite: The parental control system implemented by Vivendi Games allows parents to limit the time their children spend playing *World of Warcraft*.

# Social ties

Vivendi is involved in a number of partnerships with civil society aimed at strengthening social ties by contributing to creating employment, mobilizing employees, initiating solidarity actions, and extending access to the new information and communication technologies.

## Territorial impact: Job creation

When Vivendi came under the Consolidated Global Profit Tax System, in August 2004, **the Group made the commitment to contribute financially to the creation of jobs in territories affected by unemployment or industrial restructuring.** This commitment takes two forms:

- Vivendi, through the intermediary of its business unit SFR, has committed to outsourcing two call centers, in Belfort and in Douai, which should each create at least 300 jobs by June 2007. The first call center, opened in Belfort in autumn 2005, had already hired 180 employees by the end of 2005. The opening of the call center in Douai is planned for September 2006.
- Vivendi has committed to contributing to job creation in areas hard hit by unemployment by providing five million euros in funding every year for five years. The goal for job creation is 1,000 jobs in three years and 1,500 in five years.

In this program, Vivendi has implemented a process that calls on top-shelf re-training and development companies. Their task is to contribute to revitalizing geographical areas affected by unemployment and to aid promising new business start-ups identified within and outside those areas. The focus is on small and medium-sized companies.

In an initial phase, three areas (Sarrebouurg, the Oise, and the Arles area) were designated by the Ministry for Economy, Finance, and Industry. As of the end of 2005, the number of new jobs in the three areas (that is, jobs in the process of creation corresponding to dossiers validated by the funding committees) was 561, and Vivendi had invested 5.2 million euros. Based on the progress made, it was decided, in liaison with the ministries involved, to extend the program to three further areas experiencing high unemployment (the Eure-et-Loir, Pas-de-Calais, and Saône-et-Loire).

**The approach developed by Vivendi calls on re-training and development companies who have set up permanent local offices in the areas and is based on cooperation with all local stakeholders (local authorities, representatives of the central government administration, chambers of commerce, the national employment bureau, etc.).**

## Mobilizing employee citizenship

**Vivendi's solidarity action programs** create relationships between the Group's employees and solidarity associations. Employee volunteers put their expertise at the service of non-governmental organizations (NGOs) and Vivendi covers

any expenses that arise. Since 2003, the program has enabled employees to take part in short humanitarian development missions with the NGO Planète Urgence. In 2006, a new partnership with the French Association of Volunteers of Progress (Association française des volontaires du progrès) began. International solidarity programs were opened to SFR employees during 2005 and met with great success from the outset. This success was confirmed in 2006 with some twenty missions carried out, and as many applications for others.

**In 2006, solidarity projects focused on solidarity in France with the launch of several programs:** aiding the unemployed with New solidarity against unemployment (Solidarités nouvelles face au chômage—SNC), sponsoring business start-ups and micro-credit with the Association for the right to financial initiative (Association pour le droit à l'initiative économique—ADIE), and supporting schools with Entraide scolaire amicale (ESA), which organizes volunteer tutors.

Several collections to benefit humanitarian causes were made among the employees during the year, in particular for victims of the tsunami in Southeast Asia, the hunger crisis in Niger, and the earthquake in Kashmir. **Vivendi adds to the funds collected.**

## Solidarity actions

Numerous actions are carried out around the world in countries where Vivendi is active. It would not be possible to list them all. Below is a selection to illustrate the variety of ways in which solidarity is expressed.

### SFR, good citizenship in using mobile telephones

**SFR's commitment to the cause of children is visible in its support, since 2001, for the association La Voix de l'Enfant, which aids victims of child abuse.** This ongoing partnership takes the form of services such as the short number VOIX (8649), which enables donations (3 euros per call) to the association and a telephone assistance service for troubled youth (also accessible via the VOIX number) and a special space on the *Vodafone live!* multimedia portal. Since 2003 SFR has also been organizing the collection of used cell phones in its "Espace SFR" outlets to benefit La Voix de l'Enfant. For each phone collected and recycled, SFR donates 7 euros to the association. **The total amount donated to La Voix de l'Enfant in 2005 as a result of these programs was 640,000 euros, which will help finance the creation and operation of units to assist victims of child abuse in hospitals.**



SFR offers numerous services to the blind and visually impaired to facilitate their use of mobile telephones, including translation of invoices and sales brochures into Braille.

In April 2006 Colombian artist Juanes became the first singer to give a concert in the European Parliament in support of the campaign for a world free of antipersonnel mines being spearheaded by the Parliament.



**SFR also wishes to share the progress made by mobile telephony by encouraging development of new services.** SFR and the French blood bank have launched an SMS-based donor access service called **"Texto don du sang"**, entirely free of charge and using volunteers (invitations to blood collections, alerts in case of special immediate needs, personalized information, etc.) Piloted initially in the Alpes-Maritimes, Texto don du sang is being extended to the national level. In the same spirit, a service inspired by the same practical advantages of cell phones will be launched in 2006 to aid persons with diabetes.

#### Universal Music Group: Striking the chord of solidarity

In addition to a **diversified sponsorship policy**, the Universal Music Group, present in 75 countries, engages in diverse solidarity actions: In the United States, Universal Music took part in the production of an album whose royalties were used to aid victims of the September 2005 flood that destroyed the city of New Orleans, a cradle of music. In France, Universal Music and its artists donated their royalties on the sale of the *Solidarité Asie* album to benefit Action contre la Faim (Action against Hunger) in aiding victims of the tsunami that ravaged Southeast Asia on December 26, 2004. In India, Universal Music has also produced an album in commemoration of the victims of the tsunami and contributed proceeds from its sale to support a fund established by the Prime Minister. In South Africa, Universal Music is actively supporting an association which teaches classical music to young children.

**Many artists, with the support of Universal Music Group, are passing on these messages of solidarity through their personal commitments, like New Zealand's artist Hayley Westenra**, who at 19 is the youngest ambassador UNICEF has ever had; **Irish singer Bono** of the famous band U2, was designated by Time Magazine as one of the celebrities who have had the most profound effect in 2005 for his humanitarian action, and in particular for his contribution to the reduction of the debt of Third-World countries; **Malian author-composer Salif Keita**, who has created a foundation for Africa's albino people, who are the victims of cruel segregation and are frequently denied access to vital medical care; **Chinese pianist Lang Lang**, also a UNICEF ambassador; **German violinist Anne-Sophie Mutter**, who created a foundation to assist young violinists in Europe; and **Colombian artist Juanes**, honored in November 2005 by Paul McCartney and Heather Mills-McCartney for his tireless struggle on behalf of the many victims of antipersonnel mines (one victim every nine hours in Colombia) and listed among the 100 most influential celebrities by Time Magazine.

