vivendi

2016
ANNUAL REPORT

CONTENT

ANNUAL REPORT 2016

The Annual Report in English is a translation of the French "*Document de référence*" provided for information purposes.
This translation is qualified in its entirety by reference to the "*Document de référence*".

The Management Board around Vincent Bolloré.

FROM LEFT TO RIGHT:

Simon Gillham, Member of the Management Board and Chairman of Vivendi Village, Senior Executive Vice President, Communications of Vivendi - **Vincent Bolloré**, Chairman of the Supervisory Board - **Frédéric Crépin**, Member of the Management Board and Group General Counsel - **Arnaud de Puyfontaine**, Chairman of the Management Board - **Stéphane Roussel**, Member of the Management Board and Chief Operating Officer - **Hervé Philippe**, Member of the Management Board and Chief Financial Officer.

A CLEAR AND AMBITIOUS STRATEGY

Vivendi's teams are building a global content and media group. This is one of the third millennium's most attractive industries, first of all because in the years ahead, many more consumers will be able to enjoy entertainment. Not only will two billion people in Africa, Asia and South America enter the leisure economy by 2025, they will also be better equipped to access entertainment content. Worldwide, the number of smartphones, now considered the premier viewing device, is expected to rise from four billion in 2016 to more than six billion in 2020.

If we look at the world's most popular forms of content today – music, video games, movies/TV series and TV shows/live broadcasts – we can see that Vivendi already owns most of them. It has made major acquisitions to own every type of content consumed worldwide, with Universal Music Group (music), Gameloft (mobile games) and Canal+ Group (TV/motion pictures).

The teams in charge of content and media work together as an industrial group, so that they create more value to shareholders.

Vivendi is also expanding in the distribution market by strengthening its own capabilities through Canal+ Group, by acquiring platforms such as Dailymotion and forming partnerships with telecoms operators and digital platforms such as Google, Apple, Facebook and Amazon. Content can in this way be offered both on a local and global scale.

Vivendi is able to pursue its far-reaching strategy in several regions, including Africa, Asia and Southern Europe, due to its very robust balance sheet and the long-term stability provided by its core shareholder, the Bolloré family group (which held 29% of the voting rights in April 2017).

These ambitious developments, which are going to drive the creation of high value, will go hand in hand with a dividend payout representing a yield of approximately 2% per share.

Vincent Bolloré
Chairman of the Supervisory Board

A YEAR OF SUCCESSFUL TRANSITION IN 2016, A YEAR OF GROWTH IN 2017

With the acquisition of Gameloft, the opening of the first CanalOlympia venue in Africa and the launch of Studio+ in Europe and Latin America, in 2016, Vivendi continued to pursue the dynamic strategy it set in motion two years ago with the goal of becoming a world-renowned leader in the creation and distribution of entertainment content.

Recent months have confirmed that Vivendi now forms an aligned industrial group with its member companies working together and focusing their strengths on a shared vision.

2016 was an eventful year during which Vivendi consolidated its foundations while successfully reaching new stages in its development.

The group confirmed its ability to build leadership positions in the three fastest growing segments of the creative industry: music with Universal Music Group (UMG); mobile games with Gameloft; and television and motion pictures with Canal+ Group. In sum, more than €2.5 billion was invested in content in 2016.

To begin with, UMG had a great year in 2016, led by the subscription streaming services that have revitalized the worldwide recorded music market. The number of paying subscribers to streaming services has more than doubled since 2014, passing the 100 million milestone in 2016. Due to its agreements with more than 400 streaming platforms, UMG is now a major player in this revolutionary way we listen to music. The three most streamed artists in the last 12 months – Drake, Rihanna and Justin Bieber – are all group talents.

To promote all its artists, Vivendi is helping UMG to expand in the live performance segment due to its entertainment venues and partnerships with festivals. In particular, the group is now deploying Africa's leading network of movie and entertainment venues, CanalOlympia, in perfect alignment with its corporate social responsibility (CSR) vision, based primarily on the promotion of local talent.

Widely recognized in music, Vivendi's creative expertise was also broadened to mobile video games in 2016 with the acquisition of Gameloft, a world-renowned publisher with a billion game downloads. Its integration is ongoing smoothly and has already resulted in a business plan that will enable it to reinject creativity into the heart of its growth model. Thanks to Gameloft, Vivendi now holds a position in video games, an industry with high potential that fits well with its other businesses. This same reasoning applies to its interest in Ubisoft.

Lastly, in 2016 Vivendi strengthened the third pillar of its content business – television and motion pictures. In cinema, Studiocanal continued to produce great popular films such as *Bridget Jones's Baby*, which was the UK's biggest selling film in 2016. On the television side, Canal+ continued to demonstrate the unmatched quality of its *Créations Originales*, which, from *The Young Pope* and *Midnight Sun* to *The Bureau*, enjoyed huge ratings success.

At the same time, Vivendi invested heavily in leading European production companies, including Mediaset, Banijay Group, Urban Myth Films and Bambú Producciones. The group also began producing short formats, with Studio+, the first global offer of premium short series. All of these developments, both in-house and external, are enabling Vivendi to cover the entire range of audiovisual content consumed today.

Along with content creation, distribution is another cornerstone of the group.

Vivendi distributes its content primarily through its own networks. In 2016, Canal+ International maintained its robust momentum in pay television, with a subscriber base totaling 6.2 million people, including nearly 2.8 million in Africa.

In France, a transformation plan was undertaken to infuse a new dynamic into Canal+, with a clarified editorial positioning between the pay-TV channels (Canal+) and the free-to-air channels (C8, CStar and CNews); subscription offers redesigned around pick and choose thematic packages; and a €300-million cost optimization plan that should have a full-year impact in 2018. Lastly, Vivendi owns the Dailymotion platform, a worldwide digital showcase for our content, with three billion videos viewed per month. A new Dailymotion, with more premium editorial content and a more fluid user experience, will be released in 2017.

To reach critical mass and maximize content delivery, Vivendi has also joined forces with a large number of distributors. It has formed strategic partnerships, both with telecom operators (e.g., Telecom Italia, Telefonica, Orange, Free and Bouygues Telecom) to broaden its local presence and with leading digital platforms (e.g., Google, Apple, Facebook, Amazon, Spotify and Deezer) to reach new consumers around the world.

All these achievements confirm that Vivendi is committing the resources and energy it needs to build a creative group that will deliver high value over time. While 2016 was a year of transition, 2017 will be a year of growth, with revenue increasing by more than 5% and, due to the measures taken in 2016, EBITA increasing around 25%.

Everything is now in place for Vivendi to successfully fulfill its ambitious corporate vision of holding leadership positions in the fastest growing entertainment markets and enjoying the stability of a core, long-term shareholder, backed by substantial financial resources. 2017 is already offering opportunities to demonstrate this.

Arnaud de Puyfontaine, Hervé Philippe, Stéphane Roussel, Frédéric Crépin, Simon Gillham
The Management Board

CONTENT

1 Profile of the Group and its Businesses | Financial Communication, Tax Policy and Regulatory Environment | Risk Factors

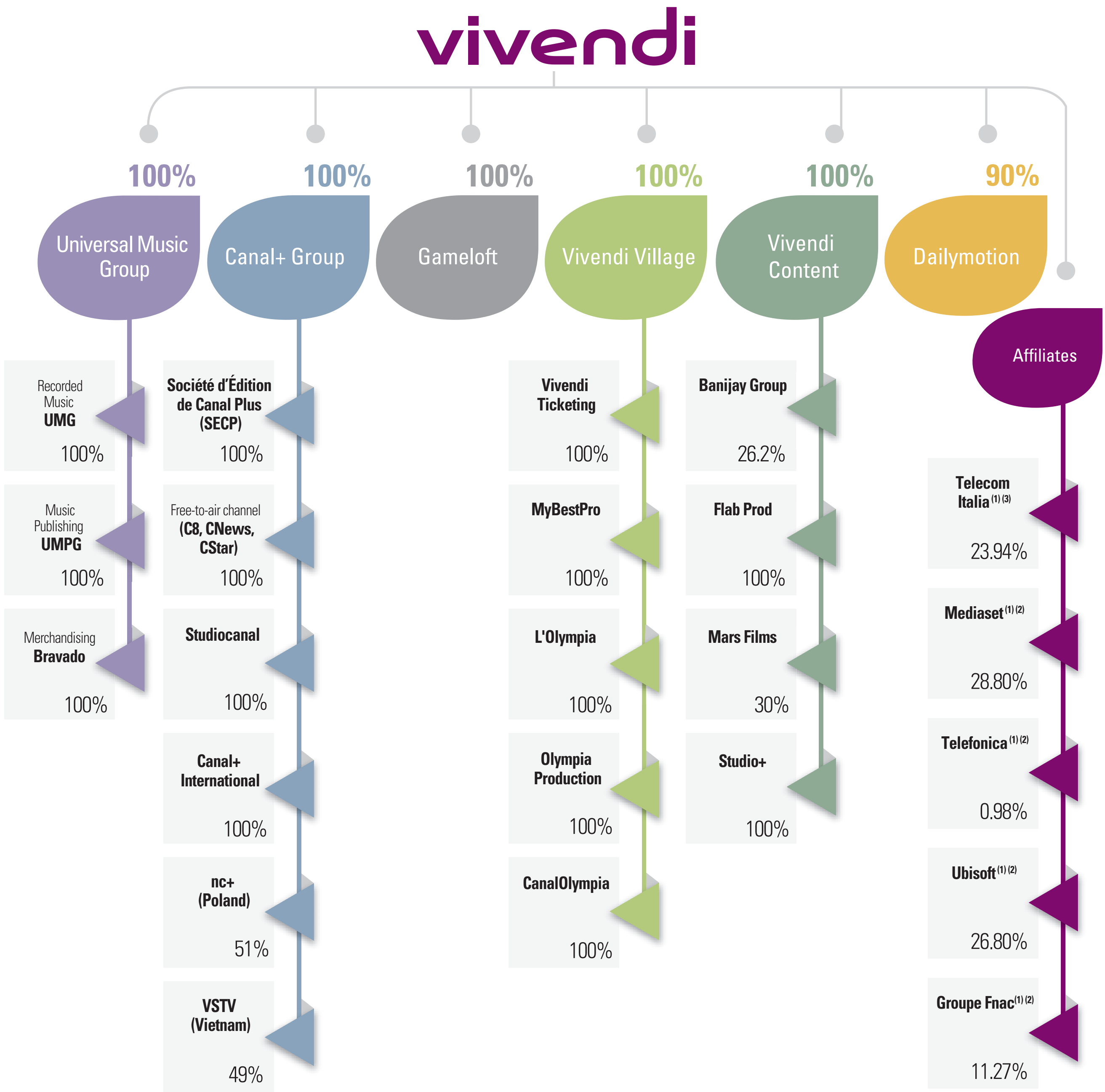
Bridget Jones's Baby

SECTION 1

PROFILE OF THE GROUP AND ITS BUSINESSES

1.1. Simplified Economic Organization Chart of the Group

Percentage of controlling interest held by Vivendi as of March 10, 2017

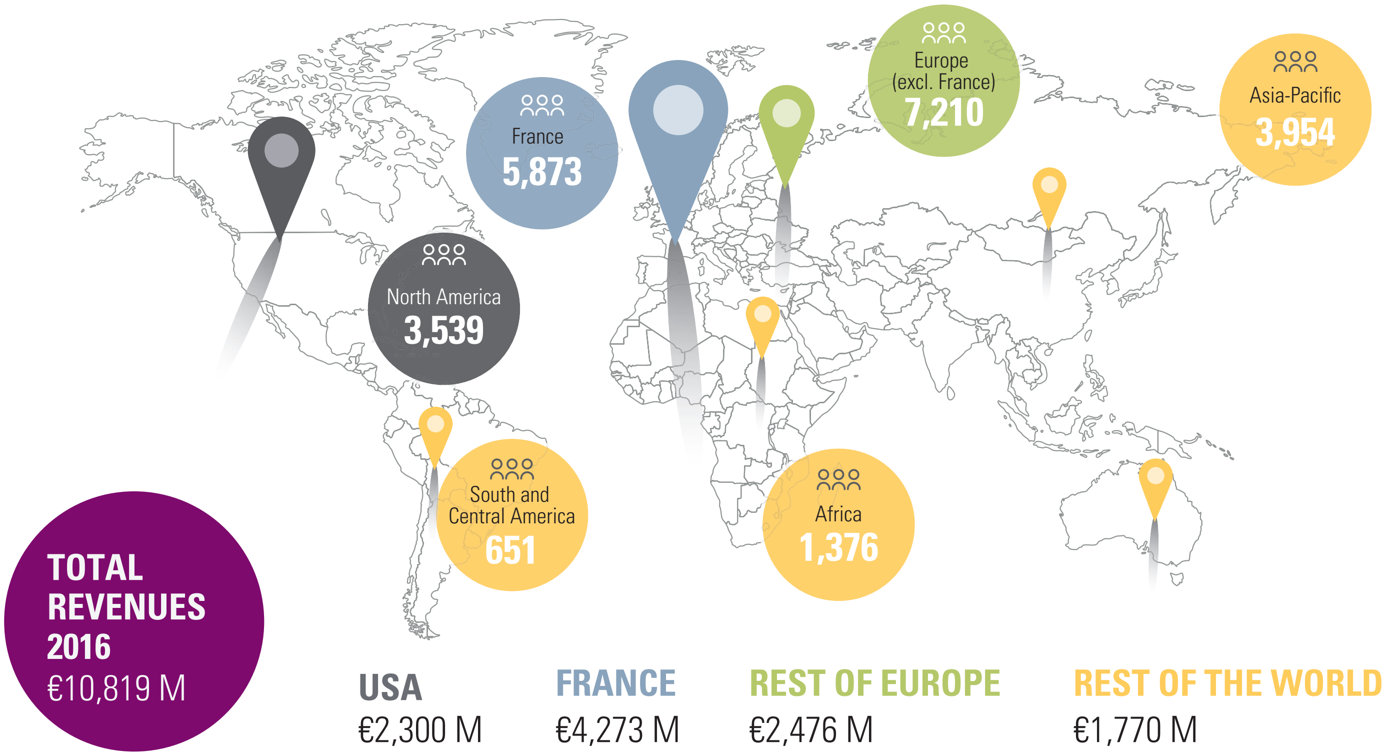


(1) Listed company.
(2) Of the share capital (% of interest).
(3) Based on the total number of common shares with voting rights.

1.2. Key Figures

REVENUES AND HEADCOUNT BY GEOGRAPHIC REGION

Year ended December 31, 2016



REVENUES BY BUSINESS SEGMENT

Year ended December 31 – in millions of euros

	2016	2015
Universal Music Group	**5,267**	5,108
Canal+ Group **(1)**	**5,253**	5,513
Gameloft **(2)**	**132**	-
Vivendi Village **(3)**	**111**	100
New Initiatives **(4)**	**103**	43
Elimination of intersegment transactions	**(47)**	(2)
TOTAL	**10,819**	**10,762**

(1) Including Thema America, consolidated since April 7, 2016 and Paddington Bear consolidated since June 30, 2016.

(2) Consolidated since June 29, 2016.

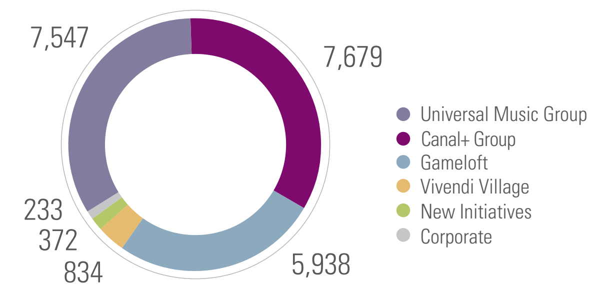
(3) Including Radionomy, consolidated since December 17, 2015.

(4) Including Dailymotion, consolidated since June 30, 2015.

HEADCOUNT BY BUSINESS SEGMENT

December 31, 2016

22,603



INCOME FROM OPERATIONS BY BUSINESS SEGMENT

Year ended December 31 – in millions of euros

	2016	2015
Universal Music Group	**687**	626
Canal+ Group **(1)**	**303**	542
Gameloft **(2)**	**10**	-
Vivendi Village **(3)**	**(7)**	10
New Initiatives **(4)**	**(44)**	(18)
Corporate	**(96)**	(99)
TOTAL	**853**	**1,061**

(1) (2) (3) (4) See the footnotes on page 8.

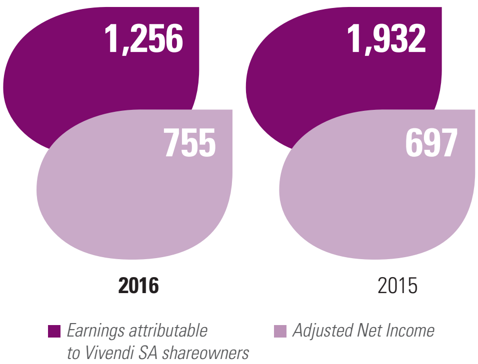
EBITA BY BUSINESS SEGMENT

Year ended December 31 – in millions of euros

	2016	2015
Universal Music Group	**644**	593
Canal+ Group **(1)**	**240**	454
Gameloft **(2)**	**7**	-
Vivendi Village **(3)**	**(9)**	9
New Initiatives **(4)**	**(56)**	(20)
Corporate	**(102)**	(94)
TOTAL	**724**	**942**

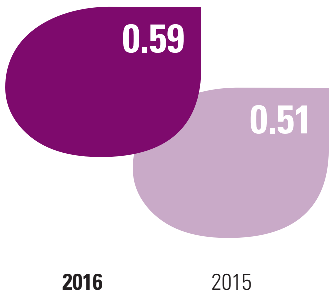
EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS AND ADJUSTED NET INCOME

Year ended December 31 – in millions of euros



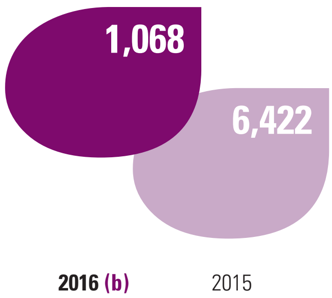
ADJUSTED NET INCOME PER SHARE

Year ended December 31 – in euros



NET CASH POSITION (a)

December 31 – in millions of euros



(a) See the Financial Report in Chapter 4, Section 2.1.

(b) Return to Shareholders of €4.211 bn, representing dividends paid of €2.588 bn and share repurchases of €1.623 bn.

As a reminder, GVT (sold in May 2015) has been reported as a discontinued operation in compliance with IFRS 5. Income and charges from this business have therefore been reported as follows:

- GVT's contribution, until its effective divestiture on May 28, 2015, to each line of Vivendi's Consolidated Statement of Earnings, as well as the capital gain recognized as a result of the divestiture have been reported on the line "Earnings from discontinued operations"; and
- the share of net income and the capital gain recognized as a result of such divestiture have been excluded from Vivendi's adjusted net income;

Income from operations, EBITA and adjusted net income, non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management, and planning purposes because they provide a better illustration of the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Each of these indicators is defined in the Financial Report in Chapter 4, Section 1, or in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2016, included in this same chapter.

1.3. **2016** Highlights

January

- Canal+ Group acquires exclusive broadcasting rights to all of the qualifying basketball tournaments for the **2016 Rio Olympics**.

February

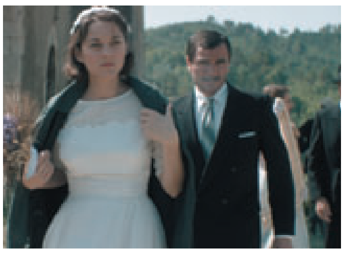
- **The A+ channel** begins broadcasting in France.
- **UMG** wins three Oscars: Best Documentary (Feature) for *Amy*, Best Original Song for *Writing's on the Wall* (Sam Smith) and Best Original Score for composer Ennio Morricone (*The Hateful Eight*).
- Vivendi acquires a 26.2% stake in **Banijay Group**.
- Canal+ Group renews its partnership with the **Cannes Film Festival** for five years.

March

- Vivendi files a tender offer for all outstanding shares of **Gameloft**.
- Vivendi Village creates **Olympia Production**, a production house for shows and concerts.
- Vivendi partners the **Brive Festival**.

April

- **Studiocanal** steps up its expansion in TV series production by investing in several independent European production companies.



From the Land of the Moon

May

- Canal+ is awarded exclusive broadcasting rights to French **Top 14** rugby championships until 2023.
- Vivendi acquires a 15% interest in Groupe **Fnac**.
- In the United States, UMG folds all its classical labels into the new **Verve Label Group**.
- Vivendi becomes a partner to the **Paris 2024** Olympics bid.

PARIS | vivendi PARTENAIRE OFFICIEL

June

- Vivendi inaugurates the first **CanalOlympia** cinema and live performance venue in Cameroon.
- Studiocanal acquires international rights to the **Paddington** license (other than publishing rights).
- **Ennio Morricone** signs with Decca Records for the album celebrating his 60-year career as an artist.
- Vivendi and **Canal+ Group** unveil the group's new strategy.

July

- Vivendi owns all outstanding **Gameloft** shares.
- Canal+ renews its partnership with the **Académie des Césars** for three years.
- UMG and South African record label **Inhoud Huis** enter into a partnership.

August

- **Paul McCartney** signs a worldwide recording agreement with Capitol Records, the label under which he began his career. The agreement covers the artist's next album and his entire body of post-Beatles work.
- The Canal+ channels break audience records with their **Rio Olympics** coverage.

September

- ***Bridget Jones's Baby***, co-produced by Studiocanal, goes straight to the top of the global box office upon release.
- UMG launches the **Initial** platform, helping young artists get discovered.
- Vivendi joins **Serial Eyes**, the European training program for TV writers.
- Vivendi becomes **Ubisoft**'s largest shareholder.

October

- **Théâtre de l'Œuvre** reopens with an entirely new performance program.
- Vivendi launches **Studio+**, the first global premium short series offer, in Latin America.
- UMPG acquires rights to most of **Prince**'s catalog.
- Canal+ introduces **JACK**, a media dedicated to music news, with unusual and innovative formats.
- Gameloft releases ***Zombie Anarchy***.
- Canal+ launches **Canal E-sport Club**.

November

- Marketing of the **new Canal+ packages** to subscribers begins.
- Digitick introduces **Nina**, France's first ticketing chatbot, on Facebook Messenger.
- **Studio+** is launched in France.
- Gameloft announces the release of its ***Asphalt Xtreme*** racing game.
- The ***Disney Magic Kingdoms*** mobile game is launched in Japan as part of a partnership with game publisher GungHo.

December

- Canal+ is granted seven-year, pan-African broadcasting rights for tournaments organized by the Confederation of African Football, including the **African Cup of Nations**.
- Vivendi owns 28.80% of outstanding **Mediaset** shares.
- **Drake** is the year's most streamed artist, with 4.7 billion streams in 2016.
- **Universal Music Japan** acquires full-stack music company Office Augusta.
- **Vivendi Talents** participates in the Canal Tour to organize a major casting event to find tomorrow's talent.

1.4. Strategy

1.4.1. BUILDING A GLOBAL CONTENT AND MEDIA GROUP

Vivendi's teams are building a global content and media group. This is one of the third millennium's most attractive industries, first of all because in the years ahead, many more consumers will be able to enjoy entertainment. Not only will two billion people in Africa, Asia and South America enter the leisure economy by 2025, they will also be better equipped to access entertainment content. Worldwide, the number of smartphones, now considered the premier viewing device, is expected to rise from four billion in 2016 to more than six billion in 2020.

Taking into consideration the world's most popular forms of content today – music, video games, movies/TV series and TV shows/live broadcasts – it appears that Vivendi already owns most of them. It has made major acquisitions to own every type of content consumed worldwide, with Universal Music Group (music), Gameloft (mobile games) and Canal+ Group (TV/motion pictures).

The teams in charge of content and media work together as an industrial group, so that they create more value to shareholders.

Vivendi is also expanding in the distribution market by strengthening its own capabilities through Canal+ Group, by acquiring platforms such as Dailymotion and forming partnerships with telecoms operators and digital platforms such as Google, Apple, Facebook and Amazon. Content in this way can be offered both on a local and global scale.

Vivendi's three pillars: music, audiovisual content and mobile games

In 2016, Vivendi first set out to strengthen the two historical assets that form the foundation of its new strategic vision, Universal Music Group (UMG) and Canal+ Group, both of which face radical change in their industries. The former has to manage the shift to streaming as the primary means of listening to music, while the latter has to deal with increasingly tough competition in the French audiovisual entertainment market.

In 2016, backed by its 50 labels covering all musical genres, UMG confirmed its worldwide leadership in recorded music, with almost 34% of the global market. In the largest markets (the United States and Japan), the group's artists had the year's best-selling albums.

This commercial success was reflected in the growth in streaming revenue, which more than offset the decline in digital downloads and sales of physical media. In a commitment to distributing its artists as widely as possible, UMG is actively encouraging the emergence of new services and new digital solutions. In 2016, it held more than 400 agreements with streaming platforms, including highly popular consumer-oriented services such as Spotify, Apple Music, Deezer, Amazon, Pandora and iHeartMedia.

In response to the sustained growth in advertising and subscription-financed streaming, UMG is also leveraging, with Vivendi's support, new opportunities in emerging markets in China, Russia, Brazil and Africa. In some of these countries, changes in copyright protection legislation are enabling the group to improve the monetization of its musical content library.

International transactions also helped to drive Canal+ Group's growth in 2016. In the pay television business, the number of individual subscribers outside France has risen steadily and now exceeds the number in mainland France. A compelling illustration of this development is Africa, where the subscriber base topped 2.7 million during the year. In cinema, despite a decline in revenue, Studiocanal further demonstrated its ability to produce popular hits such as *Bridget Jones's Baby*, which ranked number one in the UK box office in 2016 and has already generated $215 million in worldwide receipts.

In France, a far-reaching transformation plan was implemented to reinvigorate the subscriber base of Canal+ Group's pay-TV channels. The new Canal+ has been redesigned around a carefully structured ecosystem, with a clearer distinction between the exclusive programming (available only on the Canal+ pay TV channels) and the free-to-air programming focused on the C8, CStar and CNews channels; a top-to-bottom overhaul of the subscription offers to give subscribers a wider, more personalized range of options; and a distribution model extended to telecom operators Orange and Free. As part of this process, costs will be reduced by €300 million by 2018.

At the same time, Canal+ continued to excel in the production of series, documentaries and motion pictures. The *Midnight Sun* series, released in late 2016, enjoyed the best start of a Canal+ *Créations Originales* since 2013 and has already been sold in 80 countries. In the free-to-air segment, C8 is, more than ever, a major presence in France's DTT landscape after carrying 84 of the country's 100 most-watched broadcasts in 2016.

In addition, during the year, the bedrock music, TV and cinema operations were extended with a third creative business, mobile video games. In June 2016, the group successfully completed its tender offer for Gameloft, a highly popular mobile video game publisher, whose releases were downloaded one billion times worldwide in 2016.

Gameloft manages a diverse portfolio of more than 160 video games, of which approximately 20 account for nearly 90% of revenue. This makes its business extremely resilient, as seen in the sustained growth in unit sales in 2016 despite the release of only a few new games during the year (*Disney Magic Kingdoms*, *The Blacklist: Conspiracy*, *Zombie Anarchy* and *Asphalt Xtreme*).

Gameloft has been smoothly integrated into the Vivendi community and the first few months have been fruitful. Under the leadership of the new management team, a business plan tapping into the powerful creativity of in-house talent has been deployed to give Gameloft new long-term growth drivers:

- an internal call for projects was issued and prompted the submission of around 90 proposals. The selected projects will be assigned the time and resources needed for their deployment; and
- the practice of soft launches has been reinstated to help ensure that gamers enjoy the finest user experience before the game is publicly released.

The plan is designed to consolidate the appeal of existing brands while creating successful new franchises.

Due to Gameloft, Vivendi has staked out a position in video games, a particularly flourishing industry being driven by the boom in smartphones and tablets. By adding music and movies/TV series, Vivendi now holds leadership positions in the fastest growing segments of the content industry.

Equity investments to support the group's strategic vision

In 2016, Vivendi also deployed significant resources to strengthen its presence in strategically related or adjacent markets:

- in video games, the group became Ubisoft's largest shareholder, with a 25.72% interest at year-end 2016. When combined with Gameloft's successful integration, the investment is supporting Vivendi's ambitions in the video game industry;
- in television, the group raised its interest in Mediaset to become the company's second largest shareholder, with 28.80% at year-end. The alliance reflects the same strategic business objectives of jointly producing and distributing ambitious audiovisual content as well as creating a global Internet television platform to deliver over-the-top (OTT) content. To develop its production capabilities, Vivendi has also invested in leading European television companies, including Banijay Group (26.2%), one of the world's largest independent television production and distribution companies; and
- in cultural goods, the group acquired an 11.3% interest in France's Fnac as part of a strategic partnership that will enable Vivendi to market its content more efficiently through Fnac's physical and online retailing networks.

Initiatives in new forms of entertainment

2016 offered opportunities for Vivendi to test new types of content in new formats.

In particular, the group launched Studio+, the first global offer of premium short series that provides a compelling response to the gap between the growing demand for short-form videos and the format's lack of high-quality scripted content.

In practical terms, the new venture is a studio dedicated to producing and acquiring a new kind of drama series, comprising ten 10-minute episodes built on original narratives and filmed for mobile screens. Introduced at year-end in Brazil, Argentina, France and Italy, Studio+ already offers 25 series in five languages, some of which (*T.A.N.K.*, *Brutal*, *Kill Skills* and *Crime Time – Hora de Perigo* and *Amnesia*) have won awards at various festivals.

It is now being deployed in new countries, including Russia, where a distribution agreement with Vimpelcom was announced for June 2017.

1.4.2. A VISION CAPABLE OF CREATING VALUE OVER TIME

A clear roadmap for 2017

While 2016 was a year of transition and transformation, 2017 will be a year of growth that will propel Vivendi into a new phase of expansion.

To begin with, the group will enable its core businesses to continue strengthening their positions in highly competitive environments:

- by supporting UMG as consumers transition to subscription streaming, the only system capable of guaranteeing more efficient music monetization and driving a sustainable return to growth;
- by turning around Canal+'s situation in France and ensuring that the transformation plan already underway delivers all its benefits; and
- by enabling Gameloft to make the most of its creative potential with the support of other group member companies as needed.

In addition, Vivendi will continue to capture all the value of its editorial expertise, which few competitors can boast and which is very difficult to replicate. Supporting exceptional talent and producing original content are part of its DNA. 2017 is offering the opportunity to nurture this creative capital through a number of carefully managed channels:

- investing in our world-renowned content, including UMG artists, Canal+ *Créations Originales* (around ten are planned in 2017), Studiocanal movies (22 releases expected in 2017) and Gameloft video games;
- stepping up initiatives to publicize our original musical and audiovisual content by partnering festivals, producing shows and building movie theaters. A perfect illustration of this is the deployment of the CanalOlympia movie and live performance venues in Africa, around ten of which are expected to be opened in 2017;
- extending world-famous brands and franchises in our various creative universes. As the owner of the Paddington brand rights since June 2016, Studiocanal plans to release *Paddington 2* in late 2017, while UMG will produce the film's original score and Gameloft will develop the derivative mobile game; and
- daring to explore innovative entertainment formats, like Studio+ in the premium short-form series market.

Because created content would never be consumed without distribution, Vivendi is committed to diversifying its delivery channels both locally and globally:

- first, it can leverage its own distribution capabilities. Canal+ Group, which is already a major distributor of pay-TV channels in Africa, Poland and Vietnam and the leading private-sector media group in Myanmar have entered into an agreement to introduce a local pay-TV channel in 2017. As well, the Dailymotion digital platform, which already has three billion video views worldwide per month, will start to offer more premium editorial content and a more fluid user experience beginning in April 2017; and
- second, Vivendi can partner with telecom operators to deliver its content to a wider audience and amortize costs over a much larger subscriber base. This assertively "telco-friendly" approach, which has already led to a multitude of equity investments (Telecom Italia) or business alliances (Telefonica, Orange, Free and Bouygues Telecom) will be stepped up in the months to come.

Vivendi's business ambitions are reflected in its financial projections. In 2017, revenues should increase by more than 5% and, due to the measures taken in 2016, EBITA should increase by approximately 25%.

An ambitious long-term strategy: building a world-class content and media group

2017 is expected to act as a stepping stone to realizing the ambitious goal of becoming a world-class media group, capable of producing and widely distributing high value-added content.

Content creation and distribution are the two cornerstones of this corporate vision:

- Vivendi knows how to mass-produce premium quality entertainment content around the world; and
- in addition to its own networks, Vivendi partners with leading distribution platforms to offer its creative content maximum exposure.

The group now has all of the capabilities and resources it needs to successfully complete its transformation:

- it is backed by a core shareholder, the Bolloré family group, which holds 29% of the voting rights. This allows it to be pragmatic in the short term and constant over the long term;
- it owns powerful, strategically related assets in the entertainment industry, which are cooperating increasingly closely and delivering more value together; and
- it has robust financing capacity, which can be used to drive organic growth or fund acquisitions.

All of the conditions are in place to build a sustainably viable business whose global value is greater than the sum of its parts.

1.5. Creating Value for the Group's Stakeholders

1.5.1. AN INTEGRATED REPORTING PROCESS THAT IS PART OF VIVENDI'S ONGOING CSR STRATEGY

Vivendi showcases the materiality of its corporate social responsibility (CSR) issues as they are directly related to the activities of the group, which exerts an influence over millions of customers and citizens. In a very competitive international market, the group must maintain the highest standards of innovation, not only in its ability to source and promote talent and in its music, film, audiovisual and video game content, but also in its vision and its responsibility to society.

Since 2003, Vivendi has striven to align value creation with CSR through its positioning and choice of strategic commitments, and through the engagement of the different functional divisions of its corporate headquarters and its subsidiaries.

The launch of the pilot integrated reporting project devoted to cultural capital in 2013 means that its finance directors (headquarters and subsidiaries) have a greater part to play in the thought process through which indicators establishing the link between investments in content diversity and profitability were selected and then reviewed by investment analysts (Amundi, Groupama AM and Oddo Securities). The findings of this pilot project are clear; the production of music, film and audiovisual content that offers a rich cultural diversity satisfies a general interest (societal value) and affords the group an advantage over its competitors (financial value).

Expanded internationally in 2014 and 2015, and presented in an integrated analysis of the strategy, this approach determined the key indicators that bring the most value for the group in 2016.

The following pages detail the resources needed for the development of Vivendi's business, the group's sphere of influence for the promotion of human rights in its business sector and the benefits enjoyed by the group's stakeholders.

They give the group's stakeholders a clear overview of its missions, performance, growth drivers, CSR commitments, strategy, opportunities and risks.

Cultural diversity is at the core of Canal+ Group's business and of Universal Music Group's exceptional catalog: DJ and record producer Kungs; the Canal+ Création Originale "Baron noir"; singer-songwriter Imany; Studiocanal's cultural heritage film, "Un Homme et une femme" by Claude Lelouch.

For a description of the societal, social and environmental indicators that reflect this value creation, please see Section 3 of Chapter 2.

KEY FIGURES

Cultural and creative industry figures

WORLD

Source: EY – The first global map of cultural and creative industries, 2015

2,250 BILLION US DOLLARS

29.5 MILLION JOBS

CREATED
by the cultural and creative industries

EUROPE

2nd LARGEST market for the cultural and creative industries

Source: EY, see above

AFRICA

Under 24 years of age:

60% OF THE POPULATION

(under 15 years of age: 41%)

Source: UN, World Population Prospects – 2015

350 MILLION smartphones connected in 2017

Source: Deloitte, Africa TMT Predictions 2015

INDUSTRIES

16 BILLION USD recorded music market

Source: MIDiA 2016

178 BILLION USD audiovisual market (pay-TV)

Source: IDATE 2015

37 BILLION USD mobile gaming market

Source: Newzoo 2016

vivendi

UNIVERSAL MUSIC GROUP — MAJOR PLAYER in the music industry

CANAL+ — MAJOR PLAYER in television and film in France and worldwide

GAMELOFT — DESIGNER AND PUBLISHER of mobile video game

STUDIOCANAL — EUROPEAN LEADER in the production, acquisition and distribution of world-class movies and TV series

dailymotion — VIDEO AGGREGATOR and broadcasting platform

vivendi ticketing — MARKET LEADER in ticketing with See Tickets and Digitick

ICONIC LOCATIONS
for artists (L'Olympia, Abbey Road Studios and Théâtre de l'Œuvre)

AWARDS AND NOMINATIONS
César, Academy Awards, Cannes Film Festival, BAFTA, Victoires de la musique, Grammy Awards and Gramophone Awards…

EXCEPTIONAL ARTISTS CATALOG
ABBA, Louis Armstrong, The Beatles, Barbara, Amy Winehouse, Prince, Mstislav Rostropovich, Martha Argerich, Jacques Tati, Jean-Luc Godard, Jean-Pierre Melville, David Lynch…

2.5 MILLION SUBSCRIBERS
to the pan-African channel A+

1.5.2. RESOURCES NEEDED FOR VIVENDI'S OPERATIONS

To carry out its missions and its strategy (see "The Vivendi Business Model" on the next page), the group needs the human, cultural, financial, industrial and natural resources detailed below.

01 Financial capital

Vivendi has financial capital at its disposal by restructuring its assets and calling upon financial markets and institutional lenders.

02 Industrial capital

The group develops its own distribution materials and its digital platforms (Dailymotion, Canalplay, WatchMusic and Studio+) as well as its satellite capabilities.

It manages a vast stock of set-top boxes. It also has facilities (e.g., buildings and performance halls) in numerous cities in Europe and beyond.

03 Intellectual and cultural capital

Vivendi owns intellectual property rights (exploitation rights for films, audiovisual programs, music catalogs, broadcast rights for sporting events) that it markets through its own distribution networks and media, its digital platforms or those of its partners. These intellectual property rights include trademarks, labels and patents.

The group has cultural resources and networks that help increase its potential for creativity and for attracting talent in all forms of expression.

04 Human capital

Vivendi nurtures the skills and talent of employees, artists, authors, creators, journalists, technicians, developers and designers around the world.

It draws on a rich diversity of cultures, ideas and artistic expressions to produce original, quality content and services.

05 Societal environment

Vivendi maintains regular dialog with all stakeholders and their representatives (artists and industry professionals, shareholders, employees, clients, public authorities, academic institutions, NGOs and suppliers) and business partners.

These exchanges foster strong, lasting relationships with all private and public stakeholders to better prepare the group for societal change and enhance its overall performance.

06 Natural resources

The group, its suppliers and its service providers use the raw materials needed to produce and distribute their offerings of content, services (data centers, consumer equipment) and goods (CDs and DVDs).

1.5.3. THE VIVENDI BUSINESS MODEL

Vivendi is a global content and media group whose missions, as presented herein, and strategic CSR commitments (see Chapter 2) reflect its contribution to promoting human rights (see pages 20 and 21):

- discovering and supporting talent in their creativity and artistic expression;
- producing and broadcasting original and quality music, film and audiovisual content;
- promoting access to this content for the widest audience; and
- contributing to intercultural living together and dialog.

Vivendi is building on its growth drivers to become an international leader in content creation and distribution:

- grow internationally by supporting local talent and building industrial partnerships;
- innovate with regard to the group's content and service offers through transition to digital technology; and
- develop close relationships built on trust with customers and different audiences of the group.

1

- Recorded music: world's largest catalog with prestigious labels (e.g., Polydor, Motown, Deutsche Grammophon and Blue Note).
- Music publishing (Universal Music Publishing Group).
- Partnerships with streaming providers (e.g., Spotify and Amazon).
- Partnerships with brands (Universal Music & Brands).
- Merchandising (Bravado).

- Pay and general-interest (Canal+) or special-interest (e.g., Ciné+ and Planète+) channels in France.
- Free-to-air channels (C8, CNews and CStar).
- International pay-TV channels and bundles (A+, nc+ and K+).
- Films and TV series (production, acquisition and distribution of films and TV series and exploitation of the film catalog).
- Films and series broadcasting platforms (Canalplay and myCanal).

- Mobile video game design and publication (20 design studios worldwide) operating under private brands (e.g., *Asphalt* and *Dungeon Hunter*).
- Development through partnership agreements (e.g., Disney, Pixar and Marvel).

- Digital service platform (Vivendi Ticketing and MyBestPro).
- Global video hosting and broadcasting service.
- Short-format video app.
- Talent support (Vivendi Talents & Live and Olympia Production).
- Performance venues (L'Olympia, Théâtre de l'Œuvre, CanalOlympia and Abbey Road Studios).

Revenues
€10,819 million
Adjusted net income
€755 million
Dividends paid by Vivendi SA*
to its shareholders
€2,588 million
Share repurchases*
€1,623 million

Number of employees
22,603
Payroll
€1,551 million

Investments
in content
€2,527 million

R&D expenses
€143 million

Amounts paid
to suppliers, service providers and artists
€8,193 million

Duties and taxes
€446 million

Shareholders

Employees

Talent

Customers

Suppliers and business partners

Local authorities

** See "Selected Key Consolidated Financial Data" section in Chapter 4, p.184*

1.5.4. VIVENDI'S "SPHERE OF INFLUENCE" IN HUMAN RIGHTS

Vivendi is one of the rare content and media groups to be a leader across the entire value chain of content business.

Aware of the human and cultural influence that the group exerts over millions of customers and citizens, Vivendi has defined its contribution to promoting human rights through a direct link with its content production and distribution business, thus putting into practice one of the OECD Guidelines for Multinational Enterprises: "Enterprises should respect the internationally recognized human rights of those affected by their activities" or the preamble to the UN Global Compact, which encourages businesses to act in favor of human rights "in their sphere of influence" (see table below).