## Access to new information and communication technologies

### SFR and disability

Facilitating the access by disabled persons to new information and communication technologies is a long-standing commitment made by SFR. As a partner of the "HandiCapZéro" association since 1997, SFR develops adapted services that facilitate **the use of mobile phones for blind and visually-impaired people**: "Mobile Accessibility," free software that makes it possible to "read" the mobile functions in vocal mode; "Mobile Speak" a software application suited to new 3G mobile devices, which since early 2006 has included new functions such as light detection and recognition of colors; translation of invoices and sales brochures into Braille. **SFR also offers 3G services for the hearing impaired**, for whom video-conferencing and multimedia messaging represent major progress. Finally, in 2005 SFR and the association Mobile en ville created the **"Handi-Cité" service**, the first guide for persons with reduced mobility available on mobile.

SFR also supports several study and research projects aimed at developing terminals and services specifically adapted to each type of disability. SFR is working in partnership with the Fondation de Garches and the French Muscular Dystrophy Association (Association Française contre les Myopathies -AFM), among others.

### Maroc Telecom: Fighting digital divide

Maroc Telecom is carrying on several programs aimed at reducing digital divide. The great success of the **Arsat Moulay Abdeslam park** in Marrakech since its inauguration in February 2005 clearly points to the expectations of Moroccan society regarding access to the new information and communication technologies. The park, created in the 18th century and renovated through the sponsorship of Maroc Telecom, combines **an exceptional natural site with opportunities to discover new uses of communication technology**. Equipped with "cyber spaces", multimedia terminals, and an exhibition space, the 8-hectare park, which opens out onto the city, has all the latest telecommunications technologies: fiber optics, WiFi, and DSL.

**Youth awareness is a priority for Maroc Telecom.** Maroc Telecom volunteered to staff open-house events held in high schools during 2005 to make young Moroccans more aware of the possibilities offered by the Internet, teach them the basics of computer literacy, answer their questions, and encourage them to master the new technologies.

The operator accompanies these efforts with broadband Internet access offerings that are regularly reduced in price in an effort to make the Internet accessible to the largest possible number of Moroccans, young people in particular.

Maroc Telecom renovated the Arsat Moulay Abdeslam park in Marrakech in order to expose a wide public, and young Moroccans in particular, to the new information and communication technologies.





# Environmental responsibility



**Frank Esser**

Member of the Management Board, Vivendi and Chairman and CEO of SFR

“For several years now Vivendi has taken a determined approach to environmental matters and adopted an Environment Charter, a conformity program, and an environmental reporting system - all tools that contribute to setting the Group’s priorities and measuring its impacts on the environment.

The digital revolution, which is profoundly changing consumption habits regarding content and services and which is developing mobility, is at the center of our businesses. Therefore, one of the main challenges for us in the years to come will be to precisely assess the consequences on the environment of this accelerating change in technologies and uses, in particular in terms of waste production, energy consumption and information and awareness campaigns concerning preservation of the planet.”

74 million kilograms

CO<sub>2</sub> emissions

At December 31, 2005

363,531 thousand kilowatt-hours

Electricity consumption



In 2005 Planète, a channel of the Canal+ Group, became the first and only documentary channel available in France on pay digital terrestrial television (DTT). It regularly offers programs dedicated to environmental protection.

Today, Vivendi has refocused its operations on two business sectors—media and telecommunications—whose exposure to environmental risks is relatively low. Using a vigilant and transparent approach, the Group works to reduce the environmental impact of its activities with special emphasis on public perceptions concerning the installation of antennas by SFR and Maroc Telecom.

Vivendi's Sustainable Development Committee, which since 2003 has brought together corporate level environmental and legal representatives with representatives of the business units, is leading this approach, using various corporate tools and regular, in-depth dialogue with the business units.

**page 48** The environmental process

**page 50** Sharing goals

**page 52** Health and mobile telephony

5,353 tons  
Waste production

557 thousand cubic meters  
Water consumption

# The environmental process

Vivendi has adopted several tools which the Group uses in implementing its environmental policy. These include a compliance assessment program, begun in 2000, followed in 2001 by the formal adoption by the Group of its commitments in an Environment Charter, then in 2002 by the adoption of a compliance program that specifically includes respect for the environment among the requirements to be met by all members of the Group (see page 26). Internal control procedures are used to verify that these tools are being used by all employees.

## Compliance with environmental, health and safety standards

**In order to meet its goal of transparency and to comply with the Group's corporate governance practices, Vivendi adopted a program of compliance with environmental, health, and workplace safety standards in 2000.**

The Sustainable Development department, in cooperation with the General Counsel, oversees coordination and application of this program.

Its main objectives are to:

- provide assurances of compliance to the Group's management;
- conduct an audit program in order to identify any areas of non-compliance at various Group sites, determine corrective measures, and ensure they are applied;
- relay the Group's environmental commitments on the ground and identify best practices.

## The Environment Charter

**In 2001, Vivendi formalized ten commitments in an Environment Charter. This Charter serves as a roadmap with which to identify priorities, both for the subsidiaries and at the corporate level. The Charter focuses on the following areas:**

- measurement: assess our environmental impact; define performance objectives; develop a system of environmental management using new information and communication technologies; study means of lowering water and energy consumption and reduce waste production;

- control: ensure that our activities comply with environmental regulatory requirements and encourage reduction of environment-related risks;
- information: inform the public of the progress made on a regular basis;
- awareness-raising: promote dialogue with stakeholders and partners in the environmental field; implement training programs aimed at building employees' technical skills in environmental areas.

## The compliance program

**The compliance program is the Group's reference document for implementing rules of conduct which include respect for the environment.**

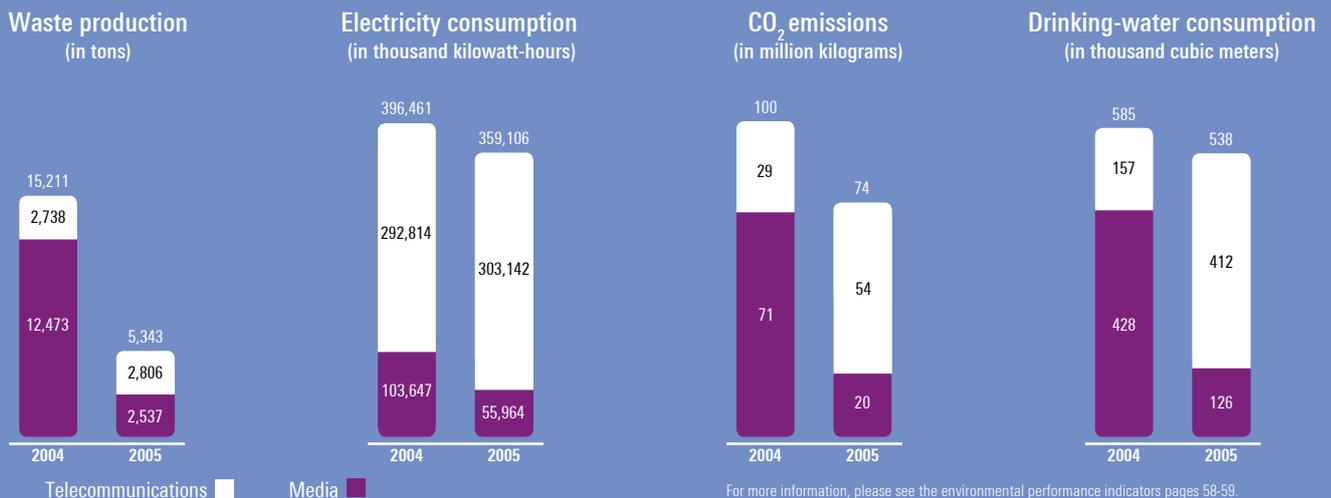
The program is aimed at developing the awareness of all Vivendi's employees of the importance of observing these rules and setting up programs and procedures for monitoring their application in all the Group's companies.