Linking core CSR commitments to human rights allows the Vivendi group to integrate this vigilance into its governance (non-financial reporting, verification of information by auditors, inclusion of CSR criteria in determining the variable compensation of senior executives) and its strategy (see Section 1 of Chapter 2). The CSR policy was included in the agenda of Vivendi's Audit Committee and of the Risk and Compliance Committee in 2016.

STRATEGIC CSR COMMITMENTS PERTAINING TO HUMAN RIGHTS

STRATEGIC COMMITMENTS

	Universal Declaration of Human Rights (1948)	European Convention on Human Rights of the Council of Europe (1950)	United Nations International Convention on the Rights of the Child (1989)	Beijing Declaration and Platform for Action – 4th World Conference on Women (1995)
PROMOTION OF CULTURAL DIVERSITY IN CONTENT PRODUCTION AND DISTRIBUTION				
Encourage creation in all its diversity	Article **27**		Article **31**	Objectives **A1, J1**
Support female artists and producers of cultural goods and services				Objectives **B4, F1, F2, J1, J2, L4, L8**
Promote local talent				Objectives **A1, B4**
Promote cultural heritage			Articles **29, 30**	Chapter **2**
Ensure respect for intellectual property and support artists	Article **27**			
EMPOWERMENT AND PROTECTION OF YOUTH				
Allow young people to express their creativity and their citizenship			Articles **13, 17, 29, 31**	Objectives **L3, L8**
Raise awareness among young people and their inner circle in relation to the responsible use of goods and services			Articles **17, 29**	Objective **J2**
Encourage media literacy			Article **17**	Objective **L8**
KNOWLEDGE SHARING				
Promote content quality and media pluralism				
Facilitate access to offerings and services	Article **27**			Objective **L8**
Raise public awareness of sustainable development issues			Article **29**	Objectives **K2, J2**
VALUATION AND PROTECTION OF PERSONAL DATA				
Cultivate the digital trust of customers in a spirit of loyalty and transparency	Article **12**	Article **8**	Article **16**	Objective **L**
Exercise digital vigilance (employees, suppliers)	Article **12**	Article **8**	Article **16**	

The company's stakeholders increasingly ask and expect organizations to meet this transparency requirement in light of ever stricter regulations and standards, both at a national level (French Grenelle II Law) and an international level (UN Guiding Principles on Business and Human Rights; European directive on non-financial information of large companies; GRI guidelines including the Media Sector Supplement).

Respect for all human rights is therefore a valuable corporate asset that contributes fully to companies' reputations and to their performance.

Human rights are central to a company's value creation for itself and for its stakeholders given the increase in alerts issued by NGOs, the controversies that are receiving more and more media coverage urging investors to exclude from their portfolios multinationals or states accused of failing to keep their commitments, the reluctance on the part of public authorities to open markets to offenders in this area, the potential boycotts by dissatisfied consumers and customers, and the rankings selecting the most ethical companies.

European Union Charter of Fundamental Rights (2000)	UNESCO Universal Declaration on Cultural Diversity (2001)	UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005)	OECD Guidelines for Multinational Enterprises (2011)	UN Guiding Principles on Business and Human Rights – Reporting Framework Implementation Table (2011)	Children's Rights and Business Principles by UNICEF, UN Global Compact and Save the Children (2012)	UN Sustainable Development Goals (2015-2030)
Article **22**	Articles **5, 8, 9, 10**	Articles **1, 6, 7, 10**		Page **106**		Declaration; Objective **8.3**
Article **23**		Article **7**			Principles **1, 6**	Objectives **4.2, 4.3, 4.7, 5.5, 5.a, 5.b, 5.c**
	Articles **6, 9, 10**	Articles **1, 2, 6, 7**				
Article **22**	Articles **6, 7**	Articles **1, 7, 8**				Objective **11.4**
Article **17**	Article **8**	Articles **6, 7**				
Article **24**		Article **10**		Page **105**	Principle **1**	Objective **4.7**
			Point **VIII.8** Consumer interests		Principles **5, 6**	
					Principles **1, 6**	
Article **11**	Articles **8, 9, 10**	Articles **1, 6, 7, 8**		Page **104**	Principle **5**	
	Articles **6, 9**	Articles **2, 6, 7**		Page **104**	Principle **5**	Objectives **9.c, 11.a**
	Article **2**	Articles **2, 13**			Principle **10**	Objectives **4.7, 12.8**
Article **8**			Point **VIII.6** Consumer interests	Page **104**	Principles **1, 5**	
					Principles **1, 5**	

1.5.5. CREATING VALUE FOR ARTISTS

A core priority for Vivendi is to create value for the artists and the talent that produce the film, music, audiovisual content, video games and entertainment programs that the group offers its customers, subscribers and different audiences.

Discovering creative sources, paying special attention to the contribution of women and their access to cultural life, identifying and supporting talent and providing artists with exposure on a local and international scale are at the core of Vivendi's missions. Vivendi pays close attention to the distribution of value and puts significant effort into ensuring respect for intellectual property, which is fundamental for the fair remuneration of rights holders.

Promotion of new talent and support for artists	**17%** is the percentage of UMG marketing and recording investment dedicated to new talent (artists releasing their first album) in the top five countries, as a percentage of the total investment. **6%** is the average UMG revenues generated by new talent (artists releasing their first album) in the top five countries. *Source: UMG*
Appeal of local talent	**59%** is the percentage of UMG sales generated by local artists in their own country (scope of 59 countries). *Source: UMG*
Support for French film making	**44%** is the percentage of French-initiative films approved by the French National Centre for Cinema, the CNC, and financed by Canal+ (representing **€138.1 million**). **30** debut French-initiative films and **14** second French-initiative films financed by Canal+. **22%** of the films pre-purchased by Canal+ in 2016 directed by women. *Source: Canal+ Group (subject to data consolidated by the CNC to be published in spring 2017 in its 2016 Report on Cinematographic Production).*
Development of the production of European works with strong international potential	**€135 million** is the amount of investment from Studiocanal in European works. *Source : Studiocanal*
Presence in the biggest film markets in Europe and worldwide	**54** new feature-length films released in France, Germany, the United Kingdom, Australia and New Zealand, and the production of **23** feature-length films. *Source: Studiocanal*
Support for African production	**€4.7 million** invested in African artistic production and creation (films, audiovisual programs, A+, Nollywood TV). **16%** of investments in content excluding sports from Canal+ in Africa allocated to the production of local African content. *Source: Canal+ International*
Deployment of film and entertainment venues in Africa	**5** CanalOlympia venues opened (at February 28, 2017). *Source: Vivendi*
Investment in innovative mobile video games adapted to each market	**€134 million** in R&D investments for Gameloft in mobile video games. *Source: Gameloft*

1.5.6. CREATING VALUE FOR SHAREHOLDERS

As the economic models for Vivendi's businesses continue to evolve, creating lasting shareholder value is central to the group's strategy. This value is measured through the group's financial and non-financial performance.

It is accompanied by an active communication policy that is essential for establishing regular dialog with Vivendi's management, sharing its strategy and commenting on the achievements of the group's subsidiaries. The Vivendi Investor Relations department maintains ongoing dialog with the analysts of brokerage firms and investment funds. It provides institutional investors with an information page on the group's corporate website. Communication tools specifically geared to individual shareholders with whom Vivendi maintains close relations are also available.

Financial performance	Revenue growth of **0.5%** (a 0.2% decrease at constant currency and perimeter). Income from operations of **€853 million** (at constant currency and perimeter). Adjusted net income of **€755 million** (+8.4%).
Change in cash position	Net cash position **€1,068 million**.
Vivendi share price	Accounting for reinvested dividends, Vivendi's share price rose 1.2% compared with the CAC 40 which increased 8.9% and the Stoxx Media index which fell 4.5%. In 2016, Vivendi shares fell 9.1% compared with the CAC 40 which increased 4.9% and the Stoxx Media index which fell 7.6%.
Relations with the financial community	**486** events (road shows, investor conferences, meetings at Vivendi's headquarters or at subsidiary offices, contact with analysts and investors) organized in Europe and the United States. **335** financial institutions met.
Relations with individual shareholders	**4.9%** of the group's capital held by individual shareholders. **13** themed meetings (*Jeudi c'est Vivendi* training sessions, *École de la Bourse*). **31** entertainment-related events (including, among others, premiere screenings of films produced or distributed by Studiocanal, visits to L'Olympia and Palais Brongniart, exhibition on Martin Scorsese).
Shareholder returns	**€4.2 billion** in 2016 including: ◆ **€2.6 billion** in dividends paid by Vivendi SA to its shareholders. ◆ **€1.6 billion** in share repurchases. Over **€8 billion** in shareholder returns since 2014 through dividends and share repurchases.

Source: Vivendi

1.5.7. CREATING VALUE FOR CUSTOMERS

Vivendi's capacity to offer its customers original, quality content while at the same time providing options for accessing content freely, is one of its main sources of value creation. To satisfy this demand, the group nurtures its customers' curiosity and diverse tastes, cultivates their digital trust in a spirit of loyalty and transparency, welcomes their creativity and protects and empowers its youngest audiences.

Its strategic choice to capitalize on the growth opportunities offered by digital technology must be underpinned by a strict policy governing the collection and management of personal data that protects its customers' privacy. Vivendi has established a number of tools such as the Data and Content Protection Charter adopted in 2008 and the best practice guide linked to sensitive data. Vivendi takes care to ensure that its partners comply with the group's values and rules of conduct in each of the countries where it has a presence. The protection and valuation of personal data are subject to certain reporting requirements based on precise indicators by the subsidiaries of the company, which are then examined by the company's auditors. CSR criteria are also included in the variable compensation of Vivendi senior executives. This compliance creates value for the group's customers, who are increasingly better informed concerning the protection of their personal data and more inclined to disclose aspects of their identity to companies that have a clear and comprehensible policy.

Customer satisfaction	**81%** of subscribers consider Canal+ to be the essential movie channel. **88%** of subscribers are satisfied with the nc+ offer. **84%** of subscribers are satisfied with the K+ offer and would recommend K+. *Source: Canal+ Group*
A diverse audiovisual and film content offer	Close to **4,000 hours** of programming available to Canal+ subscribers for documentary channels. Over **25,000 titles** available on Canalplay across all genres (e.g., films, series, comedy and children's programs). **15,000** programs available on myCanal. *Source: Canal+ Group*
An extensive music catalog	**44** languages are sung by UMG artists. *Source: UMG* **57%** of UMG's digital sales and **36%** of its physical sales* generated by the catalog (works marketed for more than two years). *Source: UMG*
A diverse video game catalog	**178** games for smartphones and tablets. **385** games for feature phones. *Source: Gameloft*
Digital creation	Over **800** units of digital content created specifically for the web. *Source: Canal+ Group* **25** premium mini-series for mobile devices. *Source: Studio+*
Research and Development in products and services	**51%** of Gameloft revenues are devoted to R&D investment, e-commerce and business intelligence. *Source: Gameloft* **90%** of Gameloft employees work in R&D.
Customer relations	**369** cases filed by consumer organizations (down 15% from 2015). Meetings with **15** consumer organizations held on two occasions in 2016. *Source: Canal+ Group*

* Data from 59 countries.

1.5.8. CREATING VALUE FOR EMPLOYEES

Vivendi is an integrated media group with international ambitions that specializes in the production and distribution of cultural and entertainment content, and invests in men, women, ideas and creativity. This is what defines its success and its ability to innovate in a constantly changing environment. The group must also provide for the exemplary management of its employees to attract, retain and work alongside the best talent. Involving its teams in the company's strategies and results and meeting their expectations regarding employability and the quality of their working environments are both priorities for the group.

The social partners on the group's corporate works committee and the European Social Dialog Committee (IDSE), as well as the works council at Vivendi's headquarters, are regularly informed of the group's strategy, financial position, labor policy and key achievements of the year.

In addition to the annual plenary sessions of these corporate bodies, several extraordinary sessions of the extended bodies were organized with the Chairman of the Management Board. These meetings were used to keep the social partners informed of Vivendi's strategic objectives in a timely manner.

All employees carry out their work in compliance with the group's rules of conduct listed in the Compliance Program adopted in 2002. Compliance with these rules is a requirement of working for Vivendi: it applies to all employees, regardless of their seniority or role. They cover the rights of employees, the accuracy and protection of information, the prevention of conflicts of interest, business ethics and compliance with the rules of competition, the use of property and resources belonging to the group, financial ethics and environmental awareness.

To guarantee the best standards in conducting the group's business activities, the Management Board monitors the application of this Program driven by the General Counsel and the Compliance Officers of the principal operational units. An activity report is submitted annually to the Audit Committee, which reports to the Supervisory Board.

Employee shareholding	**4,678** employees subscribed to the share capital increase (35% participation rate). **€71 million** was the amount subscribed to during the share capital increase. **3.27%** of Vivendi's capital is held by group employees.
Employee training	Over **10,000** group employees have taken training.
Employee representatives	**2** employees are on the Supervisory Board: - one member representing employee shareholders; - one member representing employees.
Social dialog	**42%** of employees are covered by collective bargaining agreements (worldwide). **29** agreements have been signed with labor representatives (France).

Source: Vivendi

1.5.9. CREATING VALUE FOR SUPPLIERS AND BUSINESS PARTNERS

Vivendi contributes actively to the local economic fabric of the territories in which it conducts business, particularly through the business contracts that it signs with its different partners in compliance with the group's rules of conduct. Economic results and fair practice must go hand in hand when assessing value creation. As the Vivendi Compliance Program states: "The desire to strive for economic performance cannot in any circumstances justify breaching the rules of business ethics. On the contrary, this requirement for performance requires everyone to act in a way which favors commercial relationships which are lasting and based on loyalty and integrity".

Vivendi's business divisions take care to integrate the group's commitments based on the Compliance Program and the principles of the United Nations Global Compact in their tender calls and their contracts with their principal suppliers.

Purchases by category	**87%** of group purchases are for content and professional services*.
Purchases by region	**75%** of purchases are made in Europe*.
Business relations with local audiovisual and movie producers	**293** producers in France (excluding Studiocanal). Over **110** local producers outside mainland France (Africa, Poland, Vietnam, Caribbean and Reunion Island). *Source: Canal+ Group*
Local suppliers	**79%** of purchases are made from local suppliers*.
Responsible purchasing	A pilot assessment was launched by UMG on the incorporation of CSR issues by the **55** largest suppliers in terms of spending and risks.

Source : Vivendi

* Data from :

- Universal Music Group limited to a focus group of nine countries (Australia, Brazil, France, Germany, Japan, the Netherlands, South Africa, the United Kingdom and the United States);
- Canal+ Group: entities located in mainland France and its overseas departments and territories (Caribbean and Reunion Island), Africa (a focus group of seven countries: Benin, Burkina Faso, Cameroon, Congo, Gabon, Ivory Coast, Senegal), Poland and Vietnam;
- Vivendi Village: Vivendi Ticketing, MyBestPro, Watchever and L'Olympia;
- Dailymotion.

Analysis of purchases made with suppliers and subcontractors, which account for at least 75% of the overall expenditure of each of these subsidiaries.

1.6. Businesses

In 2016, Vivendi confirmed its ability to grow and strengthen all of its content creation and distribution businesses. Music, television, cinema, live performances and now mobile video games form a solid foundation that Vivendi can build upon to become a European media champion.

This ambitious vision is being nurtured by the quality of Vivendi's content, the strength of its talent, its editorial excellence and its ability to explore new segments of the entertainment industry. For example, while reinforcing the two major pillars of music and TV/movies, the group has moved assertively into the mobile sector with Gameloft and Studio+ and into the live performance sector with a wide range of initiatives in France and abroad, thereby consolidating its entire value chain.

1.6.1. MUSIC

Music is Vivendi's most significant asset through its subsidiary Universal Music Group (UMG). A major player in a music industry that returned to growth in 2015, Universal Music Group (UMG) is Vivendi's flagship asset, a driving force in a dynamic market, discovering new talent and constantly adapting to new forms of music consumption.

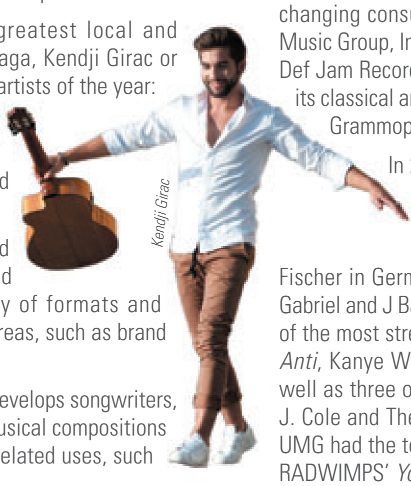
From jazz to pop, UMG is home to the greatest local and international artists, including Sting, Lady Gaga, Kendji Girac or Lang Lang and to the globally most streamed artists of the year: Drake, Rihanna and Justin Bieber.

UMG has three main operating businesses: recorded music, music publishing and merchandising.

The recorded music business discovers and develops recording artists, marketing and promoting their music across a wide array of formats and platforms. Its activities also extend to other areas, such as brand rights management and sponsorship.

The music publishing business discovers and develops songwriters, and owns and administers the copyright for musical compositions used in recordings, public performances and related uses, such as films and advertisements.

The merchandising business produces and sells artist-branded and other branded products through multiple sales channels, including fashion retail, concert touring and the Internet.


Kendji Girac


Justin Bieber

1.6.1.1. Recorded Music

Discovering and developing talent

UMG's recorded music business' primary focus is the discovery and development of artists, and the marketing, distribution, sales and licensing of the content they create. With a diverse range of labels and a global presence in close to 60 countries, UMG is the largest international recorded music company and the leader in many of the world's major music markets, including the United States, the United Kingdom, France and Germany.


Sting

In countries that have not traditionally been major markets for recorded music, such as the BRIC countries (Brazil, Russia, India and China), Latin America, Africa, the Middle East and Eastern Europe, UMG partners with streaming platforms to make music more accessible to its fans. Due to these partnerships, UMG can now make its content available in countries with a limited, even non-existent legal market.

UMG's diverse range of labels helps the business consistently cater to changing consumer trends. Its major recording labels include Capitol Music Group, Interscope Geffen A&M, Republic Records, Island Records, Def Jam Recordings, Universal Music Group Nashville and Polydor, and its classical and jazz labels include Blue Note Records, Decca, Deutsche Grammophon and Verve.

In 2016, UMG's best-selling artists ranged from established stadium fillers such as Drake, Rihanna and Justin Bieber, but also to national stars such as Kendji Girac and Florent Pagny in France, Sarah Connor and Helene Fischer in Germany, Utada Hikaru and RADWIMPS in Japan and Juan Gabriel and J Balvin in Latin America. In the United States, UMG had four of the most streamed albums of the year with Drake's *Views*, Rihanna's *Anti*, Kanye West's *The Life of Pablo* and Justin Bieber's *Purpose*, as well as three of the four biggest debut albums of the year with Drake, J. Cole and The Weeknd. In Japan, the world's second largest market, UMG had the top two albums of 2016 with Utada Hikaru's *Fantôme* and RADWIMPS' *Your Name*.

Sales from prior releases reinforce UMG's recorded music revenues each year, and the group benefits from having the most comprehensive catalog of recorded music in the world that includes a wide array of timeless performers, from ABBA to Louis Armstrong, Charles Aznavour, Daniel Balavoine, The Beatles, The Beach Boys, Andrea Bocelli, Guns n' Roses, Elton John, Bob Marley, Nirvana, Queen, The Rolling Stones, André Rieu, Frank Sinatra and Amy Winehouse.

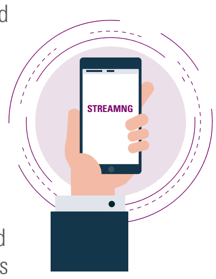
New talent initiatives

In September 2016, UMG set up Initial, an artist services organization dedicated to discovering independent young artists through their live or digital performances, and to supporting them in the various aspects of their career, including distribution, show production, merchandising, promotional recordings and marketing.

Already in 2016, Initial revealed four aspiring French artists – Lorenzo, Columbine, Clara Luciani and Eddy de Pretto – who will be performing at a number of musical events in 2017. Initial defines itself as the first step before a young artist signs with a traditional label.

Supplementing Initial is the more internationally oriented Spinnup, also created by UMG, which offers unsigned artists a wider range of global distribution channels. For example, partnerships are in place to enable them to access the leading streaming platforms, such as iTunes, Spotify, Apple Music, Deezer and Tidal. The platform pays the artists according to the number of single song streams and offers them dashboard tools to measure their online sales and social media fanbase.

Supporting new trends



While UMG's products continue to be sold in physical form, consumption continues to shift from an ownership model to an access model (subscription and ad-supported streaming formats), with streaming revolutionizing the whole experience for music lovers around the world and transforming the recording industry. With fans increasingly connected and on-the-move, recorded music consumption has never been so high.

The strong growth behind subscription and ad-supported streaming in 2016 stems from a competitive and healthy market. UMG, home to the globally most streamed artists, plays an active role in the sector, fostering the continued development of new digital services and consumer offerings. In 2016, the group signed a number of innovative agreements with streaming players ranging from Pandora and SoundCloud (pure-play digital music companies) to iHeartMedia (a leading U.S. media and entertainment company) to Amazon (a global leader in e-commerce and cloud computing), among many others. Due to these partnerships, UMG has now licensed more than 400 digital services around the world.

UMG is also extremely active in developing new sources of revenue, including through advertising and sponsorship agreements, as well as through the production and exploitation of audio-visual content.

Working with brands

Universal Music Group & Brands (UMGB) continues to increase revenue streams across a diverse set of partners in more than 70 countries and across a variety of industries, including the consumer goods, airline, banking, hotel, automotive and telco industries. It specializes in strategic partnerships, branded content, events and experiences, social networks and media support. Offering a single entry point to the complex world of entertainment, UMGB helps its clients define strategies that increase brand awareness and recognition, build long-lasting engagement with customers and drive revenues. Its brand partnerships also generate new revenue streams and offer major promotional opportunities.

In the audio-visual segment, UMG is focusing on better-exploiting existing content and rights, capturing live events and creating new content formats. From long-form content (including music documentaries, films, live event musicals, music-themed television series and reality shows) to short-form content (including live event streaming, viral content and other "behind the scenes" footage as well as official music video clips), UMG is working to accelerate the monetization of video assets.

1.6.1.2. Music Publishing

Universal Music Publishing Group (UMPG) is one of the world's largest music publishing companies, acquiring the rights to musical compositions (as opposed to recordings) and licensing those compositions for use in a variety of formats.

UMPG licenses musical compositions for use in sound recordings, films, television, advertisements, and live and other public performances, such as broadcasting and film performances. It also licenses compositions for use in printed sheet music and song portfolios.

Generally, UMPG licenses compositions after acquiring a direct interest in their copyrights by entering into agreements with composers and authors. The company also administers musical compositions on behalf of other owners, which can include other music publishers or authors.

UMPG owns and controls a vast catalog of original music and arrangements, and offers this music for use in films, television, advertising and new media industries as an alternative way of utilizing the license.

Its combined publishing catalog contains more than three million owned and administered titles, including some of the world's most popular songs. Major artists and songwriters whose works are represented include Adele, Coldplay, Elton John, Eminem, Billy Joel, Paul Simon, Florence + the Machine, Justin Bieber, Justin Timberlake, Keith Urban, Mumford & Sons, Nicki Minaj, Mariah Carey, Nick Jonas, Britney Spears, Ariana Grande, Maroon 5, Demi Lovato, Halsey, U2, Imagine Dragons, Sam Hunt, André Rieu, Diane Warren, Shawn Mendes, Pearl Jam, R.E.M., The Beach Boys, and Irving Berlin, among many others.

Nekfeu

During 2016, UMPG signed the industry's most coveted deal to represent the Prince catalog, signed deals with Selena Gomez, R.E.M., Don Henley, Romeo Santos and the Red Hot Chili Peppers and extended deals with artists such as Nicki Minaj, Coldplay, Mumford & Sons, Martin Garrix and J Balvin, to name but a few.

1.6.1.3. Merchandising

UMG's wholly-owned merchandising company, Bravado, is the only global, full-service merchandising company in the industry. It works closely with new and established artists and recent and longstanding entertainment clients, creating innovative products that are carefully tailored to each artist and their brand. Products are sold through specialized stores, pop-up shops, online retailers and concert tours.

Bravado also licenses rights to an extensive network of third party licensees around the world. With offices in more than 40 cities, Bravado leverages UMG's global network to provide services including sales, licensing, branding, marketing and e-commerce, and to devise new experiences for fans through pop-up shops, and appearances. Its broad client roster includes artists such as The Beatles, The Rolling Stones, Kanye West, Lady Gaga, Bob Marley, Justin Bieber, Katy Perry, The Weeknd, 5 Seconds of Summer and Ariana Grande, among many others.

1.6.1.4. Regulatory Environment

UMG's businesses are subject to the laws and regulations of the countries in which the group operates.

In the United States, the U.S. House Committee on the Judiciary continued its review of U.S. copyright law in 2016. On December 8, 2016, after three years of public hearings and meetings with stakeholders, it released the "first phase" of its proposals to update U.S. copyright law. This first proposal focuses on the modernization of the U.S. Copyright Office. The Copyright Office continued its study of the Digital Millennium Copyright Act's "notice and takedown regime". Separately, the U.S. Department of Justice completed its multi-year review of the long-standing Consent Decrees regulating the two largest performing rights organizations for songwriters and publishers (BMI and ASCAP). One of the overseeing federal judges ruled against implementation of the Justice Department recommendations, and litigation appealing the Department's opinion is ongoing.

In Europe, as part of its goal to create a digital single market, the European Commission published its Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market on September 14, 2016. Containing a series of proposals to update copyright law in European Union member states, the new directive complements other Digital Single Market proposals published by the Commission. The Commission also reiterated that it will be proposing improvements in the enforcement of all types of intellectual property rights, including copyright, at a later date. The International Federation of the Phonographic Industry (IFPI), which represents the recording industry globally, supports the European Commission's position on these key issues and has emphasized the need for new legislation in Europe.

1.6.1.5. Piracy

Piracy is an issue that materially harms the music industry and impedes the development of new business models. Based on data from Ipsos Connect and the IFPI, copyright infringement remains a significant problem, with more than one-third (35%) of internet users accessing unlicensed music content. Infringement is also evolving, with 49% of 16-24 year olds using stream ripping tools to copy music from sites like YouTube. Working in conjunction with the rest of the music industry and other entertainment sectors (including the movie and video games industries), UMG takes a multi-pronged approach to combating piracy, which includes:

- supporting the development and launch of innovative services across a number of platforms, as well as the continued growth of existing services such as those from Apple Music, Pandora, Spotify, Deezer, Amazon, Soundcloud and Vevo. The group works with partners to ensure music can be accessed legally, whatever the media (in-car and in-home, on platforms such as mobile phones, tablet computers and game consoles), to offer consumers the best all-round digital music experience; and
- working with governments and intermediaries (such as credit card companies, advertisers, search engines, proxy services and ISPs) to reduce potential profits from piracy and ensure the adequate enforcement of preventative measures.

1.6.1.6. Competition

The profitability of any record company depends on its ability to attract, develop and promote recording artists, the public's acceptance of those artists and the success of its recordings. UMG competes with other major record companies for creative talent that includes new artists as well as established acts that have signed with another label. It also faces competition from independent labels.

The music industry also competes with apps, video games and films for consumer leisure spending. In addition, the recorded music business continues to be adversely affected by piracy, particularly in the form of illegal downloading and stream ripping from the Internet (see Section 1.6.1.5 "Piracy" above).

1.6.1.7. Research and Development

As the industry continues to evolve, UMG works to maximize opportunities for digital distribution by partnering with both established and emerging digital businesses. It also actively works to protect its copyright and those of its artists against unauthorized digital or physical distribution. In addition, the company continues to pursue new ways to capitalize on the digital transformation of the industry, including using data that was previously unavailable in the physical business. One example is UMG's investment in databases that provides in-depth, real-time analyses of artist sales, streaming, and the impact of television appearances, social media traction and radio airplay, among other metrics.

1.6.2. TELEVISION AND MOTION PICTURES

Rio, the magazine of the Olympic Games

Canal+ Group is a major player in television and cinema in France and abroad. It is a leader in the production, bundling and distribution of first-run movie channels and thematic channels in France, Africa, Poland and Vietnam. Operations are also scheduled for launch in Myanmar in 2017. With its Studiocanal subsidiary, Canal+ Group is also a key player in the production and distribution of feature films.

It is committed to offering subscribers the best content and services in terms of first-run exclusiveness, quality, mobility, consumer choice and customization. With this in mind, a transformation plan was undertaken to infuse a new dynamic in Canal+ in France by refocusing the model squarely on the subscriber. New subscription offers with themed packages were launched in November 2016.

Canal+ Group also remains successful in other geographies, particularly Africa with nearly 2.8 million subscribers.

In all, the group has more than 14 million customers around the world.

1.6.2.1. Pay-TV in France

1.6.2.1.1. Programming Activities

Canal+ channels

Canal+ Group produces six channels offering exclusive, original and innovative programming:

- a general-interest channel (Canal+), carrying movies, sports, drama, documentaries, entertainment programs and children's and discovery programs; and
- five high value-added channels (Canal+ Cinéma, Canal+ Sport, Canal+ Family, Canal+ Décalé and Canal+ Séries), featuring their own programs.

Traditionally known for its sports coverage, Canal+ is noteworthy for its exclusive programs, crisp play-by-play commentary, expert color commentary, and innovative technical capabilities. The Canal+ channels cover a full array of French and international sports:

- football, with the UEFA Champions League, French Ligue 1, French Ligue 2, French League Cup, Africa Cup of Nations, French Division 3 (Le National) and the qualifying matches for the European section of the 2018 World Cup;
- rugby, with the Top 14, Pro D2 and Super Rugby;
- Formula 1 racing, with the World Championships, Formula E and IndyCar racing;
- boxing, with major bouts during several evening events;
- basketball, with the Basketball Champions League;

Top 14

- tennis, with the Monte-Carlo and Paris Masters, as part of the ATP World Tour Masters 1000;
- golf, with the major championships, like the Ryder Cup and the PGA European Tour;
- ice hockey with the NHL, and
- track and field, with the Herculis Monaco (Diamond League) track and field event.

Canal+ also broadcasts major international events such as the latest Rugby World Cup (2015) and the 2016 Rio Olympics. The latest Olympics were a huge success for the group, which broadcast more than 1,000 hours of live events from Brazil on eight channels, including a dedicated one with Canal+ Décalé, which was renamed Canal+ Rio for the occasion. The coverage was highly popular with subscribers, with audiences 80% higher than in an average August and a peak audience of 1.2 million viewers to watch Teddy Riner take the gold in judo for France. In 2020, Canal+ Group will broadcast the Tokyo Olympic Games.

Canal+ Group is also highly praised for the quality of its drama series. Acclaimed by critics and subscribers alike, the *Créations Originales* (original programming) are particularly emblematic of the quality of content offered on the group's channels, while their sometimes quirky scripts are helping to refresh the genre. They form part of Canal+'s DNA. In 2016, eight *Créations Originales* were broadcast, including such major international co-productions as Paolo Sorrentino's *The Young Pope* with Jude Law, the first Franco-Swedish co-production, *Midnight Sun*, with Leila Bekhti, and *Tunnel 2*. The series are set in very different environments, such as politics (*Baron noir* with Kad Merad), science fiction (*Section zéro* by Olivier Marchal), espionage (*The Bureau*, season 2), crime (*Braquo*, final season) and comedy (*WorkinGirls à l'hôpital*).

Cinema also enjoys pride of place on the Canal+ channels, with 389 films broadcast on Canal+ and 534 on the other versions.

Theme Channels

Alongside the premium channels, Canal+ Group produces about 20 pay theme channels covering the leading TV genres, such as movies with the Ciné+ channels, discovery with Planète+, and children's programming with Piwi+, Télétoon and Télétoon+1.

1.6.2.1.2. Distribution

In November 2016, the group introduced a simplified bundle under the Canal brand, which for the first time included the Canal+ channels and all of the thematic channels in the discontinued Canalsat package, with or without a minimum subscription period. Subscribers build their bundle around the Canal+ channel, which serves as the entry point for the entire Canal range. Depending on their affinities, they can add theme packs with movie or series channels, sports channels and/or the Canal+ channels.

For fans of great stories, Canal's new movies and series package is a unique selection of programs, offering every year more than 6,000 films, including 400 new releases, and 300 series, from

The Bureau to *Game of Thrones*, that subscribers can watch either when broadcast or time-shifted for catch-up. Movies and series subscribers are also eligible for the Canalplay streaming service.

6,000
FILMS BROADCAST

As for sports, the bundle lets subscribers watch all of the leading sports championships, including all of France's Ligue 1 football, all of the Champions League, the foremost European football championships, all of the Rugby Top 14, the European Rugby Cup, every Formula 1 race, all of the Grand Slam tennis tournaments, the top alpine skiing events, the best of American sports, the leading golf tournaments, and more.

The programs are available live or on demand, which also makes Canal the most comprehensive platform for streaming content or downloading it via the myCanal application.

Canal+ Group distributes its packages through specific subscriptions delivered via satellite, ADSL, DTT, cable, fiber, mobile devices and the Internet.

They are marketed by call centers, on the group's websites, in a brick-and-mortar network of nearly 2,000 sales outlets operated with retail partners (big-box stores, specialty stores and telecom operator agencies), in 32 Canal pop-up shops located in major shopping centers in France, and through ISP distribution platforms.

In addition, Canal+ also markets some of its bundles and theme channels through third-party distributors, particularly ISPs, which include them in their own pay-TV or triple-play packages. In 2016, two significant agreements were signed with telecom operators Free and Orange, enabling them to enhance their triple-play ADSL and fiber packages with Panorama by Canal and Famille by Canal bundles.

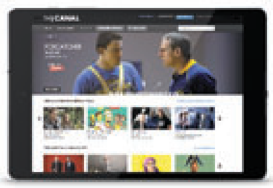
With 8.2 million customers, including nearly 5.3 million subscribers in mainland France on December 31, 2016, Canal+ Group holds the largest portfolio of pay-TV customers.

1.6.2.1.3. Digital services

Canal+ Group has been among the pioneers of digital technology and new television services in Europe, led by myCanal and its multi-screen delivery. Recently, the group has begun expanding its online presence more quickly.

myCanal Second Screen Service

myCanal lets subscribers watch all of the content on Canal+ and in the Canal bouquet, either live or on demand, and access all of the related services through a single point of entry on any device. myCanal is accessible on PCs, Macs and all of the popular smartphones and tablets (iOS, Apple TV, Android and Windows). A single subscription also allows users to watch myCanal content on one or more screens in the same household. myCanal is a portal to live HD TV, the six Canal+ channels and up to 130 Canal channels. It also gives subscribers the option to catch-up or download Canal+ programs and up to 10,000 Canal programs.



The service is innovation-driven. It offers content in multilingual versions and HD adaptive bitrate streaming for guaranteed optimum viewing regardless of bandwidth quality; live stream control; start-over to go back up to eight hours before the broadcast; download management to watch content offline; assistance and the ability to customize screens. In all, myCanal represents 15,000 programs on demand, 9.7 million downloads, and 45.5 million visits and 1.4 million users every month.

Tunnel 2

WorkinGirls à l'hôpital

Video-on-Demand with Canalplay

Canalplay is Canal+ Group's streaming video service that offers access, anywhere, any time, to some 10,000 movies, short features, entire seasons of TV series, comedy shows and children's programs. It is delivered to televisions via set-top boxes, to computers, and to smartphones and tablets using a mobile application. Canalplay is also available without a Canal+ television subscription.

First set-top box integrated into Samsung SmartTVs

In 2016, Canal+ Group and Samsung introduced myCanal on Samsung SmartTVs, enabling direct access to Canal+ programs without a set-top box. Samsung and Canal+ are continuing to support the development of television, both to meet consumer expectations and to future-proof the medium. myCanal on Samsung SmartTV is an unprecedented opportunity for an easier, faster experience delivered via the Internet or DTT.

1.6.2.2. Free-to-air TV in France

1.6.2.2.1. Free Channel Division

C8 CNEWS CSTAR

Canal+ Group has historically operated in free-to-air TV with unscrambled programs from Canal+ and a 24-hour news channel. In 2016, to reflect the newly repositioned editorial line, Canal+ Group renamed its three free-to-air channels Canal8 (C8), CanalNews (CNews) and CanalStar (CStar). Today, the objective is to create new synergies, expand Canal+ Group's offering and, most importantly, build new gateways with the pay-TV operations for talented people.

C8, France's fifth most watched national channel with 3.4% of viewers aged four and over, is committed to becoming a leading general-interest channel. It is already a major contender that appeals to every generation and all types of viewers.

CNews, the Canal+ Group's news channel, reports the news as it happens, while capitalizing on the group's strengths, particularly in sports and cultural programming, to set itself apart as competition further intensified in 2016.

Lastly, CStar is France's leading music channel for today's generation, showcasing musical artists who can express their talent to the fullest.

These three channels, delivered via DTT, are available throughout France and reach virtually the entire French population. They are also included in the TV packages of satellite, ADSL, cable and other television operators. All of their revenue is derived from advertising.

1.6.2.2.2. Canal+ Régie

Canal+ Régie is the Canal+ Group's exclusive advertising sales agency and a wholly-owned subsidiary. It sells advertising time on the Canal+ channels, C8, CNews, CStar and 15 theme channels, including Viceland, which was launched in France in late 2016. It also markets time on the versions of these channels delivered on Dailymotion and YouTube, the group's websites (including canalplus.fr, Studio Bagel and OFF.tv from Universal Music France), mobile and tablet applications, and the time-shifted catch-up TV services. Canal+ Régie is also the exclusive advertising sales agency of the UGC movie theater chain.

In today's difficult advertising environment, its sales and marketing momentum help to deliver higher advertising revenue for the group's free-to-air channels.

1.6.2.3. Audiovisual Production and New Formats

As part of its strategic redeployment in audiovisual content, Vivendi has acquired several production companies. By investing in production, the group is anchoring its presence across the entire content value chain, from creation to distribution. Canal+ Group's production expertise has been further enhanced by the acquisition of Studios de Boulogne in 2015 and equity investments in Mars Films and Banijay Group in 2016.

Committed to driving the broad distribution of its content on the Internet, Canal+ Group has become France's largest online medium over the past two years, with dozens of channels available on the leading online video platforms offering programming from Canal+, C8 and CNews broadcasts, along with original content and formats, such as comedy and eSports.


Les recettes pompettes - Studio Bagel

The leading comedy channel network on YouTube, Studio Bagel, has been majority-owned by Canal+ Group since 2014. Its acquisition reflects the group's goal of reaching new audiences (including the youngest viewers), discovering new talent, and testing innovative video formats. Studio Bagel, which recently celebrated its four years in business, now runs some thirty YouTube channels that tally a total of 20 million subscribers and 60 million viewed videos a month, or a total of 1.6 billion since start-up. Studio Bagel also has its own sketch comedy show, *Le Tour du Bagel*, broadcast on Canal+. In 2016, Dailymotion became the official hosting website for Studio Bagel videos.

In 2016, Canal+ took up the challenge of accompanying the booming popularity of eSports, a new form of competition combining sports, entertainment and television. In particular, the group launched an eSports magazine, the *Canal E-sport Club* (CES), exhibited at the Paris Games Week show and produced a documentary about eSports stars in Asia. Ultimately, Canal+ intends to create its own eSports leagues in France and organize its own events.

In September 2016, Canal+ Group transformed the Studios de Boulogne into the brand new CanalFactory, equipped with state-of-the-art production and post-production facilities, including four stages of 970 square meters, 630 square meters, 300 square meters and 130 square meters that operate daily, two production studios and an audio premix control room to record musical groups. Located in Boulogne, CanalFactory can accommodate studio audiences of up to 545 people to watch programs such as *Le Petit Journal*, *Les Guignols*, *TPMP* and *La Nouvelle Édition*.

1.6.2.4. International Pay-TV

Canal+ Group's pay-TV operations outside France are being expanded by its Canal+ International subsidiary, which serves 6.2 million subscribers in Africa, the Caribbean, the Indian Ocean, the South Pacific, Poland and Vietnam.

Koiffure Kitoko

Africa

Present in Africa for more than 20 years, Canal+ is currently distributed in more than 25 countries through 11 subsidiaries and more than 30 partners and distributors. With its Canal+ bundles offering more than 200 channels, radio stations and services, the group is the leading satellite pay-TV operator in French-speaking Africa, with nearly 2.8 million subscribers at year-end 2016. Canal+ delivers 12 premium channels for the continent (regionally specific versions of the Canal+ entertainment channels, plus movie, sports, series and family channels) and produces programs dedicated to its French-speaking African subscribers (*+D'Afrique*, *Réussite*, *Talents d'Afrique, etc.)*. The success of the A+ channel demonstrates the strong appeal of Canal programs across the continent.

In early 2016, Canal+ Group also launched a DTT package under the Easy TV brand name. Through its Thema subsidiary, Canal+ offers subscribers access to Nollywood TV, Novelas TV and Gospel Music TV.

In February 2016, Canal+ Group joined with iROKO to launch iROKO+, a mobile SVoD app that delivers Nollywood content, telenovelas in French-speaking Africa and the A+ programs.

Overseas

The leading pay-TV group in the France's overseas departments and territories, Canal+ International subsidiaries operate in the Caribbean (French West Indies, French Guyana and Haiti), the Indian Ocean (Reunion Island, Mayotte and Mauritius), and the Pacific (New Caledonia, French Polynesia and Australia), where the Canal+ packages deliver the Canal+ channels and more than 200 theme channels, radio stations and services. Through its Canal+ Telecom subsidiary, Canal+ International also markets Canalbox, a double play Internet and VoIP telephone service.