All employees must contribute, within the scope of their functions, to the Group's efforts to protect the environment:

- by making a point of knowing and respecting existing regulations and the procedures established by their company;
- by immediately informing the persons charged with managing such situations of any non-compliance with regulations or any situation or incident involving risk of which they have knowledge.

## Environmental impacts

by business sector (media and telecommunications) in 2004 and 2005 (excluding head office)



For more information, please see the environmental performance indicators pages 58-59.

**David Thomas,**

Vice-President, Environmental Affairs, Health and Safety, Vivendi

**“The compliance program for environmental, health, and workplace safety standards adopted by Vivendi in 2000 is a fundamental component of the internal control procedures put in place by the Group. It provides assurances of compliance to the Group’s stakeholders.**

**Its implementation in all the Group’s business units is contributing to promoting Vivendi’s commitments to sustainable development, to identifying innovative practices that go beyond regulatory requirements, and to encouraging employee awareness of environmental issues.”**

## Internal control procedures

### The reporting tool

The significant restructuring of the Group made it necessary to review the tools used for collecting information, including the environmental reporting system (SEMS) implemented in 2001 and deployed as a priority at Vivendi Universal Entertainment, an asset that was divested in 2004.

The Sustainable Development Committee assisted in developing a reporting tool for sustainable development performance indicators (see page 54). This tool, developed internally by Vivendi’s IT Department, is accessible to users (subsidiaries and corporate) via the Group’s intranet. It contributes to strengthening consistency in reporting and facilitating internal control, validation, and consolidation procedures. It must also account for the different environmental management systems put in place by Vivendi’s various business units.

**The environmental indicators are used to measure impacts related to business activities in areas such as energy, water, waste, and CO<sub>2</sub>. They also contribute to qualitative feedback on the implementation by subsidiaries and at the corporate level of the commitments included in the Vivendi Environment Charter.**

Vivendi is working on improving the performance of this tool for users and further refining the tool to better track additional metrics identified by the Group.

In 2005, two new environmental indicators were added to the reporting matrix: production and management of waste electrical and electronic equipment (WEEE), and transportation impacts.

### Internal audits

The compliance program, adopted in 2000, was initially implemented at Vivendi Universal Entertainment for environmental, health and workplace safety standards and at Universal Music Group facilities during the first three years, and then was extended to SFR and Canal+ Group in 2004, then to Vivendi Games in 2005. Program implementation will continue at other sites of these same entities in 2006 and will be expanded to include Maroc Telecom and Canal+ Poland in 2007.

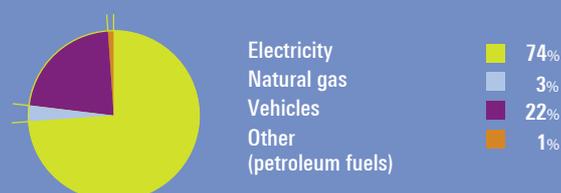
Since 2000, more than 75 sites have been audited. The audit program is composed of the following phases: a pre-audit questionnaire sent to the site manager; a site visit (facilities inspections and verification of regulatory documents); an evaluation report and list of recommendations; follow-up and re-evaluation.

**Among the areas examined during these audits are: implementation of procedures protecting the health and safety of employees, maintenance technicians, and others working at the site; due diligence regarding sub-contractors; control of hazardous substances; verification of proper storage equipment (tanks, drums, etc.); waste production and management; air emissions; discharge and processing of wastewater.**

The results of the 2005 site audits did not identify any significant points of non-compliance with regulations, but rather focused on proposing improvements in such areas as environmental management and health and safety, better maintaining accident and incident records, improved waste management practices, and improved electrical safety.

## Sources of CO<sub>2</sub> emissions produced by Vivendi

(in million kilograms)



# Sharing goals

Since its creation in 2003, Vivendi's Sustainable Development Committee has promoted the Group's overall approach and the tools it uses in the subsidiaries, and has worked to increase awareness of Vivendi's commitments to environmental responsibility among representatives of the Group's business units. Faced with the changes in the Group's operations over the past three years, which have changed the nature of the environmental issues, the Committee has defined areas for action that are common to all business units – such as supplier relations, management of waste electrical and electronic equipment, and reduction of energy consumption. A consensus on the definition of performance objectives for the period 2007-2010 should be achieved by the end of 2006.

## Supplier relations

In keeping with the Group's commitments, significant progress has been made in the introduction of sustainable development clauses into contracts with suppliers; a goal that was first adopted by the Sustainable Development Committee in 2003.

**Vivendi has integrated this requirement into principal supplier contracts, and its purchasing policy encourages the choice of providers who have made commitments to sustainable development**, such as Dalkia (a pioneer in France and internationally in obtaining ISO 14001 environmental management certification), Kinnarps (a Swedish company that is ISO 14001 and EMAS certified), and Lyreco (a French ISO 9001 and ISO 14001-certified company and a signatory of the UN Global Compact).

**Notable progress was made during 2005 among the subsidiaries. Canal+ introduced this sustainable development clause into its contracts with its suppliers. SFR adopted a code of ethics which includes certain environmental commitments applicable to relations with industrial and commercial partners.**

The Sustainable Development Committee proposed a draft contractual clause for subsidiaries who can then systematize this approach in their relations with their suppliers. The objective in 2006 is to increase use of this clause in the different entities within the Group's business sectors and to make further progress towards including suppliers as a part of the internal audits.

## Management of waste from electrical and electronic equipment

Electrical and electronic equipment comprise a very large volume of end-of-life products. Currently, about 6 million tons of waste electrical and electronic equipment (WEEE) are generated each year in the European Union, an amount that is increasing annually by 3 to 5% (source: European Parliament).

In 2005, Vivendi continued its efforts to raise awareness in the Group's business units by inviting experts from European agencies and industry organizations to meetings of its Sustainable Development Committee to improve understanding of the impacts of the promulgation of European directives on waste electrical and electronic equipment into French law via the decree of July 20, 2005 – published officially on July 22, 2005 – on Group operations and the regulatory measures taken to put the requirements into practice.