Poland

Poland is Canal+ Group's third largest market, where its nc+ platform served 2.1 million subsidiaries as of December 31, 2016.

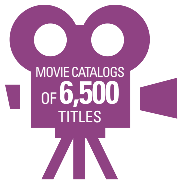
With its eight premium Canal+ channels and seven theme channels, nc+ offers the richest television experience in Poland. This is particularly the case in sports, where it delivers the best of Polish and European football, including the Champions League (accessible exclusively on nc+ channels), the Europa League, the English championship, and the Polish league. nc+ also holds the main broadcasting rights for the most popular sports in Poland, such as handball, speedway and basketball. Movies are another core component, with more than 300 first-run films exclusively on Canal+, including most of the releases from the major Hollywood studios. Canal+

is also involved in local production, including the original television series *Belfer*, which enjoyed very high ratings when aired in late 2016. In addition to TV programming, nc+ also began offering Internet and VoIP services in 2016 through a partnership with a virtual mobile network operator (MVNO).

Vietnam

Canal+ International operates in Vietnam through K+, a satellite package of local and international channels owned jointly with Vietnamese public television. The package offers four premium K+ channels (K+1, K+NS, K+PM and K+PC) produced by the group. An OTT app developed in 2016 was offered free to DTH subscribers (myK+) and sold to prospects (myK+NOW). The K+ packages are supported by a vast retail network comprising more than 2,300 outlets and 44 proprietary K+ Stores. Canal+ Group owns a 49% stake in K+ and manages its operations. As of December 31, 2016, K+ had 855,000 subscribers.

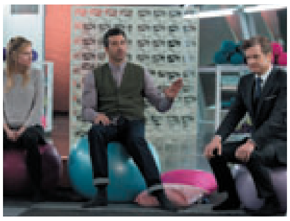
1.6.2.5. Motion Pictures STUDIOCANAL



Canal+ Group's Studiocanal subsidiary is the European market leader in the production, acquisition and distribution of world-class movies and TV series. It directly manages theater, video, digital and TV releases in the three largest European markets (France, the United Kingdom and Germany) as well as in Australia and New Zealand. It also has offices in the United States and China. With 6,500 titles from more than 60 countries, Studiocanal manages one of the world's largest movie catalogs, comprising some of the greatest masterpieces of international and local cinema.

2016 highlights

With stories rooted in the rich diversity of European culture, Studiocanal is leading an ambitious strategy of international production that is delivering new global box-office hits year after year. In 2016, *Bridget Jones's Baby*, the third volume in the saga co-produced by Studiocanal, grossed more than $215 million in international markets and topped the year's box office in the UK, where it broke the record for the biggest romantic comedy of all time.



Bridget Jones's Baby

From the Land of the Moon

During the year, Studiocanal movies were critically acclaimed and featured in a large number of famous film festivals. They were nominated for 18 Oscars, 13 BAFTA Awards and 19 Césars, and two were in competition at the Cannes Film Festival (*From the Land of the Moon* with Marion Cotillard and *Indochine* with Catherine Deneuve, selected for the Cannes Classics competition).

In 2016, Studiocanal and Universal Music Group worked on *The Beatles: Eight Days a Week – the Touring Years*, a documentary film directed by Ron Howard about the "Fab Four" during their live performance period from 1962 to 1966. The feature-length movie was a hit with both the public and critics, garnering a 2017 Grammy Award for best music film.

International expansion

Paddington

In 2016, Vivendi acquired Paddington & Company Limited© and The Copyrights Group Limited©, giving the group full ownership of all the Paddington-related intellectual property rights worldwide (apart from publishing rights). This also includes such activities as live entertainment, video games and theme parks, which will be supported by all of the group's businesses.

Paddington Bear is one of the most widely recognized and beloved children's literature characters, with millions of fans in many countries around the world. Paddington is the best-selling non-Hollywood family movie ever released and the brand ranks among the top five most influential franchises in family entertainment. Its sequel, *Paddington 2*, produced entirely by Studiocanal, will be released in late 2017.

Studiocanal has worked with some of the industry's most renowned talent, including David Heyman, Neil Moritz, Graham King, Andrew Rona, Eric Fellner, Tim Bevan, Benedict Cumberbatch, Idriss Elba and Harlan Coben. It recently teamed with Parkes+MacDonald Production to produce four feature films and has distribution agreements with Lionsgate and Universal.

Developments in 2017 will reflect Studiocanal's eclectic editorial line, combining family entertainment, action films, prestigious movies showcasing talent and blockbusters. Upcoming releases include two new stop-motion feature films from Aardman Studios, *Early Man* and *Shaun the Sheep 2*, as well as *The Commuter*, *Gold*, *The Lost City of Z* and *The Mercy*.

Catalog management

La Grande Vadrouille

Studiocanal is reinvigorating its catalog of 6,500 movies through an ambitious restoration program. Every year, several million euros are budgeted to bringing these classics back to life at leading international festivals, re-release events and first-time releases in new territories. In 2016, *La Grande Vadrouille* was re-released in 4K in French theaters and was ranked third among the best re-releases of the past fifteen years. Studiocanal also worked with James Cameron on the remastered conversion of *Terminator 2*, for the cult film's worldwide re-release in 4K and 3D in 2017.

Production and distribution

Studiocanal also produces and distributes television series under seven production labels in Europe. It is the majority shareholder of such widely acclaimed, award-winning companies as Germany's Tandem Productions, the European leader in the production and sale of international TV shows, and the UK's RED Production Company, specialized in high-quality English-language TV series. It is also a shareholder in Denmark-based SAM Productions.

In 2016, Studiocanal became a partner in Guilty Party Pictures, a UK-based production company run by producer Spencer Millman and actor-writers Simon Bird and Jonny Sweet; and Final Twist, an independent production company launched by international best-selling author Harlan Coben in partnership with Studiocanal's RED Production Company subsidiary. Equity stakes were also acquired in several independent companies, such as Spain's Bambú Producciones and two London-based production firms, Sunny March TV, founded by Benedict Cumberbatch, and Urban Myth Films. Studiocanal is supporting these production companies as they expand in the global marketplace, by contributing the expertise and capabilities of a leading studio in co-production, financing and sales.

Studiocanal distributes its films and series around the world. In 2016, it signed 1,500 sales agreements and received the International Distributor of the Year Award at the CineEurope Awards Reception.

INTERNATIONAL DISTRIBUTOR OF THE YEAR AWARD
CineEurope Awards Reception

1.6.2.6. Regulatory Environment

Baron noir

The audiovisual communications industry in Europe is subject to national laws and regulations. In France, compliance is overseen by regulatory authorities such as the CSA (*Conseil Supérieur de l'Audiovisuel*). Canal+ has a license to broadcast the Canal+ channel in France via terrestrial networks as well as networks that do not use frequencies assigned by the CSA, such as satellite, cable and ADSL. Renewed for a period of five years in December 2000, and then extended three times, the Canal+ channel's authorization to broadcast over terrestrial networks expires in December 2020.

It should be noted that pursuant to Article 40 of Law no. 86-1067 of September 30, 1986 on freedom of communication, not more than 20% of the share capital of a company holding a license for a French language television service may be held, either directly or indirectly, by non French/non-EU entities.

Pursuant to the interpretation rendered by the French *Conseil d'État* in an administrative notice dated June 27, 2002, regarding the requirements to qualify as non-EU investors (available on the website of the *Conseil Supérieur de l'Audiovisuel*), such non French/non-EU entities cannot exercise power over a company holding a license, including through a company that they indirectly control, it being understood that the term control means the holding of shares representing a majority of the voting power in Ordinary Shareholders' Meetings, which is 50% of voting rights plus 1. Within this meaning, only a company, which share capital is majority held by non French/non-EU entities would not permitted to hold more than 20% of the share capital of a French television company, either directly or indirectly.

Under another interpretation, however, both the text of the law itself and the preparatory works make clear that the legislator's intent was to prevent non French/non-EU entities from exerting an influence over a company holding a French-language television service license. Under this interpretation, if non French/non-EU entities were to together hold more than 20% of the share capital or voting rights of a company indirectly holding these licenses, by combining their respective interests, this could result in a breach of the provisions of the abovementioned Article 40. Consequently, Canal+ Group, the wholly-owned Vivendi subsidiary that holds 100% of the Société d'Édition de Canal Plus (SECP), is authorized to broadcast the Canal+ channel, provided, however, that no more than 20% of the share capital of the company holding this broadcasting authorization is, either directly or indirectly, held by a non French/non-EU shareholder or by several non French/non-EU shareholders where their combined shareholding exceeds this threshold.

The analysis conducted by Vivendi and its counsel of the provisions of the legal text and its interpretation given by the *Conseil d'État*, led to the conclusion that if non French/non-EU entities, by combining their interests, were to hold more than 20% of the share capital or voting rights in Vivendi, which indirectly holds the broadcast license, this could constitute a breach of the provisions of the aforementioned Article 40.

A single company may, either directly or indirectly, hold seven licenses for a national terrestrial digital television broadcasting service. Canal+ Group has four licenses for pay-TV channels (Canal+ HD, Canal+ Cinéma, Canal+ Sport and Planète+) and three for free-to-air channels (iTélé, D8 and D17, since renamed CNews, C8 and CStar, respectively).

Under its license to broadcast in France, Canal+ Group must comply with certain obligations in relation to the broadcasting of programs and investments made in audiovisual and film production. 60% of the audiovisual works and films broadcast by the group's channels subject to these obligations must be of European origin, and 40% must originally be broadcast in French.

With respect to the obligations governing investments in audiovisual production, the Canal+ channel must spend at least 3.6% of its total net revenue for the previous year on "heritage works" (drama, animation, creative documentaries, music videos and actual footage or reenactments of live performances). A portion of this expenditure (representing at least 3.1% of net revenue) is allocated to the development of independent production.

In the case of motion pictures, the channel must dedicate 12.5% of its annual revenue to acquiring European films, including 9.5% for original French works.

The C8 channel must invest 15% of its net annual revenue from the previous year in the production of European audiovisual works or works originally broadcast in French, of which at least 8.5% must be invested in the production of "heritage works".

Under its obligations to invest in motion pictures, C8 must allocate at least 3.2% of its revenue from the previous year to European works and 2.5% to original French works.

Canalplay (pay-per-view video-on-demand and video-on-demand by subscription) is also subject to regulations governing audiovisual on-demand media services. A November 2010 decree imposes certain obligations in relation to investments in the production of audiovisual and film works and obligations in relation to offers made to consumers and advertising. There is also a December 2011 CSA decision on the protection of young people and the ethics and accessibility of programming.

Pursuant to the law of June 2009, media scheduling (which required films to be broadcast within a certain time period after their release) has been adjusted. Canal+ Group has implemented the agreement signed on July 6, 2009 and extended by the order of July 9, 2009, which imposes the following requirements with respect to the timeframe for broadcasting films after their theater release:

- for films available via pay-per-view, video-on-demand (primarily the Canalplay VoD service) and on DVD: four months minimum after theater release and three months for films which sold fewer than 200 tickets in their fourth week in theaters;

- for movie channels: the first period for release is ten months for an original broadcast if an agreement is with film organizations (otherwise 12 months), and the second period for release is 22 months if agreed with the film organizations (otherwise 24 months);
- on unscrambled television channels and on other pay television channels: 22 months if the channel contributes at least 3.2% of its revenue to film production (otherwise 30 months); and
- for subscription video-on-demand films (Canalplay): 36 months.

1.6.2.7. Piracy

Canal+ Group actively combats audiovisual piracy. It gives priority to innovation and technological monitoring as well as to prosecuting the perpetrators of piracy to protect its commercial interests and those of its licensees.

1.6.2.8. Competition

Canalsatellite/TPS Merger

On July 23, 2012, the French Competition Authority issued a new ruling in which it approved the merger between Canalsatellite and TPS (after withdrawing approval on September 20, 2011). This decision made the merger between Canalsatellite and TPS subject to compliance with 33 injunctions, which were imposed for five years and renewable once. They primarily affect:

- the acquisition of film rights from US studios and French producers;
- the interest of Canal+ Group, through its subsidiary Multithématiques SAS, in Orange Cinéma Séries; and
- the availability and distribution of independent or internal premium and theme channels, as well as non-linear services (VoD and SVoD).

The enforcement of the injunctions was accompanied by the creation of a dedicated organization within Canal+ Group. An agent was appointed to monitor the successful enforcement of the injunctions by Canal+ Group, and reports every three months to the French Competition Authority on implementation of the injunctions. In addition, three annual oversight meetings of Canal+ Group, the agent and representatives of the Competition Authority have already been held.

Acquisition of the Direct 8 and Direct Star Channels

Notice of acquisition of the Direct 8 and Direct Star channels by Canal+ Group was given to the French Competition Authority on December 5, 2011 and the acquisition was approved by the Authority on July 23, 2012, subject to compliance with several undertakings by Canal+ Group over five years, renewable once after the Authority reviews the competitive situation.

These undertakings concern:

- limiting the acquisition by Canal+ Group of combined free-to-air and pay-TV broadcasting rights to American films, American television series and recent French films;
- negotiating these rights separately;
- limiting the acquisition by Direct 8 and Direct Star of French catalog films from Studiocanal; and
- granting unscrambled broadcasting rights to major sports events.

TF1 and M6 filed an appeal before the *Conseil d'État* on the ground that the French Competition Authority's decision approving the acquisition of these two channels exceeded its powers. On December 23, 2013, the *Conseil d'État* overturned the Competition Authority's decision, ruling that it had not deliberated collectively on the version of the undertakings contained in its decision of July 23, 2012. Further, with regards to the intrinsic legality of that decision, the *Conseil d'État* ruled that the Competition Authority had erred in its assessment when it concluded that undertaking 2.2 would prevent the anti-competitive effects of the deal linked to restricting French film rights markets in the second and third unscrambled windows.

On January 15, 2014, Vivendi and Canal+ Group again notified the French Competition Authority of the acquisition of the Direct 8 and Direct Star channels. On April 2, 2014, the Competition Authority again authorized Canal+ Group to acquire Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia, subject to several undertakings.

The enforcement of these undertakings was supported by the creation of a dedicated organization within Canal+ Group. An agent was appointed to monitor the proper enforcement of the undertakings by Canal+ Group. He reports to the Competition Authority every three months on this enforcement. In addition, three annual oversight meetings of Canal+ Group, the agent and representatives of the Competition Authority have already been held.

On July 21, 2016, the Competition Authority began holding public hearings to review competitive conditions in the markets concerned by the Canalsatellite/TPS and Direct 8/Direct Star transactions. This analysis will enable the Authority to determine whether all or part of injunctions and undertakings are still applicable to Canal+ Group. The Authority is expected to issue its ruling by June 23, 2017.

Competitive Environment in France

The French pay-TV market is changing rapidly due to:

- the arrival of new market entrants offering premium content. These include Orange, which has positioned itself in the upstream market for the acquisition of audiovisual rights and in the intermediate market for the production and distribution of movie and drama channels ("OCS" channels); Al Jazeera, which has leveraged its substantial financial resources to launch the beIN Sports channels and to offer extensive premium sports content (e.g, French Ligue 1, Liga, Bundesliga and UEFA Champions League); and the Altice Group with its SFR Sport channels that broadcast English Premier League football, French track and field competitions and part of the England Rugby Union Team matches;
- the proliferation of distribution platforms and technologies, such as connected TVs;
- the development and enrichment of ISP bundled television packages, which have become attractive products that create competitive differentiation;
- the surging growth in non-linear content and the entry into television markets of global players from the digital industry, such as Netflix, Amazon, Google, Facebook and Apple. This has completely upended the competitive playing field with, among other things, the development of innovative media and distribution systems, such as Internet-delivered over-the-top (OTT) content. With their global subscriber bases, these companies can in turn invest heavily in exclusive content that competitively differentiates their offerings;

- the profound shift in the behavior of audiovisual content consumers, who prefer the instant gratification of non-linear delivery, the lower cost of content delivered OTT or through ISP triple play subscriptions, or the no-cost access available on DTT or online, whether legal or not;
- competitive pressures from the new amalgamation created by the merger of SFR and cable operator Numericable, with expertise in both the development of fiber optic networks and pay-TV. It has embarked on a strategy of acquiring and delivering exclusive content, with in particular the signing in late 2016 of agreements with Discovery and NBCUniversal; and
- the undeniable success of DTT in France. Following the launch of six new free-to-air DTT channels in December 2012 and the arrival of LCI on the free-access DTT in April 2016, French viewers now have 25 free-access channels offering the same technologies and related services as the pay-TV channels (e.g., HD and replay).

1.6.2.9. Research and Development

Canal+ Group's Research and Development (R&D) policy primarily focuses on innovation in new services, new uses and new technologies.

The advancement of an idea or concept from the monitoring phase into the prototyping phase, and then to its ultimate implementation, is controlled by a cross-disciplinary committee composed of the operations directors (Distribution, Programming, Technology and Information Systems).

Some of the projects implemented within this framework receive research tax credits.

1.6.3. MOBILE VIDEO GAMES

Asphalt Xtreme

In June 2016, the acquisition of Gameloft brought in a new entertainment business, mobile video games, to strengthen the Vivendi group.

The purchase was seamlessly aligned with the strategy of expanding into content and gave new impetus to the drive towards mobile delivery. Considered the leading French mobile game publisher, Gameloft enjoys world-renowned expertise, with 175 free-to-play smartphone games developed in its 20 design studios, and more than 140 million players a month. In 2016, Gameloft also ranked as the leading mobile game publisher on Apple Store and Google Play, accounting for more than one billion downloads worldwide.

Gameloft focuses obsessively on the quality of its games, which it carefully manages throughout the creative process. Development studios based in the United States, Europe and Asia are helping to consolidate its leadership by localizing the games for each market, in a combination of global vision and local delivery.

Dragon Mania Legends

1.6.3.1. Mobile game development and production

Gameloft's growth has been propelled by the boom in smartphone sales, which has radically transformed the mobile gaming market due to touchscreen controls and motion recognition, which immerse the player deeper in the game and substantially improve gameplay.

Today, Gameloft markets 175 free-to-play mobile video games in nearly 120 countries and has some 20 development studios based around the world, from Montreal to Manila. In 2016, nearly three million Gameloft games were downloaded every day worldwide.

Gameloft has a broad portfolio of proprietary brands with franchises designed and developed in-house, such as *Asphalt* (racing), *Dungeon Hunter* (adventure), *Dragon Mania Legends* (simulation), *Modern Combat*, *Order & Chaos*, *Gangstar* and *World at Arms* (action). These franchises cover every gaming genre and are aimed at a wide audience. In November 2016, the new version of *Asphalt*, *Asphalt Xtreme*, logged more than 16.5 million downloads worldwide in three months.

At the same time, Gameloft is also developing a wide variety of games through partnership agreements with major rights holders.

In particular, it is working with DisneyPixar®, Mattel®, Hasbro®, Fox®, Universal, Marvel®, DC Comics and Sega to associate some of its games with the world's most popular brands, such as *Spider-Man*, *Disney Magic Kingdoms*, *Uno*, *Despicable Me*, *My Little Pony*, *Cars* and *Ice Age*.

These franchises, which have created most of the great pop-culture heroes, are being transposed to mobile games involving a universe, characters and plotlines that are very familiar to the players. *Minion Rush* has been a huge success for Gameloft, with more than 800 million downloads since 2013.

1.6.3.2. Mobile game marketing

Offering free-to-play games represents a major shift in the company's business model, in that the fully functional games are downloadable for free (therefore sharply increasing download volumes) and then generate revenue solely through the sale of in-game virtual goods that enable the player to make faster progress. Nearly 90% of Gameloft's smartphone and tablet-generated revenue now comes from the sale of virtual goods.

In 2015, the company set up an internal advertising sales agency, Gameloft Advertising Solutions (GLADS), and began selling advertising in its games. In 2016, these advertising sales accounted for 7% of consolidated revenue, supplementing the proceeds from in-game sales. Mobile advertising spending is expected to climb to $114 billion in 2018 from $50 billion in 2015 **(1)**. Gameloft has an average daily audience of 17 million players, each of whom plays their games for an average of 39 minutes a day over five sessions.

In addition to conventional banners, interstitials and videos, Gameloft Advertising Solutions offers innovative advertising formats such as brand-themed mini-games, in-app surveys and micro-sites, a geo-targeting feature capable of delivering affinity content, and a mobile spending metric to help define specific customer profiles (e.g., travelers, online shopping fans and movie lovers). In this way, the advertising campaigns delivered by Gameloft Advertising Solutions are more aligned with customers and guarantee every advertiser exceptional 100% brand visibility.

(1) *Source: ZenithOptimedia, 2016.*

Proprietary ad servers enable Gameloft to offer advertisers a brand-safe environment ensuring that their brand will always be displayed in the right context. In its core commitment to transparent advertiser relations, Gameloft Advertising Solutions can integrate independent tracking and visibility measurement solutions in formats that comply with IAB standards. The agency is also connected to more than ten programmatic advertising partners offering access to advertisers from around the world in a controlled, automated format.