**Vivendi has brought its contracts with suppliers into compliance by including specific provisions on the collection and recycling of waste electrical and electronic equipment (WEEE).**

The inclusion of this WEEE indicator in the environmental reporting tool has resulted in an initial evaluation of this category of waste in total waste production: it represents less than 7%. This indicator will continue to be tracked during the coming business year.

WEEE takes on particular importance for mobile telephony. Vivendi – which includes SFR, France's second-largest mobile-telephony operator, and Maroc Telecom, the leading telephony operator in Morocco – impacts the environment with the deployment of networks and by collecting and recycling obsolete or used mobile telephones (see page 41 and the box below).



SFR was the first French operator to implement a major program for recycling mobile phones. 2005 saw a significant expansion of this program, with nearly 60,000 cell phones recycled – an increase of 76% in one year. The used telephones and their batteries are collected in the 675 "Espace SFR" points of sale by a specialized provider.

## Renewable energy sources

In 2005, two Universal Music Group sites and three Vivendi Games sites located in California, USA, sourced approximately 12% of their electricity (or 1,369,000 kWh) from renewable energy sources including solar, wind, biomass, and geothermal. By 2007, these sites hope to increase the share of renewable energy to more than 20% of their total electricity consumption.

## The energy issue

The Sustainable Development Committee continued its surveys of the different business units in order to more specifically evaluate impacts related to energy consumption. An awareness-raising session on the theme "Energy: what issues for the tertiary sector?" brought together some fifteen representatives from all the Group's business units with French experts (researchers and carbon-balance practitioners) and representatives of the European Commission's Environment Directorate.

For several years, the Group's entities have been practicing selective sorting and recycling (paper, toner, videocassettes, mobile telephones, lighting fixtures, etc.) Now it is time to optimize these practices, apply them systematically, and increase employees' awareness of them. Several businesses, like Maroc Telecom, Universal Music Group, the Canal+ Group, and also Vivendi SA, have launched or are continuing energy saving programs by using low-consumption lighting fixtures, extending the use of timers for systematic shutoff of facility lighting during the night, programming air conditioning to suit occupancy of facilities, etc.

The telecommunications operators are particularly committed to this process. SFR is adapting its products and procedures with the goal of reducing their environmental impact. 452 tons of cardboard were saved in 2005 thanks to its development of "Virtual Mobile Packs" which do away with outer packaging for in-store sales. Expansion of their use in 2006 are expected to generate savings of another 900 tons of raw materials. In the area of prepaid products, online recharging is gradually replacing the purchase of rechargeable cards. Electronic coupons accounted for 73% of sales in 2005 (compared to 60% in 2004), which represents a savings of 12 tons of paper and cardboard. Also in 2006, SFR will develop paperless billing by offering its customers the option of receiving their bill via the Internet. The goal is 800,000 clients in 2007.

Because prepaid subscriptions are widely used by customers of Maroc Telecom, the Moroccan telephony operator undertook a program of cards made of biodegradable paper in 2005, with the goal of 50% of the 120 million cards marketed in 2006 meeting this criterion. Maroc Telecom also intends to develop alternate modes of recharging prepaid cards, with the goal of completing half the recharges online in 2007 and using biodegradable cards for the other half.

Another significant action is the elimination of the plastic bags given to Maroc Telecom's customers for their purchases. Out of an annual consumption of 500,000 bags, a first wave of delivery of 100,000 biodegradable paper bags was made in January 2006.

To better measure the impacts of emissions of greenhouse-effect gases, a "Transportation" indicator was added to the Vivendi Group's reporting matrix. After the first year of using this indicator, it has become clear that vehicle fleets can have a significant environmental impact. Maroc Telecom, for example, has one of the largest vehicle fleets in Morocco, with 176 light utility vehicles, 1,267 vans, 228 trucks and 330 service vehicles. Early in 2006 the Moroccan operator's logistics department launched a program to upgrade its fleet, taking care to improve the quality of the engines to reduce their energy impact (see below).

Maroc Telecom's vehicle fleet is one of the largest in Morocco. It comprises 2,001 vehicles and uses 5,107,000 liters of diesel fuel per year. To reduce its environmental impact, in 2006 the Moroccan operator launched a program to upgrade the fleet, taking care to improve the quality of the engines to reduce their energy impact.



# Health and mobile telephony

The rapid development of mobile telephony and its new uses has raised concerns about potential health risks associated with the electromagnetic waves emitted by mobile telephones and by base stations or antennas.

Vivendi pays particular attention to these concerns given its positioning in the first rank of telecommunications companies, with SFR in France and Maroc Telecom in Morocco, whose respective CEOs sit on its Management Board.

## Close attention to current debates

The Group is diligent in following the scientific research now being conducted, in particular by the World Health Organization (WHO).

**Following a meeting of international experts in July 2005, the WHO confirmed the position it had adopted in 2000 – namely that no research results supported the conclusion that exposure to radiofrequency (RF) fields emitted by cellular telephones, their base stations, or their antennas cause adverse health effects** (see the statement by Dr Émilie van Deventer).

Vivendi attended the “Electromagnetic Waves and Health” discussions held on December 8, 2005, organized by Nathalie Kosciusko-Morizet, chairwoman of the Health and Environment study group of France’s National Assembly. This meeting included all stakeholders – NGOs, manufacturers, health agencies, institutions, and public authorities – and demonstrated the importance of developing information intended for the public.

To this effect, the WHO has published a guide to help explain the risks of exposure to electromagnetic waves by providing definitions and recommendations. In particular, the distinction between “evaluation of risk” and “perception of risk” must be clearly established through regular, frank, in-depth discussion among the different stakeholders (see box, page 53).

**For several years, SFR and Maroc Telecom have been contributing actively to this dialogue using an approach based on vigilance and exchange with concerned parties.**

## SFR

As early as 2000, SFR implemented a Health and Environment Programs department, assisted by a scientific research unit including an epidemiologist, an environmental specialist, and a sociologist. Its goals are to monitor the progress made by research, to better understand the expectations of the different stakeholders, and to recommend any appropriate measures.

The Health and Environment Department participates, among other programs, in the work done by the Radio Waves and Health Foundation, an independent entity created to conduct research and disseminate knowledge. Launched at the initiative of the Minister for Research and its founders, who include SFR, the Foundation was recognized as an entity operating in the general interest in January 2005.

Regarding health issues, as with all other issues related to the installation of relay antennas, SFR is engaged in a process of consultation and cooperation with its stakeholders – the general public, elected officials, associations, the media – in keeping with the code of ethics, SFR’s own commitments, and the Guide to Good Practices, issued in 2004 by the AFOM (the French association of mobile operators) and the Association of Mayors of France (AMF).