1.6.3.3. Mobile game distribution

Disney Magic Kingdoms

Gameloft distributes its mobile games through a very wide range of channels. Firstly, they are delivered through smartphone and tablet app stores, such as the Apple App Store, Google Play, the Windows Store and Amazon Appstore. Accessible from mobile phones, tablets and desktop computers, these stores account for a growing share of mobile app sales worldwide. Since 2012, Gameloft has also distributed its games via several platforms in China, Japan and Korea, such as Tencent, Baidu, Line and Kakao. All of these online stores act as OTT distributors of Gameloft games, with the resulting revenues shared between the store and Gameloft. In all, these OTT services accounted for 56% of consolidated revenue in 2016.

Secondly, Gameloft games are distributed by 174 telecom operators in 122 countries around the world. This far exceeds the distribution network of any competitor. Telco customers can buy and download Gameloft games either from their phone's home screen when preloaded by the phone manufacturer (Gameloft works with Nokia, Samsung, LG, ZTE, Motorola, RIM and Huawei, among others) or from the operator's online store. Invoicing is generally managed by the operator, with the cost charged to the customer's telephone bill or invoiced via text. In this case, the telcos act as distributors of Gameloft games and the revenues are shared between the telco and the company. These agreements with telecom operators and phone manufacturers accounted for 36% of consolidated revenue in 2016.

Thirdly, phone and tablet games may be downloaded directly from the various Gameloft portals. The company estimates that this channel contributed just under 1% of its 2016 consolidated revenue. On triple-play set-top boxes and connected televisions, Gameloft games are delivered through the online stores of the ISP or TV manufacturer, which manage the invoicing and share the resulting revenues with Gameloft.

1.6.3.4. Regulatory Environment

Like any video game publisher, Gameloft must comply with a large number of national regulations covering such areas as game content, consumer protection and the protection of personal data and privacy.

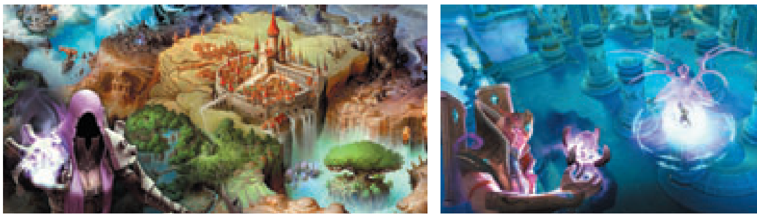
The company has introduced appropriate procedures to comply with local consumer rights legislation and regulations, with a focus on informing customers of game contents and rules of use, by referring to PEGI (Europe) or ESRB (United States) age ratings and alerting players on launch that the game may offer in-app purchases.

Privacy policies also pay special attention to the protection of minors. Gameloft children's games, for example, comply with the Children's Online Privacy Protection Act (COPPA) guidelines covering the collection, use or disclosure of personal information from children under 13 living in the United States, the principles specified by the Office of Fair Trading (OFT) in the United Kingdom, and more generally the recommendations issued in Europe following studies conducted by the European Commission.

1.6.3.5. Piracy

Piracy is still a very harmful practice for the mobile video game industry. It can have a dramatic impact on sales, given that video games are traditionally one of the biggest revenue-generators in the Apple, Google, and Microsoft app stores. The freemium business model remains the most successful defense against piracy. To prevent pirating, Gameloft has deployed a permanent surveillance system enabling it to respond quickly as soon as illegal copies are uploaded.

1.6.3.6. Competition



Dungeon Hunter 5

Gameloft and Electronic Arts **(1)** share the top two feature phone marketplaces, far ahead of other game publishers, and global competition is generally weak. Feature phones, which are still very popular in some countries, are mobile phones that offer basic features such as voice and text. In the smartphone and tablet segment, on the other hand, competition has grown considerably as the increasing amount of fund-raising, IPO and M&A activity has reshaped the industry.

As a result, competition in the global mobile gaming market is once again on the rise, as was the case back in 2000-2006. Growth in Gameloft's business will depend on its ability to consolidate its current position among the market leaders.

(1) *Source: Quarterly press releases of Electronic Arts and other peers.*

1.6.3.7. Research and Development

Gameloft allocates all of the human resources and infrastructure needed to develop its games, in order to communicate more quickly with the production teams in the subsidiaries. Development teams are also provided with telephones.

The cost of developing downloadable console games is recognized as an intangible asset when it can be reasonably assumed that the project will be completed and profitable. The costs of developing games on the new platforms are capitalized when the project is considered to be technically feasible and the costs recoverable.

The costs of developing mobile phone games are expensed as incurred. Every year, the company develops several thousand versions of its games and uploads them to telecom operator sites to cover the 300 different mobile phone models and 15,000 smartphone models currently on the market, all in seventeen languages.

This extreme fragmentation and the more aggregate nature of operator sales data mean that Gameloft cannot accurately measure its mobile game development costs and the future economic benefits of each version, from either a technical or a business point of view. On this basis, given that these costs do not meet all the criteria for being recognized as an intangible asset as defined in IAS 38, they are expensed instead.

1.6.4. PLATFORMS

Vivendi is deploying an increasing number of digital and mobile initiatives, closely aligned with new media consumption patterns. In particular, it has enhanced access to its musical and audiovisual content by stepping up the development of digital systems capable of broadening the impact of its content and talented artists.

The group's platforms offer the public and artists an innovative approach to content delivery and digital experience. Dailymotion, for example, has deployed a new platform, the innovative Studio+ and WatchMusic projects have been launched for mobile devices to support artists throughout their careers, from their discovery to their performance on stage.

1.6.4.1. Video platforms

Video content bundling

300 M
USERS
A MONTH

Dailymotion is one of the most visited French websites in the world, with almost three billion video views and 300 million users a month, and ranks as the European leader in online video hosting and sharing. Dailymotion enables videos to be viewed, uploaded, searched, stored, shared, discussed and monetized on the Internet by facilitating the interface between video makers, platform users and advertisers.

In France, where it has partnered with most of the print and broadcast media, Dailymotion tallies 22 million unique visitors and 275 million multi-screen video views a month.

Dailymotion has also formed a large number of partnerships with media, brands and other content producers around the world, based on a unique value-sharing proposition. In this way, half of the platform's global audience is generated outside its own site.

In 2016, Dailymotion undertook a major capital expenditure plan that will drive the deployment, in the first-half 2017, of a new user interface across the entire screen base. It will be more content-rich, attractive and efficient, reflecting Dailymotion's new positioning as a destination platform for a target audience particularly popular with advertisers.

Also during the year, Dailymotion Advertising, the platform's advertising sales agency, developed a new vertical format for smartphone ads that takes full advantage of the screen surface. The new vertical pre-roll is a true instream, served on the same ad position as a standard pre-roll and fitting perfectly to the screen by using the technical features of a video player. The new format was released in late 2016 and will be available through programmatic in early 2017.

Dailymotion is authorized to act as hosting provider, as defined by Directive 2000/31/EC of the European Parliament and Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).

Protection of content rights holders is an absolute priority for Dailymotion. In addition to the prompt removal, by teams available 24 hours a day, after notification of alleged illegal content – a response that exceeds its legal obligations as a host – Dailymotion has deployed several digital fingerprinting solutions to protect rights holders more effectively.

Short-format video app

Vivendi Content, the new content creation unit, has developed Studio+, the first premium package of short-format videos for mobile screens. Launched in Latin America, France and Italy in late 2016, the new service is meeting the growing demand from smartphone users for short content to watch on the go. With mobile devices becoming the most commonly used way to watch videos, Studio+ is easing the dearth of high-quality stock content viewable in a suitable format.

More than just a collection of series, Studio+ offers fans a new mobile watching experience based on around twenty series with surprising scripts and settings, presented in ten 10-minute episodes. They were produced in five languages and shot in 18 countries, demonstrating unmatched authenticity and enhancing their appeal for an international audience. All of these original productions will be accompanied by international acquisitions, most of which are first-run. Studio+ has already won awards at several film and series festivals, such as the *La Rochelle Film Festival* and *Fipa d'Or*.

Studio+ has an ambitious editorial strategy based on high-quality productions created by talented young artists in motion pictures and advertising, as well as by some of the biggest names in the television and film industry. It will be backed by the expertise of Vivendi's businesses, including Canal+, Studiocanal, Universal Music Group and Gameloft.

Developed by Vivendi Village subsidiary Watchever, the Studio+ application offers an extremely fluid, intuitive navigation across all of the available series and episodes, along with several useful features like offline viewing.

iROKO+

Canal+ Group and iROKO have introduced iROKO+, the first mobile SVoD application enabling the streaming of telenovelas and Nollywood content in French-speaking African countries. Available exclusively on the Android mobile system, which is the most prevalent in Africa, iROKO+ may be downloaded from Google Play Store. It is supported by a catalog of more than 1,500 hours of content in the most popular genres in Africa, including Nollywood movies and TV series, South American telenovelas and French-speaking African content from the A+ channel.

Digital app development

Although the Watchever video-on-demand service that operated in Germany closed down in December 2016, the platform has been refocused on the development of new for-pay streaming services in international markets.

Building on its experience in online video services and its robust technical expertise, Watchever is now developing and supporting group projects bringing together the media and new technologies.

For example, Watchever developed the Studio+ app and WatchMusic, a mobile music video service launched in Brazil on October 6, 2016 and scheduled for roll-out in other regions in the future.

1.6.4.2. Music platforms

A music video app

Launched in Brazil in October, WatchMusic is an innovative subscription-based music video streaming service delivered via a mobile app developed by Watchever in partnership with Brazilian telecom operator Vivo (Telefónica Group).

WatchMusic offers music lovers an immersive video experience with unlimited access to a huge selection of live recordings, videos, documentaries and original content from thousands of Brazilian and international artists. In addition, it will stream live concerts and festival footage.

The service offers several useful features, such as the option of only listening to music to reduce data use, the possibility of downloading videos for offline viewing, and the ability to continue listening to music in the background while running other phone apps.

WatchMusic will be rolled out in other Latin American countries and other regions of the world in 2017.

A new music platform

Canal+ has launched Jack, a hip new digital platform dedicated to today's new music scene, keeping ahead of the latest trends and the artists that are making them happen. Jack offers exclusive, edgy content, with back-stage reports, daily music news, amazing artist interviews, immersive videos and theme playlists.

In partnership with Spotify, Jack is also working on a refreshing, informative analysis of music news based on statistical data provided by the streaming service.

Jack is part of Canal+'s digital package, which already includes Clique, Détours and soon other platforms.

1.6.4.3. Ticketing


Olivia Ruiz

Vivendi Ticketing is a market-leading ticketing service, with the See Tickets brand in the United Kingdom and the United States, and Digitick in France.

Specialized in the online sale and distribution of tickets for musical performances, sporting events and cultural events, Vivendi Ticketing directly sells 15 million tickets a year.

It also serves several thousand event organizers and venues, including the Eiffel Tower, the Château de Versailles, the Manchester City Football Club, the Vieilles Charrues music festival and the Royal Horticultural Society Flower Show (UK). In all, 35 million tickets are sold each year.

In the United States, See Tickets considerably expanded its operations in 2016 with the acquisition of Flavorus, which has more than 4,300 customers in the concert and sports segments. Now combined under the See Tickets US brand, the two companies offer their customers innovative services, such as the social media ticketing integration and fraud detection.

In France, Digitick rolled out a new service in December 2016 by launching Nina, a commercial chatbot running on Facebook Messenger that helps users choose a show. Depending on where they are and what they want to see, Nina suggests possibilities before directing them to a conventional ticketing service.

1.6.4.4. Referral services

France's leading online advice and referral website, MyBestPro helps consumers find the right professional while enabling professionals to build their practice.

It operates five marketplaces covering some of the most popular professional services: legal counsel (Juritravail.com), home improvement contractors (Habitatpresto.com), tutoring services (Bordas.com), health care (RDVmedicaux.com) and expert hotlines (Wengo).

- Juritravail, France's second largest legal services marketplace, offers free legal information and advice, as well as mutual support forums. In 2016, it expanded its La Rochelle office by doubling its workforce.
- Ranking third among French websites offering cost estimates for home improvement work, Habitatpresto puts people with a project in contact with its 5,000 subscribing contractors.
- Bordas is France's first tutoring marketplace working exclusively with certified teachers, who can be contacted on www.bordas.com by families of students in need of support.
- Ranking third in the French market, RDVmedicaux.com enables people to make doctor appointments online. More than 30,000 appointments are made every month.
- Wengo offers expert advice on a wide range of legal, IT and well-being issues by telephone and online.

Buoyed by the growing trend towards comparison websites and online ratings, MyBestPro is deploying a recommendation/customer rating approach that has proven highly popular with users. Available on every screen, MyBestPro operates in ten European countries. It offers a way to monetize an online audience with services rather than advertising.

1.6.5. LIVE PERFORMANCE

Vivendi is fully engaged in a strategy focused on live performance in all forms, including shows, concerts, festivals and plays. A core component of Vivendi's strategy in France and other countries, the live business covers not only the group's participation in a dozen festivals (including the Blue Note Festival in France and the Sundown Festival in the United Kingdom) and the deployment of the new CanalOlympia venues, but also the discovery of new talent and the development of their performance careers.

To enhance this value chain, Vivendi has also created a dedicated show production unit, Olympia Production, and, with Festival Production, acquired the Brive Festival, which will next be held in July 2017.

1.6.5.1. Talent support

Vivendi Talents & Live

While Vivendi owns major channels for generating artist exposure, it is also committed to scouting out new talent in the field. The Vivendi Talents & Live unit is dedicated to identifying and nurturing these budding artists by giving them the resources they need to create a name for themselves and increase their audience outreach.

Several talented musicians and comedians have already signed with the unit and are enjoying excellent visibility not only on the group's television and physical stages, but also elsewhere, with performances in other legendary venues and many festivals.

Olympia Production

Slimane

Since live performance is such a powerful strategic driver for Vivendi, Olympia Production was set up to create live events in synergy with other group units. The new business is aligned with Vivendi's commitment to nurturing the stage careers of young talent and veteran artists alike.

In 2017, Olympia Production will co-produce tours by M. Pokora, Slimane (2016 winner of *The Voice* singing competition in France) and Vivendi artists such as Laura Domenge, Guillermo Guiz and Gérémy Crédeville. The unit will also partner a large number of festivals in 2017. In the theater segment, Olympia Production was also the producer of Florian Zeller's play, which opened Théâtre de l'Œuvre's season in October 2016.

1.6.5.2. Performance Venues in France

L'Olympia

One of the most famous concert halls in Paris, L'Olympia is still a favorite venue for visiting artists. In 2016, it hosted 263 shows, the same as the year before despite the cancellations due to the November 2015 terrorist attacks.

Like Vivendi Village, L'Olympia offers an exciting laboratory for developing the potential of live entertainment. While remaining true to the venue's DNA, it is also opening up to new audiences and diversifying its activities. In 2016, for example, L'Olympia organized its first exhibition presenting the history of its building at 28 boulevard des Capucines through stories, exceptional photos, videos and stage costumes.

These initiatives are enabling the venue to capture all the value of its incredible heritage. The former "Salle des Mains", for example, has been transformed into a reception room for private events. L'Olympia is also increasing the number of events organized with partners by offering brands customizable solutions.

Théâtre de l'Œuvre

A little gem tucked away near Place de Clichy, Théâtre de l'Œuvre, with its 336 seats, offers an intimate setting that is highly appreciated by actors.

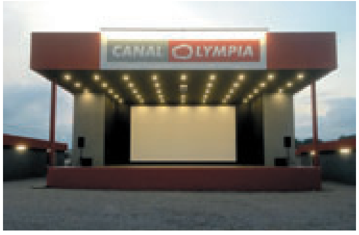
Founded in 1892, it was originally a concert hall before becoming a theater. In 2016, the actor and comedian François-Xavier Demaison and the director Benoît Lavigne took over its management with the goal of encouraging contemporary writers and artists to express themselves to a wider public.

On October 5, 2016, Théâtre de l'Œuvre reopened after a three-month renovation with an ambitious program that debuted with Florian Zeller's *Avant de s'envoler*, with Robert Hirsch. Next on the stage will be Isabelle Carré with *Le Sourire d'Audrey Hepburn* and Charlotte Rampling with *Danses nocturnes*.

1.6.5.3. Performance Venues Elsewhere in the World

CanalOlympia

The first CanalOlympia movie and live performance venue opened in Yaoundé, Cameroon in June 2016. It represented the first step in the network of venues that Vivendi wants to build in Africa.



These multi-use venues, which can serve as movie theaters or concert halls and venues, are designed to facilitate access to culture and entertainment in countries that lack adequate infrastructure.

The CanalOlympia movie theaters offer 18 screenings over six days a week, with titles released, in most cases, at the same time as in France. Three screenings are reserved each week for children's films and a full day is dedicated each month to African and Nollywood movies. In the next phase of the roll-out, concerts by African and international artists will be organized.

CanalOlympia is also designed to act as a catalyst for the development of talent across Africa. The complexes will offer performance venues for many local and international artists, with the support of a broad tour organization network. Featuring a recording studio and a rehearsal room, the CanalOlympia venues will help to scout, mentor and showcase talented musicians, singers and actors.

In early 2017, four new CanalOlympia venues were opened in Conakry (Guinea), Douala (Cameroon), Niamey (Niger) and Ouagadougou (Burkina Faso). With CanalOlympia Yaoundé, these five movie and live performance venues are the beginnings of a network of several dozen venues that will be gradually expanded in Central and West Africa.

CanalOlympia Kaloum (Conakry)

Abbey Road

Made famous by the Beatles, the most emblematic studio in London has belonged to UMG since 2011. This renowned music venue remains the preferred recording studio for artists all over the world. Abbey Road Studios can also be transformed into a show venue, as in April 2016 when it hosted the *Frenglish Night* comedy evening with Gad Elmaleh and Eddie Izzard.

1.7. Equity Investments

1.7.1. TELECOM ITALIA

On June 24, 2015, Vivendi became the core shareholder of Telecom Italia, the leading fixed-line and mobile operator in Italy. In accordance with its option, granted when GVT was sold to Telefonica, Vivendi exchanged its 4.5% interest in Telefonica Brasil for 1.11 billion shares of Telecom Italia common stock, corresponding to 8.24% of its issued capital.

At the end of 2015, as the core shareholder, Vivendi was given four seats on the Telecom Italia Board of Directors.

As of December 31, 2016, Vivendi owned 23.94% of Telecom Italia's common stock.

1.7.2. MEDIASET

On April 8, 2016, Vivendi announced that it had entered into a strategic and industrial partnership with Mediaset, involving the acquisition of a 3.5% stake in Mediaset and 100% of the share capital of Mediaset Premium in exchange for 3.5% of Vivendi's share capital. This agreement is the subject of litigation. Considering that the strategic interest of the industrial partnership announced on April 8, 2016 extends beyond the litigation at stake, Vivendi began building a stake in Mediaset that has made it the company's second largest shareholder.

As of December 31, 2016, Vivendi owned a 28.80% stake in Mediaset.

1.7.3. TELEFONICA

As of December 31, 2016, Vivendi owned 0.98% of outstanding Telefonica shares.

1.7.4. UBISOFT

On October 14, 2015, Vivendi acquired a 6.6% interest in Ubisoft, which it raised to 25.72% as of December 31, 2016, and to 26.8% as of March 10, 2017.

1.7.5. GROUPE FNAC

As part of a strategic partnership announced on April 11, 2016, Vivendi acquired a 15% minority interest in Groupe Fnac on May 24, 2016 and was given two seats on the Board of Directors.

Vivendi held 11.3% of Groupe Fnac as of December 31, 2016, and 11.27% as of March 10, 2017.

1.7.6. MARS FILMS

On September 29, 2015, Vivendi acquired a 30% interest in the share capital of Mars Films, a leading French motion picture production and distribution company.

As of December 31, 2016, Vivendi owned 30% of the share capital of Mars Films.

1.7.7. BANIJAY GROUP

On February 23, 2016, Vivendi acquired a 26.2% interest in Banijay Group, the world's third largest television production company that was created by the merger of Banijay and Zodiak Media.

As of December 31, 2016, Vivendi owned 26.2% of the share capital of Banijay Group.

For further details on the group's equity investments, see Note 2 to the Consolidated Financial Statements in Chapter 4.

1.8. Operations Sold

1.8.1. ACTIVISION BLIZZARD

On January 13, 2016, Vivendi sold its remaining interest in Activision Blizzard.

SECTION 2
FINANCIAL COMMUNICATION, TAX POLICY AND REGULATORY ENVIRONMENT

2.1. Financial Communication

2.1.1. INVESTMENT POLICY

Vivendi's value creation policy draws on both organic and external growth transactions. With this in mind, the group selects its investment projects according to several criteria:

- the expected growth resulting from the investment, as well as its impact on the growth of adjusted net income per share and on cash flow;
- the profitability of the investment against the assessed financial risk; and
- an in-depth assessment of non-financial risks (e.g., geopolitical and currency).