**In this context, SFR has agreed to finance and commission measurements of exposure to electromagnetic fields near its relay antennas at the request of concerned citizens or their representatives. In 2005 SFR financed 575 measurements, carried out by independent laboratories, in compliance with the official protocol of the ANFR (French frequency agency). All of them confirmed that SFR is within current standards governing antenna power, recording levels of exposure that are well below the maximum limit imposed by those standards. All the measurement results can be viewed on the ANFR’s Web sites, [anfr.fr](http://anfr.fr) or [cartoradio.fr](http://cartoradio.fr).**

At the same time, SFR has intensified its information campaign, organizing 194 meetings during the year throughout France and widely distributing the brochure “Une antenne près de chez moi” (An Antenna Near My Home) published by AFOM.

An initial assessment of the implementation of the Guide to Good Practices issued in May 2005 showed that 93% of mayors found that the initiative was “necessary or useful” (TNS-Sofres survey of a representative sampling of 400 mayors). Encouraged by these early results, AFOM and AMF have committed to extending the process.

575 measurements  
of electromagnetic fields financed  
by SFR in 2005

Installation of mobile-telephony antennas is done after systematic consultation between SFR and stakeholders. By making a request in writing, any individual can have his or her level of exposure to electromagnetic fields measured by an independent laboratory approved by the Ministry for Ecology and Sustainable Development. All the measurements made may be viewed on the ANFR Web sites, [anfr.fr](http://anfr.fr) and [cartoradio.fr](http://cartoradio.fr) (see above).



**Dr Émilie van Deventer,**

electrical engineer, member of the World Health Organization (WHO) international project. Dr Emille van Deventer is working specifically for the Electromagnetic fields (EMF) project.

**“To respond to public concerns, the WHO launched the International Electromagnetic Fields (EMF) Project in 1996 to regularly assess scientific knowledge of the potential health effects of electromagnetic fields. The International Agency for Research on Cancer (IARC), a WHO agency that specializes in cancer research, coordinated a vast epidemiological study, INTERPHONE, in more than ten countries. The study will be finalized in late 2006, but the first national results, so far published by Denmark, Finland, Great Britain, Norway, and Sweden – pioneer countries in mobile telephony with a particularly large number of users – show that no link has been established between the use of cell phones and the appearance of tumors with a duration of use of less than 10 years. The WHO continues to evaluate different research projects, which agree in highlighting one risk – that of traffic accidents caused by drivers who use cell phones while driving.”** March 2006.

SFR has also continued its efforts to inform its partners who locate sites for and install and maintain antennas and make them more aware of the issue. The operator has published a manual listing all the rules and best practices that its teams and partners must systematically follow; 10,000 copies of the guide were distributed in the different regions in 2005.

As a further precaution, SFR gives its customers the option of reducing their RF exposure by including an earpiece in all its phone kits. Levels of exposure (specific absorption rates, or SARs) are shown for all cell phones on sale in its “Espace SFR” points of sale; information is also available in the sales brochures and on the SFR Web site.

## Maroc Telecom

Maroc Telecom has adopted international safety standards and precautionary principles and ensures that all the cell phones provided by manufacturers for sale in its phone kits adhere to the strictest safety standards. Maroc Telecom also requires that antenna manufacturers observe the greatest possible vigilance regarding compliance. In addition, the operator performs inspections once the antennas are installed in order to verify that they comply with limitations on exposing the public to electromagnetic fields.

Since 2002, Maroc Telecom has commissioned the Bureau Veritas testing agency to measure electromagnetic fields in the vicinity of twenty sites where antennas are located. Bureau Veritas reported that the intensities recorded during this testing campaign were twenty to thirty times below the limit (41 volts/meter) recognized by European authorities.

In 2003, Maroc Telecom published a brochure on the safety of mobile telephony, explaining in a very instructional manner how mobile telephones and antennas operate and discussing a few basic safety principles (not talking on the telephone while driving your car, for example).

**In its concern for transparency regarding its partners (suppliers, customers, residents, etc.), Maroc Telecom strengthened its communication effort by compiling an information packet, in Arabic and French. It includes statements of suppliers certifying the compliance of their equipment with international standards regarding health, the Bureau Veritas report, documentation from the various Moroccan authorities (Ministry of Health, National Telecommunications Regulatory Agency [ANRT]) and international bodies (limits set by the International Commission on Non-Ionizing Radiation Protection [ICNIRP], an entity recognized by the WHO, etc.).**

Maroc Telecom distributes the packet at informational meetings held by the operator to respond to potential questions and concerns of customers and persons affected by the installation of relay antennas to avoid resistance by associations of residents. Residents who express fears to the operator are routinely put in contact with regional managers.

In July 2005, the Mobile Networks Division held a seminar in Rabat on the resources needed to strengthen the communication effort regarding health and mobile telephony. The seminar brought together representatives of the legal professions and of several functional divisions (Regulations and Communication, Legal Affairs) and regional divisions.

The seminar resulted in defining several actions and recommendations, notably:

- developing information campaigns for the general public in liaison with the ANRT;
- encouraging the appointment of independent court experts specialized in the area of electromagnetic waves;
- encouraging the ANRT to approve specialized laboratories to provide expertise to the courts.

Maroc Telecom also regularly conducts awareness and information campaigns for its employees using its corporate intranet.

## Electromagnetic waves

“Modern technology offers powerful tools to stimulate a whole range of benefits for society, in addition to economic development. However, technological progress in the broadest sense has always been associated with hazards and risks, both perceived and real. Industrial, commercial and household applications of EMF are no exception. Around the start of the twentieth century people were worried about the possible health effects of light bulbs and the fields emanating from the wires on poles connecting land-based telephone systems. No adverse health effects appeared, and these technologies were gradually accepted as part of normal lifestyle. Understanding and adjusting to newly introduced tech-

nologies depends partly on how the new technology is presented and how its risks and benefits are interpreted by an ever more wary public. Throughout the world, some members of the general public have indicated concern that exposure to EMF from such sources as high voltage power lines, radar, mobile telephones and their base stations could lead to adverse health consequences, especially in children. As a result, the construction of new power lines and mobile telephone networks has met with considerable opposition in some countries. Public worry about new technologies often stems from unfamiliarity and a sense of danger from forces that they cannot sense.”

Source: WHO, “Establishing a Dialogue on Risks from Electromagnetic Fields,” [www.who.int/peh-emf/publications](http://www.who.int/peh-emf/publications)

# Sustainable development indicators 2005

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- Corporate governance: Legal obligations, recommendations, and expectations pages 54-55
- Economic performance indicators page 55
- Social performance indicators pages 56 to 59
- Environmental performance indicators pages 58-59

## Methodology

### Guidelines

Economic, social, and environmental performance indicators presented in this report refer in particular to France's New Economic Regulations Act (NRE)\* and the Global Reporting Initiative (GRI)\*\* guidelines.

The summary tables below feature the reporting matrix for these two reporting systems. This is the sixth year Vivendi has reported under the GRI.

### Protocol for reporting social and environmental performance indicators

Vivendi organizes the collection of social and environmental information from its two business sectors (media and telecommunications), which are broken down into business units:

- for media: Universal Music Group, Vivendi Games, and Canal+ Group;
- for telecommunications: SFR and Maroc Telecom.

Vivendi has defined a protocol, revised in 2005 to take into account changes in the Group's types of operations and observations from the subsidiaries, that lists and defines the social and environmental performance indicators. It defines the scope and the procedures for collecting, analyzing, and consolidating the data. This protocol is part of the internal and external control procedures put in place at the level of the subsidiaries and at the corporate level. It specifies the persons in charge of social and environmental reporting for each reporting entity.

Use of the computer application for the collection of social and environmental information, developed by Vivendi's IT Department, was generalized as planned in 2006 for the 2005 fiscal year.

This application comprises two Web interfaces dedicated, respectively, to social and environmental indicators. In order to ensure that each user understands the operation of this new tool, several informational meetings with the users were held.

The application is secure both physically and logically, operating on a "load sharing" principle. It contributes to guaranteeing the completeness of the information collected and the accuracy of the consolidated figures.

At the end of the first year of operation, a satisfaction survey was conducted with the representatives in charge of social reporting. 97.3% of them expressed a positive opinion of the system as a whole.

## Corporate governance: legal obligations,

The table below reflects the change in the company's management structure approved which adopted a dual corporate structure: a Supervisory Board and a Management Board.

<b>Independence</b>	of members of the Supervisory Board
	of auditors in relation to management
	of members of the Supervisory Board toward each other
<b>Involvement in decisions</b>	of members of the Supervisory Board
	of members of the Management Board
	of shareholders
	of other stakeholders

(1) As defined by the Bouton Report: not to be or have been an employee or corporate officer of a company within the group during the previous five years; not to be under the control of the executive of another company; not to have had commercial relations with one of the company's customers or suppliers. Over and beyond the recommendations of the Bouton Report, the extended definition takes into account common university and professional origins, which are found frequently among French Board Directors.

(2) Viénot or Bouton reports.

(3) Sarbanes-Oxley Act.

(4) Other issues put forward by stakeholders.

## External auditor's opinion

For the fourth consecutive year, one of the company's external auditors analyzed the procedures used for collecting, validating and consolidating the social and environmental performance indicators.

\*New Economic Regulations Act (NRE).

France's New Economic Regulations Act requires all French corporations listed on a regulated securities exchange to disclose their social and environmental performance in their annual report (see law n° 2001-240 of May 15, 2001, article 116; decree 2002-221 of February 20, 2002).

\*\* Global Reporting Initiative (GRI)

Established in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Program (UNEP), the GRI is a long-term, international, multi-stakeholder process whose mission is to develop and disseminate guidelines for voluntary use by organizations in reporting on the economic, environmental and social dimensions of their activities, products and services. The GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein (see [www.globalreporting.org](http://www.globalreporting.org)).

## recommendations and expectations

by the shareholders at the Annual Meeting of Shareholders held on April 28, 2005,

	Supervisory Board	Audit Committee	Human Resources Committee	Corporate Governance Committee	Strategy Committee
Presence of at least 30% of independent members <sup>(1)</sup> on the Supervisory Board <sup>(2)</sup> , 50% on the Remuneration Committee <sup>(2)</sup> and 100% on the Audit Committee <sup>(3)</sup>	83%	100%	100%	80%	80%
Maximum average term of office of 5 years for members of the Supervisory Board <sup>(2)</sup>	4 years				
Publish the breakdown of the auditors' audit and consulting assignments <sup>(3)</sup>	See the 2005 Annual Report, page 101				
Publish the number of meetings between auditors and members of the Supervisory Board without presence of the Management Board <sup>(2)</sup>	2				
Publish the percentage of members of the Supervisory Board who have no cross-holdings, who do not sit on the same Boards, and who have no common origins (training, career, family) <sup>(1)(4)</sup>	83%				
Maximum of 5 terms of office cumulated per member of the Supervisory Board (excluding non-French companies)	Compliant				
Publish the number of meetings and average participation rate of members in Supervisory Board meetings <sup>(4)</sup>	Board of Directors (from January 1, 2005 to April 28, 2005): 3 meetings; 72% participation rate Supervisory Board (from April 28, 2005 to December 31, 2005): 5 meetings; 92% participation rate				
Publish the existence of Audit, Appointment, and Remuneration Committees <sup>(2)</sup>	Audit Committee	Human Resources Committee	Corporate Governance Committee	Strategy Committee	
Publish the number of annual Committee meetings <sup>(2)</sup>	5	4	2	4	
Assess the performance of the Supervisory Board every 3 years <sup>(2)</sup>	Assessment carried out in 2006 (see the 2005 Annual Report, page 103). Existence of internal regulations for the Supervisory Board and for each of its Committees				
Maximum of 5 terms of office cumulated per member of the Management Board (excluding non-French companies)	Compliant				
Number of meetings of the Management Board	8				
Participation rate of the members of the Management Board	96%				
Publish the participation rate of shareholders at the Annual Meeting of Shareholders <sup>(4)</sup>	Published the day after the Annual Meeting of Shareholders on <a href="http://www.vivendi.com">www.vivendi.com</a>				
Publish ballot results of the resolutions submitted to shareholders	Published the day after the Annual Meeting of Shareholders on <a href="http://www.vivendi.com">www.vivendi.com</a>				
Having employees represented by a member on the Supervisory Board	Appointment of an employee member of the Supervisory Board, as defined in the company bylaws, when employee shareholders represent at least 3% of the capital stock				
Percentage of questions on corporate social responsibility at the Annual Meeting of Shareholders <sup>(4)</sup>	26% in 2005				

## Economic performance indicators

	2005 data IFRS	2004 data IFRS <sup>(1)</sup>	NRE Act	GRI guidelines <sup>(1)</sup> 2004 <sup>(2)</sup> future formulation
Consolidated revenues	19,484 million euros	17,883 million euros		EC1
Breakdown of consolidated revenues by geographical area	see page 15	see page 7 of the 2004-2005 Sustainable Development Report		<sup>(1)</sup> EC2 <sup>(2)</sup> EC1
Breakdown of consolidated revenues by business unit	see page 15	see page 7 of the 2004-2005 Sustainable Development Report		
Remuneration of the corporate officers	See the 2005 Annual Report, pages 94-97	See 2004 Form-20F	✓	
Criteria for determining and setting the remuneration of the corporate officers and the main executives	See the 2005 Annual Report, pages 94-97	See 2004 Form-20F	✓	
Number of stock purchase options allocated	9.071 million stock purchase options including 2.48 million <sup>(2)</sup> to the corporate officers and 1.290 million <sup>(3)</sup> for the ten largest allocations	9.279 million stock purchase options including 800,000 <sup>(4)</sup> to the corporate officer and 2.190 million for the ten largest allocations (or 23.6% of the total number of options allocated in 2004)	✓	
Vivendi Group payroll and benefits	2,166 million euros	2,131 million euros	✓	<sup>(1)</sup> EC5 <sup>(2)</sup> EC1
Amount distributed to suppliers and service providers (distribution, purchase of programs, royalties, subscriber management, etc.)	12,662 million euros	11,223 million euros		<sup>(1)</sup> EC3 <sup>(2)</sup> EC1
Dividends paid to shareholders	1,147 million euros <sup>(5)</sup>	639 million euros <sup>(5)</sup>		<sup>(1)</sup> EC3 <sup>(2)</sup> EC1
Payments to banks (interest paid on borrowings, payments on borrowings, net of selling up of new borrowings)	-470 million euros <sup>(6)</sup>	6,110 million euros		<sup>(1)</sup> EC6 <sup>(2)</sup> EC1
Total taxes paid	1,386 million euros	622 million euros		<sup>(1)</sup> EC8 <sup>(2)</sup> EC1

(1) The figures published in the 2004-2005 Sustainable Development Report were prepared under French accounting principles.