All of these projects are reviewed by the Investment Committee, which comprises the Chairman of the Supervisory Board, the Chairman and members of the Management Board, the heads of the key corporate departments and the operations and finance directors of the business units. This committee meets twice a month.

All significant investment projects are subject to approval by the Supervisory Board.

For major transactions, a post-acquisition audit is performed to compare actual operational and financial results with the assumptions made during the investment decision process. The conclusions drawn from auditing these transactions can then be used to promote best practices within the group.

2.1.2. FINANCIAL COMMUNICATION POLICY

2.1.2.1. Objectives of Vivendi's financial communication

Vivendi's financial communication is based on the principle of providing fair, accurate and transparent information on the group's position to all shareholders, analysts and investors. The group ensures that it complies with all laws, standards and procedures applicable in France, including the French Financial Security Act, the International Financial Reporting Standards (IFRS), the benchmarks set out in the Committee of Sponsoring Organisation of the Treadway Commission (COSO) and the recommendations of French securities regulator, the AMF.

Vivendi's Investor Relations department maintains a close and ongoing dialog with the analysts of brokerage firms and investment funds. It also provides a continuous stream of information and updates on the Investors/Analysts section of the www.vivendi.com website, which is aimed primarily at institutional investors.

Vivendi also provides financial information to institutional investors through meetings organized in the main global financial markets and through the participation of group executives and the heads of its businesses at investor conferences.

The Financing and Treasury department is also in regular contact with the agencies that rate the group's debt.

In 2016, a total of 486 events (roadshows, investor conferences, analyst and investor meetings at Vivendi's headquarters or at the offices of its subsidiaries) were organized in Europe and the United States that were an opportunity for the group and subsidiary management teams to meet with representatives from 335 financial institutions to present the group's results and outlook.

Lastly, Vivendi also organizes ad hoc communications for analysts and investors who specialize in socially responsible investments.

2.1.2.2. Communication with Individual Shareholders

Vivendi has a specific team dedicated to individual shareholder communications. Acutely aware of the value of the expectations of the group's 271,000 shareholders, the team manages the Shareholders' Club, the Shareholders' Committee, the Individual Shareholders' section on the group's website, the Twitter account and the dedicated toll-free number.

Set up in 2010, the goal of the Vivendi Shareholders' Club is to provide individual shareholders with more information on the group, and to allow them to participate in events and meetings to gain greater insight into the group's businesses and strategy.

In 2016, the Shareholders' Club organized 13 thematic meetings for its 7,230 members in Paris and country-wide. These included the *Jeudi, c'est Vivendi* training sessions with the *École de la Bourse* and 31 entertainment-related events, from premiere screenings for films produced or distributed by Studiocanal to opera broadcasts, shows by partner organizations of Vivendi's Solidarity program, *Create Joy*, or organized visits to L'Olympia, the Opéra Garnier, the Palais Brongniart, the Palais de la Bourse de Marseille and the Martin Scorsese exhibition, among others. Most of these events were linked to the group's business activities, especially music and cinema. Although the majority of shareholders live in Paris and the surrounding area, Vivendi is also committed to offering its shareholders outside of the capital the possibility of attending events. In 2016, the Club went out to meet shareholders in Marseille, Montpellier, Nantes, Lyon, Toulon, Reims, Grenoble, Pau, Toulouse, Nice, Lille and Caen.

In 2009, the group set up a Shareholders' Committee made up of 10 members appointed for a renewable two-year term. This committee, which meets three times a year, and in particular around the time of the Shareholders' Meeting, acts as a bridge between Vivendi's shareholders and its management. It is particularly focused on communication with individual shareholders. Five of its ten members had their terms renewed in 2016. Members live in various regions around France, namely Yvelines, Val de Marne, Côte d'Azur, Pays-de-la-Loire and the Paris region, and their backgrounds/profiles are available on the group's website.

The Individual Shareholders' department is also responsible for the section dedicated to individual shareholders on the group's website. This section provides information on the Shareholders' Meeting, the Shareholders' Club and the Shareholders' Committee as well as access to Vivendi's press releases, a Shareholders' Booklet, a video archive, audio clips, and the department's contact details. As a group that is steadfastly committed to listening to its shareholders, Vivendi's Individual Shareholders' Information department can be contacted during normal business hours Monday to Friday by telephone at 0805 050 050 (toll-free number in France), by e-mail (actionnaires@vivendi.com) or by mail (Vivendi – Individual Shareholders' Information department – 42, avenue de Friedland – 75380 Paris Cedex 08, France). A Twitter account has also been set up specifically for individual shareholders.

2.2. Tax Policy

The group's tax policy aims to ensure that:

- the group's attitude towards tax is clearly understood at all levels;
- appropriate structures are in place to enable the proper calculation and payment of taxes in the appropriate territories;
- appropriate accounting policies (including transfer pricing policies) are followed to enable the proper calculation and payment of taxes in the relevant territories within the prescribed time frames;
- tax reliefs which are rightfully available to the group are identified and claimed at the appropriate time;
- external advisers engaged by the group have the appropriate qualifications and reputation;
- open and constructive relationships with local tax authorities are developed and maintained wherever possible and permitted by local law; and
- in the event that any company or part of the group is subjected to a tax audit, the appropriate staff and/or external advisers are assigned to the matter so that the audit progress is concluded as quickly as possible.

The policy applies to all types of taxes at every jurisdiction level (local, regional and national).

The group has very low tolerance to tax risk and notably does not:

- shelter profits in tax havens or low tax countries where the group does not have a legitimate commercial presence;
- use licensing arrangements or any other scheme to transfer artificial profits to low tax countries; or
- subscribe to or participate in schemes that provide no commercial benefit to the group, or where tax benefit is a significant contributing factor.

The group justifiably mitigates its tax liabilities and compliance costs by making reasonable and appropriate use of the legislative framework and the available options in each territory within which it operates. As such, the group engages in legitimate tax planning in order to, for example, make the most efficient use of permitted tax reliefs and other incentives as well as access tax losses from prior periods. Where possible, the use of such arrangements will be presented to and agreed with the appropriate tax authority. If unable to do so, the group seeks expert advice to confirm that if there were to be challenges to its position these would more likely than not be settled in its favor.

The Tax department employs tax specialists based in Paris, New York, London, and Berlin. The Head of the Tax department reports to the group General Counsel.

The Tax department participates in and presents a report on all material tax matters to the Vivendi Audit Committee. The Head of the Tax department keeps the group General Counsel and the Chief Financial Officer of the group aware of tax issues.

The group is committed to establishing and maintaining a constructive and transparent relationship with the tax authorities in all other countries in which it operates and where such relationships are permitted under local legislation and customs. The group considers that such arrangements provide long-term benefits for both the group and the local tax authorities.

2.3. Insurance

Vivendi holds centralized insurance coverage for its own risks and the risks of its subsidiaries. Within this framework, plans have been established by the group's Insurance department with major French and international insurers. These policies are subject to regular competitive bidding to allow the group to benefit from optimal technical and financial terms. Local contracts are used for coverage of certain risks specific to Universal Music Group in the United States.

Vivendi's insurance plans go hand-in-hand with the group's risk management policy. With respect to the Property Damage/Business Interruption plan, regular inspections of the group's main facilities, in France and abroad, are performed by the insurers, allowing them to better assess the risks covered, and enabling Vivendi to optimize the terms on which it negotiates the corresponding insurance policies. This risk management policy also includes plans for resuming operations or 'rescue' plans in the event of accidents having an effect on an essential component of a particular business. There are also environmental protection measures in place.

The main insurance policies contracted by Vivendi include, among others, those covering property damage and business interruption, civil liability and workplace accidents.

2.3.1. PROPERTY DAMAGE AND BUSINESS INTERRUPTION

General insurance programs for the entire group have been contracted for a total coverage of up to €400 million per loss. These programs cover risks of fire, water damage, natural disaster and terrorism (depending on the legal restrictions in each relevant country or state) as well as any business interruption resulting from these events. In general, the applicable deductible per claim is €250,000.

2.3.2. CIVIL LIABILITY

Insurance policy programs to cover civil liability in the course of business operations as well as product liability for the entire group have been secured for €180 million per year in total aggregate coverage.

2.3.3. WORKPLACE ACCIDENTS

Certain plans are specific to operations in the United States, particularly those to cover occupational illness and workplace accidents, where the employer is responsible for the insurance. Workers' compensation programs have been established to comply with obligations required by the laws of various states.

2.4. Investments

Vivendi's main investments and divestments include acquisitions or disposals of financial investments, as described in Note 2 to the Consolidated Financial Statements, as well as investments in capital expenditure and content, described in Note 3 and Note 10 to the Consolidated Financial Statements, respectively.

The impact of these investments and divestments on Vivendi's financial position is described in Section 2.4 of the Financial Report, and the impact of the investments in content and capital expenditure on Vivendi's financial position is described in Section 2.3 of the Financial Report.

Moreover, the contractual commitments made by Vivendi for the acquisitions of financial investments, as well as investments in capital expenditure, are described in Note 22 to the Consolidated Financial Statements. The distribution and breakdown of capital expenditure per business are presented in Note 3 to the Consolidated Financial Statements.

2.5. Seasonality of Group Businesses

The activities of Vivendi's subsidiaries are relatively seasonal in nature. Sales volumes are higher during the last quarter, which is when UMG achieves almost one third of its sales. However, by developing streaming and subscriptions, as well as entertainment events, the group has been able to spread sales over the year more effectively.

As regards pay-TV, the revenues of Canal+ Group are more consistent since they depend on subscriptions.

There are nonetheless more subscriptions at the beginning of the school year in September and over Christmas and the New Year. Major sporting events such as the Rugby World Cup have also had an impact on the volume of subscriptions, particularly in Africa.

Seasonal variations are not really noticeable in the case of business activities linked to the customer experience or the business units involved in live events.

2.6. Raw Materials

The main raw materials used by Vivendi's subsidiaries are:

- paper, for product packaging at UMG and Canal+ Group; and
- polycarbonates, for producing CDs and DVDs at UMG and Canal+ Group.

Paper and polycarbonates are not subject to price variations that could have a significant impact on Canal+ Group's activities, and UMG has signed various contracts with its suppliers protecting it against fluctuations in raw materials prices.

In general, the activities of Vivendi's subsidiaries are not dependent on suppliers of raw materials.

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SECTION 3
RISK FACTORS

Vivendi regularly conducts a review of the risk factors that could have a negative impact on its operations or results. This review is presented to the Audit Committee. Vivendi has not identified any significant risks other than those described below.

The Risk and Compliance Committee frequently assesses and evaluates risks that could have an impact on Vivendi's businesses and checks that the internal procedures in place are adequate. It notifies the Audit Committee, Supervisory Board and the Management Board of its main conclusions and recommendations.

The work of the Risk and Compliance Committee is described in Section 4.4 of Chapter 3 of this Annual Report.

Legal Risks

RISKS ASSOCIATED WITH REGULATIONS APPLICABLE TO THE GROUP'S OPERATIONS

In the ordinary course of its business, Vivendi must comply with complex, restrictive and evolving regulations, particularly those governing the broadcasting sector.

Substantial changes in the legislative environment, the application or interpretation of regulations by the French Competition Authority or by administrative, judicial or other authorities, particularly with respect to competition law and tax law, may result in Vivendi incurring additional costs or altering the products and services it offers, which may materially impact its business, financial position, results and development prospects.

In addition, certain operations of the group are dependent on obtaining or renewing licenses issued by regulatory authorities such as the *Conseil supérieur de l'audiovisuel* in France (French Broadcasting Authority). The process of obtaining or renewing these licenses can be long, complex and costly. Pursuant to Article 40 of Law No. 86-1067 of September 30, 1986 on freedom of communication, no more than 20% of the share capital of a company holding a license for a French language television service can be held, either directly or indirectly, by non French/non-EU entities. Consequently, Canal+ Group, the wholly-owned Vivendi subsidiary that holds 100% of Société d'Édition de Canal Plus (SECP), is authorized to broadcast Canal+ and the C8, CStar, CNews and Planet channels which are also wholly-owned, provided, however, that no more than 20% of the share capital or voting rights of the company holding these broadcasting authorizations is, either directly or indirectly, held by a non French/non-EU shareholder or by several non French/non-EU shareholders where their combined shareholding exceeds this threshold. The analysis carried out by Vivendi and its legal advisers of the provisions of the legal text and of its interpretation by the *Conseil d'État* (French Council of State) in its Administrative Notice of June 27, 2002, has led them to conclude that if the combined interests of non French/non-EU shareholders exceeds 20% of the share capital or voting rights of Vivendi, which indirectly holds the broadcasting license through its Canal+ Group subsidiary, this could constitute a breach of the provisions of the aforementioned Article 40. Vivendi's ability to achieve its strategic objectives may be impaired if it is unable to obtain or retain in a timely manner the licenses required to conduct, continue or expand its operations. For a detailed description of the regulatory environment in which the group operates, see Section 1 of this chapter.

LITIGATION RISKS

The group is, or could become, involved in a number of lawsuits or investigations initiated by shareholders, consumers, competitors, or regulatory and tax authorities. In some of these cases, if Vivendi fails to negotiate an amicable settlement it may be ordered to pay damages or financial penalties.

For a description of the main disputes and investigations involving the group, see Note 23 to the Consolidated Financial Statements in Chapter 4 of this Annual Report.

Vivendi recognizes a provision each time a risk is identified, is likely to materialize and is either quantifiable or can be estimated with reasonable accuracy. At any time during a legal proceeding, events may occur which result in a reassessment of the risk. With the exception of the main legal proceedings and investigations described in Note 23 to the Consolidated Financial Statements (see Chapter 4 of this Annual Report), Vivendi considers it unlikely that current legal proceedings will have a material adverse impact on the group's financial position.

RISKS ASSOCIATED WITH VIVENDI'S COMMITMENTS

Vivendi and its subsidiaries have made a number of conditional commitments, the most important of which are described in Note 22 to the Consolidated Financial Statements (see Chapter 4 of this Annual Report). Some of these commitments are unlimited in their duration or amount. If Vivendi has to make a payment to satisfy one or more of these commitments, this could have an adverse impact on its financial results and financial position.

Risks Associated with the Group's Operations

RISKS ASSOCIATED WITH PIRACY AND COUNTERFEITING

The development of computer and electronic equipment and the decline in its cost, as well as technological advances, facilitate the unauthorized reproduction of music and audiovisual works and video games. At the same time, increased access to high-speed internet connections continues to enable computer, smartphone and tablet users to share such works more easily (and in greater number), without the copyright holder's authorization and without paying royalties.

Vivendi is dependent on the decisions of public or administrative authorities and their determination to find effective means to combat piracy. Persistent difficulties in passing and applying suitable legislation or in enforcing court rulings, particularly in certain regions of the world where piracy is endemic, constitute a threat to Vivendi's businesses, which depend heavily on the intellectual property rights owned by or licensed to the group.

Section 1 of this chapter contains a detailed analysis of piracy issues and measures taken by each of the group's business units to combat it.

RISKS ASSOCIATED WITH INFRASTRUCTURE, SERVICE PLATFORMS AND DATA PROTECTION

The infrastructure of some of the group's operating units may be affected by damage or interruption to the services provided to customers or subscribers as a result of hardware or software failure, human error, a breach by the service provider, equipment sabotage or unwanted intrusions (physical or electronic) into operating systems or critical software, which could have an impact on their business operations.

The security of infrastructures, information systems and service platforms is an ongoing concern for Vivendi, as is the safeguarding of access to, privacy and protection of transmitted personal data.

RISKS ASSOCIATED WITH INTENSIFIED COMMERCIAL AND TECHNICAL COMPETITION

Vivendi's businesses face strong competition, which may intensify in the near future due to the trend towards industry concentration among existing companies, or the entry of new competitors in the relevant markets. Growing competition exerts considerable pressure on Vivendi, which may lead to a loss in market share if Vivendi is no longer able to supply quality products and services and innovative offers at competitive prices.

In particular, Vivendi's development depends on its ability to adapt its services, offers, products and content to meet the requirements of increasingly demanding customers, in increasingly innovative markets and in industries marked by rapid technological development. The need for Vivendi to respond to such requirements and advances or even, in some cases, anticipate them, may lead to the group making substantial investments without any assurance that the new products, offers and services it has developed will not become obsolete within a short period of time.

RISKS ASSOCIATED WITH THE LACK OF COMMERCIAL SUCCESS OF RECORDED MUSIC, FILMS, VIDEO GAMES AND CONTENT PRODUCED, PUBLISHED OR DISTRIBUTED BY THE GROUP

The production and distribution of content represents a significant proportion of Vivendi's revenues. Its commercial success will depend on how the public responds to such content, which cannot always be predicted, on the existence and success of competing offers and on the general economic environment.

Finally, when these operations are based on content provided by third parties, no assurance can be given that such third parties will always agree to transfer their rights to various media on financial and commercial terms acceptable to Vivendi.

RISKS ASSOCIATED WITH THE CONDUCT OF OPERATIONS IN VARIOUS COUNTRIES

Vivendi conducts its operations in different markets in more than 100 countries. The main risks associated with conducting its operations internationally are as follows:

- the local economic and political situation;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- the various tax systems, which may have an adverse effect on the results of Vivendi's operations or on its cash flow, and in particular regulations relating to transfer pricing and the withholding tax on the repatriation of funds; and
- tariff barriers, customs duties, export controls and other trade barriers.

Vivendi may not be able to protect itself against such risks.

INDUSTRIAL OR ENVIRONMENTAL RISKS

The group's operations do not present any major industrial or environmental risks. This is because the group's operations are, by their very nature, primarily non-manufacturing and a large proportion of the group's assets are intangible. However, the group remains alert to any environmental risks that may arise or be discovered in the future.

RISKS ASSOCIATED WITH THE CURRENT ECONOMIC AND FINANCIAL SITUATION

The unfavorable consequences of the economic environment in recent years, particularly the decrease in consumer purchasing power and consumer confidence, may lead customers to postpone or reduce their spending on the products, services and content offered by the group or affect their ability to pay for them, which in turn could have a negative impact on Vivendi's revenues and results.

Each year, Vivendi conducts depreciation tests on the value of its purchased assets and those which have a finite or infinite operating life in order to assess whether the book value of the assets exceed their recoverable value. The current economic environment could lead Vivendi to record depreciation losses on such assets (see Note 9 to the Consolidated Financial Statements in Chapter 4 of this Annual Report).

MARKET RISKS

For a detailed analysis of market risks (interest rates, foreign exchange rates, market liquidity and stock prices), see Notes 12, 14 and 19 to the Consolidated Financial Statements in Chapter 4 of this Annual Report.

CONTENT

2 Societal, Social and Environmental Information

Imany

SECTION 1

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Vivendi has integrated corporate social responsibility (CSR) into its strategy and governance, as a core component in the creation of value.

The group's societal, social and environmental data allows its different stakeholders to better evaluate its overall performance over the medium and long term.

1.1. CSR and Value Creation

As a creator, publisher and distributor of content, in 2016, Vivendi re-affirmed its ambition to provide real solutions to a growing demand to communicate, share, engage in intercultural dialog and promote the quality of living together.

1.1.1. INNOVATIVE POSITIONING: FOUR STRATEGIC COMMITMENTS PERTAINING TO HUMAN RIGHTS

In 2014, the Worldwide Movement for Human Rights (FIDH) recognized the efforts undertaken by Vivendi to understand, measure and improve its impact on human rights, encouraging the group to go even further.

Driven by this recognition, Vivendi defines its social responsibility according to four "core" commitments befitting its status as a key media industry player:

- promoting cultural diversity in the production and distribution of content;
- empowering and protecting young people in their use of digital media;
- fostering knowledge sharing; and
- reconciling the valuation and protection of personal data.

Promoting Cultural Diversity

Vivendi believes that cultural diversity drives growth and is fundamental to social cohesion.

It shares UNESCO's vision that cultural diversity is a "mainspring for sustainable development for communities, peoples and nations".

This commitment is reflected in Vivendi's promotion of local talent, showcasing of cultural heritage and empowering female artists and producers of cultural goods and services as well as its support for all artists and the protection of their intellectual property rights. Globally, Vivendi is committed to encouraging creation in all its diversity.

Empowering and Protecting Young People

One of Vivendi's most important challenges is to empower and protect young people in their cultural practices and use of digital media in such a way as to enable them to express their creativity and status as citizens.

It is also important to make young people and those around them aware of how to use digital media responsibly while at the same time giving them access to new opportunities to discover, exchange and learn.

Finally, it is critical to ensure that young people are aware of the risks which today's new forms of media and media practices present.