(2) This figure concerns all the members of the Management Board and the President and CEO for the January 1 to April 28, 2005 period.

(3) Excluding members of the Management Board.

(4) This figure concerns the President and CEO.

(5) Number of shares ranking for dividend as at January 1, after deduction of treasury shares held at the time of dividend payment date.

(6) In 2005, the amount of borrowings set up was superior to the amount of payments made to banks (interest paid plus borrowing reimbursements).

## Social performance indicators

	2005 data	% of staff covered 2005	2004 data	% of staff covered 2004
<b>Total staff</b>	34,031	100%	37,906	100%
<b>Incoming employees</b>				
<b>New hires</b>	<b>5,746</b>	<b>100%</b>	<b>4,645</b>	<b>100%</b>
Temporary hirings	48%	100%	62%	100%
Permanent hirings	52%	100%	38%	100%
Temporary hirings France*	46%	100%	55%	100%
Permanent hirings France*	54%	100%	45%	100%
Recruitment difficulties	none	100%	none	100%
<b>Outgoing employees</b>				
<b>Staff reductions and departures</b>	<b>5,232</b>	<b>100%</b>	<b>6,025</b>	<b>100%</b>
Staff reductions on economic grounds	1,255	100%	1,679	100%
Departures excluding staff reductions on economic grounds	3,977	100%	4,346	100%
Staff reduction and employment preservation plans				
<b>Working week (in hours)</b>				
Average weekly duration - full time	37.4	100%	37.2	100%
Annual yearly duration - full-time	1,753	100%	1,852	100%
Average weekly duration - part-time	27	100%	26.4	100%
Annual yearly duration - part-time	1,335	100%	1,314	100%
Absenteeism days/employee	11.3	100%	10.4	98%
Reasons for absence (France*)		100%		98%
Overtime hours	364,897	100%	968,566	100%
<b>Gender equality</b>				
% of women in the Group	38%	100%	39%	100%
% of women in management	34%	100%	33.4%	100%
<b>Disabled persons employed</b>				
	187 employees	100%	242 employees	100%
<b>Labor relations</b>				
Collective agreements	57	100%	148	100%
Number of personnel representatives (France*)	879	100%	952	100%
<b>Health and safety</b>				
Frequency rate of workplace accidents with lost days	3.53	100%	4.46	100%
Severity rate of workplace accidents with lost days	0.12	100%	0.17	100%
Employees trained in safety	2,504	100%	2,001	98%

\* Metropolitan France

Social data refer to the Group's worldwide scope and are from companies in which Vivendi holds more than a 50% share. Social data by business unit are detailed in a separate document issued in 2005, "Statutory Financial Statements–Sociographics–Environmental Policy," page 48. Data are consolidated at December 31 of the reference year.

Comments or references	NRE Act	GRI guidelines (1) 2004 (2) future formulation
The reduction in staff is the result of divestitures (RSS (1,963 employees), NC Numéricable (Canada), Japan, 7 employees), and also restructurings within the Group.	✓	LA 1
The notion of hiring varies according to which are considered as hiring in the United States.	✓	LA 1
In order to consolidate which is roughly equivalent to the maximum duration of a temporary work contract in France.	✓	LA 1
The rate of permanent	✓	LA 1
None of the subsidiaries have reported any particular difficulties with recruitment over the past three financial years.	✓	
The figures indicate	✓	
The number of staff the result of restructuring operations undertaken in preceding financial years.	✓	
Reasons for	✓	
In France, measures for reclassification and assistance of on the corporate intranet, reclassification leave, training and outplacement	✓	
Since approaches to work duration vary the weekly duration most commonly found within ("35-hour workweek law").	✓	
	✓	
Absenteeism is defined as absence on an At Group level, absenteeism was on average 11.3 days of absence per employee per year. In France it was 22.6 days. This difference equality in the workplace.	✓	LA 7
In 2005, the majority of working-days	✓	
0%	✓	
	✓	(1) LA 11 (2) LA 14
	✓	(1) LA 11 (2) LA 14
The definition of a "disabled person" is based on Organization is used. The number of the removal of Cegetel SAS from the Group's scope and which was renewed	✓	
The new collective agreements work organization and the were signed in the French subsidiaries.	✓	(1) LA 4 (2) LA 5
The frequency rate of workplace accidents diminished significantly between 2004 and 2005. This decrease is due in particular to the Calculation method: number of work	✓	(1) LA 5 (2) no longer exists
The rate of seriousness of workplace accidents to accident risk than other activities (such as e.g. the construction trades). Calculation method: number	✓	LA 7
In 2005, the Vivendi Group stressed workplace implemented in this area, have resulted in a significant reduction in the rate of seriousness of workplace accidents. In 2005, the number of employees trained in safety in the Group was up by 25% over 2004.	✓	

	2005 data	% of staff covered 2005	2004 data	% of staff covered 2004
<b>Training</b>				
Training expenditure/payroll	2.42%	100%	2.20%	100%
Average training duration/number of employees trained	30.3 hours	100%	25 hours	98%
Average training duration/number of employees trained (France*)	31.5 hours	100%	31 hours	100%
<b>Social activities</b>				
Social activities (France*)	5,417,791	100%	5,063,432	100%
<b>External labor</b>				
Interim employees	7,268	100%	4,525	100%
Subcontracting	2,730	100%	306	75%
<b>Territorial impact</b>				
Actions carried out	367	100%	264	100%

## Environmental performance indicators

Environmental data concern the Group's worldwide operations, which include companies of which Vivendi owns more than a 50% share. Within this scope, sites that meet specified threshold criteria in terms of environmental impact (number of employees, water and electricity consumption, waste production, etc.) are included in the data.

For 2005, two changes should be noted in the consolidation of indicators: the sale of certain production and distribution units of Universal Music Group, which contributed to reducing certain impacts on water consumption, electricity consumption, CO<sub>2</sub> emissions and waste production; and the inclusion for the first time of certain environmental data concerning Maroc Telecom, which have resulted in some of the variations compared to the preceding year.

	2005 data
Water consumption (in thousands of cubic meters)	557
Electrical energy consumption (in thousands of kilowatt-hours)	363,531
CO <sub>2</sub> emissions (in millions of kgs)	74
Waste production (in tons)	5,353
Measures taken to limit the impacts on biological stability, protected animal species and plants	
Assessment or certification processes undertaken in the area of the environment	
Measures taken to ensure compliance of the company's activities with environmental regulation and legislation	
Expenditures for prevention of environmental impacts from the company's activities	1.35 million euros
Existence within the company of internal environmental management staff, training and information on environmental issues for employees, resources devoted to the reduction of environmental risks, as well as a procedure to manage environment-related accidents which have a consequence outside the company's facilities	Corporate (Paris head office and New York office): 2 Business units: 6
Amount of environmental risk provisions and guarantees except in the case where this information may prejudice the company in a current dispute or lawsuit	
Amount of compensation paid during the financial year arising from a court ruling relating to environmental matters and the actions undertaken to repair environmental damage	

Comments or references	NRE Act	GRI guidelines (1) 2004 (2) future formulation
The percentage of the payroll devoted to training. For this reason, the indicator increased from 0.5% (Vivendi Games) to 8.5% (Maroc Telecom).	✓	
The average duration of training. With this method, each employee trained counts for one, regardless of the number of training courses taken.	✓	(1) LA 9 (2) LA 11
The Group's French subsidiaries have a high average training duration per employee trained.	✓	(1) LA 9 (2) LA 11
In France, the notion of a permanent employee is used.	✓	
One person who has been hired several times is counted as many times as there were individual hirings.	✓	
The Group makes less frequent use of information technology and teleconferencing.	✓	
Vivendi identified 367 partnership agreements and 22 with environmental, consumer and research organizations. In 2005, 162 apprentices were hired. In March 2006, the number of apprentices was 203 compared to 162 in 2005. At the time of application, the focus was on the creation of jobs in regions particularly affected by unemployment and industrial restructurings (see page 44).	✓	

2004 data	Comments or references	NRE Act	GRI guidelines (1) 2004 (2) future formulation
598	Water consumption was reduced as a result of the sale of certain production and distribution sites of Universal Music Group. In the telecommunications sector, water consumption increased sharply between 2004 and 2005 (from 157 to 412.3 million m <sup>3</sup> ) as a result of the inclusion of data from Maroc Telecom.	✓	(1) EN 5 (2) EN 9
400,148	Electricity consumption was slightly reduced in the Universal Music Group production and the telecommunications sector due to the inclusion of data from Maroc Telecom in 2005.	✓	EN 3
101	Measurement of CO <sub>2</sub> emissions includes consumption of electricity, fuel and gas at the Group's reporting sites. The reduction observed in 2005 is related to the reduction in CO <sub>2</sub> emissions (use for the 2005 financial year of the International Energy Agency's 2002 Greenhouse Gas Protocol). The significant increase (+ 46%) in CO <sub>2</sub> emissions in the telecommunications sector is due to the inclusion of data from Maroc Telecom.	✓	(1) EN 30, EN 8 (2) EN 23, EN 17
15,312	Workshops of the Universal Music Group employees, in particular at the paper conducted by SFR in 2005. In addition, it should be noted that the workshop was repeated in 2005.	✓	(1) EN 11 (2) EN 20
	Vivendi's environmental policy.	✓	
	In 2000, Vivendi adopted the ISO 14001 standard to ensure that its sites (including Kings Mountain, North Carolina in the United States) received ISO 14000 certification before their divestiture in 2005. In 2005, SFR prepared for two strategic network sites and a tertiary site located in Rennes (France).	✓	
9.4 million euros	This amount includes investments in each operational unit for the protection of the environment and the implementation of a program of landscape integration to integrate them into the landscape.	✓	(1) EN 35 (2) EN 30
Corporate (Paris head office and New York office): 1 Business units: 5	Vivendi employs a team in charge of environmental matters that works in close cooperation with the environmental managers in the business units. This team establishes internal precautionary measures concerning the environment and performs evaluations based on the ISO 14001 and EMAS standards at the Group's main sites. 312 employees of SFR, Vivendi's emergency teams are trained to take action in the event of an accident or pollution release likely to damage the environment.	✓	
	In 2005, no Vivendi site or company booked provisions or guarantees for environment-related risks.	✓	(1) EN 35 (2) EN 30
	In 2005, Vivendi did not have any of its operational sites.	✓	

# External auditor's opinion

External opinion of one of the auditors on the reporting procedures implemented to establish the social and environmental performance indicators in the Sustainable Development Report.

At Vivendi's request, we have carried out the work described below on the reporting procedures implemented to establish the 2005 social and environmental performance indicators contained in the Sustainable Development Report.

These indicators were prepared under the responsibility of the company's management. Our role is to express an opinion on the procedures used to collect the information, based on our work, which constitutes neither an audit nor a limited review of data, as defined by International Standards on Auditing (ISAs).

## Nature and scope of our work

Our work consisted of:

- an analysis of the procedures used to report, validate, and consolidate the Group's social and environmental performance indicators;
- discussions with the managers responsible for the collection of the data included in the Sustainable Development Report, at corporate headquarters and in certain operating units<sup>(1)</sup>.

## Comments

We have the following comments to make regarding our work:

- a significant effort has been made to increase awareness, in particular as regards the deployment of the computer application used for reporting purposes;
- the Group's reporting procedures have been extended compared to last year. These procedures should be systematically disseminated and implemented at the level of each entity;
- the computer application was developed in order to ensure the reliable collection of social and environmental data. It needs to be developed further and used by all correspondents at the sites;
- the rules for determining scope are different for economic indicators than for social and environmental indicators; they are specified in each respective part of the Report;
- the comments made in the Report concerning each indicator point out, where necessary, the specific methods used for establishing the indicator.

## Conclusion

On the basis of the work performed and taking into account the above-mentioned comments, we did not observe any material irregularities in the procedures implemented for reporting the social and environmental indicators for 2005, which appear to be in keeping with the objectives of those indicators.

Paris-La Défense, June 9, 2006

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(1) Universal Music Group, Canal+ Group, SFR (social performance indicators),  
Universal Music Group, Vivendi Games, SFR (environmental performance indicators).

## Websites:

**Vivendi:** [www.vivendi.com](http://www.vivendi.com)

**Universal Music Group:** [www.umusic.com](http://www.umusic.com)

**Vivendi Games:** [www.vivendigames.com](http://www.vivendigames.com)

**Canal+ Group:** [www.canalplusgroupe.com](http://www.canalplusgroupe.com)

**SFR:** [www.sfr.fr](http://www.sfr.fr)

**Maroc Telecom:** [www.maroctelecom.ma](http://www.maroctelecom.ma)

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Vivendi's 2005-2006 Sustainable Development Report is available upon request (see the back cover for the Group's contact details).

The electronic version of this report is also available on the Group's website under the Publications section.

We appreciate your comments and remarks.

Please do not hesitate to send them to us by e-mail at

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or by mail to the address of the head office.

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