INTEGRATING CSR INTO GOVERNANCE AND STRATEGY

2003

- **Definition of strategic CSR commitments related to content production and distribution:**
  - promoting cultural diversity;
  - empowering and protecting young people; and
  - sharing knowledge.
- **Setting up of CSR Committees composed of subsidiaries and civil society representatives.**
- **Report from the Statutory Auditors on the procedures for reporting social and environmental indicators.**

Fostering Knowledge Sharing

The international reach of its businesses, which are leaders in their respective markets, means that Vivendi has a duty to guarantee content quality and media pluralism, to facilitate access to services and media and to raise public awareness on sustainable development issues.

It also has a responsibility to enable as many people as possible to participate in building a global, digitally connected society where information and knowledge are shared between people and across cultures.

Reconciling the Valuation and Protection of Personal Data

It is the fundamental right of every human being to know that personal information is strictly protected.

The development of new services tailored to customer expectations while pooling subsidiary skills and resources goes hand-in-hand with the strict protection of personal data.

Only in this way will Vivendi retain its customers' trust as it pursues its digital development.

1.1.2. EIGHT PRIORITY COMMITMENTS

Achieving sustainability in a host market means reconciling economic performance with societal, social and environmental commitments.

Vivendi's eight commitments are as follows:

- the first four pertain to human rights (see Section 1.1.1);
- the other four pertain to a responsibility shared with all companies, namely:
  - vigilance in conducting business (see Section 3.1.5);
  - social and professional empowerment of employees (see Section 3.2);
  - local economic, social and cultural development (see Section 3.1.2); and
  - respect for the environment in the digital era (see Section 3.3).

Vivendi makes its commitment clear to all its stakeholders: customers, employees, shareholders, suppliers, public authorities, artists and civil society as a whole. For a detailed description of these eight priority commitments, see Section 3 of this chapter and the CSR section of Vivendi's website (www.vivendi.com). This section includes all of Vivendi's non-financial indicators for fiscal year 2016 as well as cross-referencing tables that set out the various references used, including the Global Reporting Initiative (GRI) and its Media Sector Supplement (MSS), the French Grenelle II Law, the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.

The group renewed its listing on the main SRI (Socially Responsible Investments) indices: the FTSE4Good Global and FTSE4Good Europe (FTSE), the Global and Europe Ethibel Excellence (Ethibel) investment register, the EuroNext Vigeo Eurozone 120 and Europe 120 (Vigeo) and several Stoxx indices. Vivendi is also listed on the EuroNext Vigeo France 20 and World 120 as well as the Ethibel Pioneer (Ethibel) investment register, which recognizes companies demonstrating the best CSR performance in their sectors.

For the seventh consecutive year, Vivendi was included in the Global 100 Most Sustainable Corporations in the World ranking, which was announced at the World Economic Forum in Davos. At 28th, it is the highest ranked media company. On the basis of 4,000 global variables, the Global 100 identifies the 100 companies combining a "best in class" CSR approach with strong financial performance. In a study published by Vigeo Eiris in February 2017, Vivendi was also recognized as one of the 20 best performing French companies in terms of respect for human rights.

In 2013, Vivendi was ranked third in the latest ranking of CAC 40 companies that integrate the "Children's Rights and Business Principles" established in 2012 by UNICEF, the United Nations Global Compact and NGO Save the Children. In 2015, the group was included in the Global Diversity List published by The Economist. This list recognizes individuals in the public and private sectors throughout the world that have distinguished themselves through their commitment to diversity.

By including its strategic CSR commitments in the group's governance (see also Section 1.1.3), Vivendi enhances its global performance through the value it helps to create for society.

2004

- **Development of the Protocol for reporting** societal, social and environmental indicators.
- **Definition of societal indicators** related to Vivendi's three strategic CSR commitments.

2005

- **Investor survey to achieve a deeper understanding of their expectations regarding Vivendi's CSR policy:** an initiative described as "original" and "proactive" by the financial community.
- **Tunis World Summit on the Information Society:** Vivendi participates and shares its contribution to sustainable development as a group producing and distributing content.
- **Vivendi's participation in the UNESCO Global Alliance for Cultural Diversity/ Launch of a training program for Malian sound engineers in Bamako in partnership with UNESCO.**

1.1.3. AN INTEGRATED REPORTING PROCESS ILLUSTRATING THE CREATION OF SHARED VALUE

The decision to launch a pilot integrated reporting project on the theme of cultural capital has enabled the group to combine social responsibility and overall performance.

This ambitious project, which was extended internationally in 2014, was continued in 2015 and 2016 (see Section 1.5 of Chapter 1). One of the objectives of the project is to measure and demonstrate the value created by Vivendi through its businesses.

The group will measure its socio-economic footprint with a view to refining the key indicators at group level. The revision of these indicators is the next step to better reflect the group's overall performance.

1.2. A Shared CSR Policy

1.2.1. CROSS-MOBILIZATION

The CSR department reports to the group General Counsel, who is a member of Vivendi's Management Board.

In accordance with its internal rules, the Supervisory Board regularly examines the group's corporate social responsibility policy. The Management Board informs the Supervisory Board of CSR policy results in a quarterly Activity Report. More specifically, the Corporate Governance, Nominations and Remuneration Committee assesses the achievement of CSR objectives included in the variable compensation of group senior executives, and grants the corresponding bonus. The Audit Committee reviews the group's CSR policy twice a year.

In addition, the CSR department, which is currently updating its CSR risk map, takes part in the Risk and Compliance Committee managed by the Audit department.

The CSR department defines Vivendi's strategic focus and carries out the following cross-department functions:

- participating in defining the CSR criteria incorporated into the variable compensation of senior executives, in conjunction with the Human Resources department;
- working with the Finance department to manage the integrated reporting process;
- organizing CSR road shows for investors, together with the Investor Relations department;
- promoting the Compliance Program in conjunction with the Legal department; and
- maintaining regular constructive dialog with the subsidiaries' functional departments (CSR, Legal, Finance and Human Resources) to implement the CSR policy within the group.

Since 2003, the CSR department has convened meetings of a committee bringing together representatives of the subsidiaries and several of the corporate headquarters' functional departments (Legal, Finance, Audit and Human Resources). Every CSR Committee meeting provides an opportunity to invite experts or representatives from civil society or national and European institutions to discuss topics related to the group's eight priority CSR commitments (see Section 1.1.2 of this chapter).

The topics "Human Rights and Business Relationships", "Environmental Footprint of Models for the Distribution and Consumption of Musical and Audiovisual Content" and "The Impact of New European Union Personal Data Protection Regulations on Vivendi" were discussed at the meetings of the committee in 2016.

INTEGRATING CSR INTO THE GROUP'S GOVERNANCE AND STRATEGY (CONTINUED)

2006

- **Launch of CSR investor road shows** by the Investor Relations and CSR departments.
- **Launch of a series of CSR meetings between the Chairman of the Management Board and representatives from civil society.**

2007

- **Analysis of CSR risks by the Risks Committee** (reputational, operational and regulatory risks).

2008

- **Signing the United Nations Global Compact:** Vivendi integrates its strategic CSR commitments into the first principle which relates to human rights.
- **Verification of CSR information by the Statutory Auditors.**
- **Vivendi's Data and Content Protection Charter.**

1.2.2. CSR CRITERIA INCLUDED IN SENIOR EXECUTIVES' VARIABLE COMPENSATION

Senior executives' variable compensation is determined by measuring their contribution to performance objectives, which are based on the strategic CSR commitments shared by all the subsidiaries and directly related to their business (see Section 1.1.1). The Supervisory Board has requested that the criteria for each business unit be related to the know-how of that particular business unit and its positioning.

The non-financial rating agency Vigeo Eiris assists the group in this process and delivers an opinion on the relevance of the selected criteria and the associated indicators. The Corporate Governance, Nominations and Remuneration Committee of the Supervisory Board assesses the performance of senior executives in relation to each CSR criterion and calculates the amount of the corresponding bonus.

In 2016, senior executives achieved most of their objectives, and even exceeded some of them. The amount of compensation contingent on reaching these objectives can represent up to 10% of variable compensation. The objectives in question applied to 1,102 senior executives in Vivendi's subsidiaries and headquarters.

Below are a few examples of the objectives set for fiscal year 2016 for each of the strategic commitments:

- promoting cultural diversity:
  - empowerment by UMG of local talent in emerging and developing markets; and
  - commitment by Canal+ to promote local talent globally and to further increase the number of women experts invited to take part in programs;
- empowering and protecting young people:
  - commitment by UMG to establish a forum bringing together the five countries with the highest revenues. The purpose of the forum is to develop a guide to best practices in order to classify video clips by age rating or content descriptor and then to initiate dialog, including with business partners, with a view to rolling it out;
  - promotion of this guide to best practices in these five countries; and
  - commitment by Canal+ Group to receive no warnings from the CSA (the French broadcast media regulator) for breaches in its duty to protect young people;
- valuating and protecting personal data:
  - commitment by UMG to expand employee training on personal data protection beyond employees working in the Legal, Customer Relations or Marketing departments who have already undergone training;
  - commitment by Canal+ Group to step up the personal data protection training offered to Marketing teams; and
  - efforts to prevent complaints being filed with the French data protection authority, the CNIL.

1.2.3. DIALOG WITH ALL GROUP STAKEHOLDERS

As part of its CSR policy, Vivendi maintains regular and constructive dialog with all its stakeholders, in particular investors, analysts, representatives of national, European and international institutions, professional organizations, the academic world and associations. In particular, Vivendi contributes to proposals made by the UNESCO Chair on "Forwardness in Sustainable Digital Development", and takes part in the work of the Paris Europlace's Sustainable Finance Commission and the discussions of the International Integrated Reporting Council (IIRC).

As well as participating in the ministerial committee for gender equality set up in France by the Ministry of Culture, the group is a founding member of the French Study Center for Social Responsibility (ORSE) and the CSR Media Forum. It also contributes to the work of the French Institute of Directors (IFA) on the role of Boards of Directors in promoting CSR. In 2016, Vivendi joined forces with Paris&Co, the economic development and innovation agency of Paris, to launch Cargo, a platform dedicated to the digital cultural and creative industries. As a founding member, Vivendi shared its corporate social responsibility vision with start-ups. As a signatory of the United Nations Global Compact, the group

2009

- **Global Reporting Initiative (GRI):** Vivendi is a founding member of the media sector working group, and the only French member company.
- **EMAS environmental certification for Vivendi's headquarters,** renewed in 2012 and 2015.

2010

- **Senior executive variable compensation:** inclusion of CSR objectives based on societal criteria related to the group's strategic CSR commitments. Vivendi is the first CAC 40 company to include societal objectives of this kind.

2011

- Vivendi is a founding member of the **"CEO Coalition to Make the Internet a Better Place for Kids"**, a European Commission initiative.
- **Vivendi is the first winner of the prize awarded by the Forum for Responsible Investment.** Its performance is assessed on the basis of the inclusion of sustainable development issues in corporate governance.

is also a member of the Human Rights Club set up by Global Compact France and took part in the United Nations Private Sector Forum, which focused on the role of business in achieving Sustainable Development Goals (SGDs) by 2030.

Because discussions with stakeholders bring new ideas and suggestions to any group that keeps abreast of its partners' concerns, the CSR department has created two innovative digital tools: the *Culture(s) with Vivendi* website and the *Vivoice* CSR web radio.

Through powerful testimonials from international personalities and a wealth of content, the *Culture(s) with Vivendi* website has actively pursued its objective of showing all the ways in which cultural industries and the media sector have a role to play in fostering economic growth, strengthening social cohesion, encouraging intercultural dialog and promoting innovation. The website also showcases the influence of artists signed by the group and the different professions within the media sector. In 2016, it featured more than 40 new videos, articles and artist profiles.

The profiles of the female trio L.E.J, the director Bertrand Tavernier, the young rapper Nekfeu and the singer Norah Jones are just some of the profiles featured in the "Artist Inspirations" section of the website. Matthijs Bakker, Finance and Procurement Director at Universal Music Group International, Géraldine Gendre, Executive Vice President Production and Distribution France at Studiocanal, and Stéphane Lerouge, a film music restorer and the producer of the *Écoutez le cinéma!* discography collection (Decca Records France), were among several of the industry professionals who granted *Culture(s) with Vivendi* an on-camera interview to talk about their professions.

The "Intercultural Dialogue" section of the website, which invites visitors to discover other cultures with a view to encouraging open-mindedness, featured the stories of Ibrahim Maalouf, a musician and composer and Yves Ubelmann, an architect who specializes in digitizing archaeological sites.

In 2016, 39 guests spoke on the *Vivoice* CSR web radio in two broadcast formats. Shorts broadcasts called "CSR sets the tone" gave numerous stakeholders an opportunity to take the floor, including the investment fund PAI Partners, web radio Néoplanète and the start-up Wakatoon as well as Sciences-Po Paris, Simplon (a company in the social and solidarity sector) and NGO Kiron France.

Vivoice also organizes special programs, which addressed the following topics during the year: "Women Start-Uppers in the Digital Economy", "The Board of Directors' CSR Vision" and "The New Recruits of Cargo, the Paris-Based Innovation Platform Dedicated to the Digital Creative and Cultural Industries". The web radio also broadcast a conference in partnership with Vivendi called "21st Century Literacy: Upside Down and Back to Front", which was part of the TRANSLIT research project on the convergence of media, information and computer literacy, financed by the French National Research Agency (ANR) since its launch in 2013.

Social media was very active during these broadcasts and contributed to sharing them with the group's different audiences.

This dialog with stakeholders is valuable as it provides an opportunity to anticipate societal trends and contributes to the group's overall performance.

INTEGRATING CSR INTO THE GROUP'S GOVERNANCE AND STRATEGY (CONTINUED)

2012

culture(s) with vivendi

- **Launch of the *Culture(s) with Vivendi* website.**
- **Addition of non-financial indicators in the Annual Report** (Grenelle II Law).

2013

- **Development of the integrated reporting pilot project** ("creation of societal and financial value linked to cultural capital").
- **Vivendi begins to assess the role of women in artistic creation.**
- **Launch of Vivendi's CSR web radio, *Vivoice*.**

2014

- **Expansion of the integrated reporting process** (international scope).
- **Stakeholder consultation on Vivendi's CSR position.**
- **Worldwide Movement for Human Rights (FIDH): Vivendi is included in its *Libertés et Solidarité* socially responsible investment fund (*Sicav*).**

NOTES AND LEGENDS

- Societal, social and environmental indicators are presented in compliance with the French Grenelle II Law.
- Unless otherwise stated, data is consolidated as of December 31, 2016.
- Cross-referencing with the principal non-financial reporting references is provided for each indicator. Under each indicator, the following references are used:
  - "GRI": the Guidelines of the Global Reporting Initiative (G4 version), including the Media Sector Supplement (MSS);
  - "UNGC": the principles of the United Nations Global Compact; and
  - "OECD": the OECD Guidelines for Multinational Enterprises.

  The complete table of cross-references to the GRI Guidelines is also available in the CSR section of Vivendi's website, where the group's eight CSR priority commitments are listed.
- For 2016 and 2015, data is consolidated.

  2016 data is broken down by subsidiary for certain indicators:
  - "UMG": Universal Music Group;
  - "C+G": Canal+ Group;
  - "SECP": Société d'Édition de Canal Plus;
  - "Vivendi Village": Vivendi Ticketing (Digitick and See Tickets), MyBestPro, Watchever, L'Olympia and, for social reporting, Radionomy and the Théâtre de l'Œuvre;
  - "New Initiatives": Dailymotion and, for social reporting, Vivendi Content; and
  - "Corporate": Paris headquarters.

  Similarly, indicator charts are based on 2016 data.
- "n/a": not applicable.
- "-": not available.

2015

- **Addition of personal data protection issue in the CSR criteria** for senior executive variable compensation.
- **Integrated reporting:** presentation of Vivendi's value creation by stakeholder and of the group's contribution to human rights.
- **Vivendi partners the 10th anniversary celebrations of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.**
- **Vivendi is the only French company selected for inclusion in The Global Diversity List/The Economist.**

2016

- **CSR policy is included in the agendas of the Audit Committee and the Risk and Compliance Committee meetings.**
- Inclusion of Vivendi on the four main **Euronext Vigeo ESG indices:** France 20, World 120, Europe 120 and Eurozone 120.
- **Vivendi is a founding member of Cargo,** the largest European start-up incubator.

SECTION 2
KEY MESSAGES

2.1. Key Societal Messages

As a global media and communication group, Vivendi recognizes its cultural influence. As such, Vivendi is committed to nurturing and supporting talent, promoting cultural diversity, ensuring the protection of human rights in this era of digital transformation and further advancing its Compliance Program.

2.1.1. TALENT AND CULTURAL DIVERSITY

UNESCO adopted the Convention on the Protection and Promotion of the Diversity of Cultural Expressions on October 20, 2005. Vivendi shares UNESCO's intentions, always endeavoring to provide an environment that allows different cultures to flourish and interact freely.

2.1.1.1. Supporting Local Talent and Cultural Diversity

Encouraging diversity in musical repertories, cinematic works and video games, promoting talent and showcasing cultural heritage in the digital era are objectives which Vivendi's businesses all share; empowering talent is a common theme which unites all of the group's strategic plans.

A valuable and rare asset in global competition, talent is key to the group's ongoing development. Efforts continued in 2016 to allow all artists, from internationally renowned performers to local talent, to benefit from access to Vivendi's wide range of businesses, which cover programming, event production, ticketing, concerts and merchandising.

Universal Music Group's support of local talent in emerging markets and the investments of Canal+ Group in the production of local content in Africa and Vietnam are included in the performance indicators for the variable compensation of Vivendi's management. In 2016, local talent accounted for 59% of sales for UMG and 81% of subscribers recognized that Canal+ is the essential channel for cinema because of the variety of films it offers (see Chapter 1, Sections 1.5.5 and 1.5.7).

The cultural diversity of the content the group produces reflects its pledge to stand by its unique commitments and exert a human, social and cultural influence. Its businesses promote access to knowledge and entertainment, strengthening social ties and the quality of living together (see Chapter 1, Section 1.5.7).

2.1.1.2. Cultural Diversity – A Higher Priority in the Digital Era

There are a number of key performance drivers for the group: taking advantage of easy access to the Internet; using social media to foster information sharing and the discovery of new artists; encouraging new forms of "transmedia" expression and writing facilitated by technology; developing an increasingly varied legal offer to satisfy both subscribers and audiences; and ensuring an equitable share of value for the artists.

This diversity is fueled by innovative partnerships. In France, Vivendi teamed up with Paris&Co, the economic development and innovation agency of Paris, to launch the Cargo platform dedicated to the cultural, creative and digital content industries. The Cargo platform offers a structured program and over 2,500 square meters of space designed to support and guide the development of innovative young companies through their projects in music, live entertainment, books, digital media, film, radio, television and video games.

Cargo is a meeting place where large companies and start-ups can come together to identify opportunities for collaboration and transform innovation into viable businesses.

The initial contact between Cargo's founding members and the 18 winners of the call for projects issued in April 2016 highlights the group's drive to support these young, innovative entrepreneurs by focusing on projects that exemplify cultural diversity and encourage more women into digital entrepreneurship.

Vivendi has also set up new entities to design and produce the content of tomorrow. Studio+ is the culmination of the collaborative work between several business activities that draws on the expertise of the creative teams at Canal+, the production strength of Studiocanal, the network of artists at UMG and the strong position of Gameloft within the mobile gaming industry. The group's professionals joined forces to propose original short formats such as digital mini-series designed specifically for mobile use. The series were shot by local crews in 18 countries and will be broadcast in their original language, with either subtitles or dubbing available in five languages.

While UMG's products continue to be sold in physical form at retail outlets and through online retailers, sales and usage continue to shift towards digital formats. UMG is playing a leading role in the evolution and expansion of the digital music market and continues to encourage and support innovation through partnerships with the leading players in the market, including Apple, Spotify, Deezer, Amazon and Google.

For countries in emerging markets where the recorded music sector is still relatively unstructured, such as the BRIC countries (Brazil, Russia, India and China), Latin America, Africa, the Middle East and Eastern Europe, UMG is partnering with innovative new companies to increase fan access to music. Due to its partnerships, UMG makes its content legally available in countries where, historically, access to music has been either very limited or even non-existent.

Studiocanal strengthened its development in the production of fictional works with the acquisition of equity interests in a number of independent companies such as Bambu Producciones, which operates out of Madrid, and the London-based companies, UrbanMyth Films and SunnyMarchTv.

Meanwhile, myCanal (a unique portal that gives subscribers access to all Canal+ content, live or on demand and on any device) optimizes the distribution of content and showcases its diversity in all of the regions where the Canal+ Group has a presence. iROKO+ provides further proof of this movement to provide greater access to content through digital technology. Developed by the group in partnership with iROKO, iROKO+ is the first mobile subscription video on demand (SVoD) service in French-speaking Africa.

2.1.1.3. Access to Culture and Live Entertainment

The diversity of artistic expression guarantees the success of live entertainment offered by the group's iconic locations, such as L'Olympia and the Théâtre de l'Œuvre in Paris.

In 2016, Vivendi began deploying a network of cinema and entertainment venues in Africa called CanalOlympia. These multi-use complexes can change their layout to adapt to a variety of events. Inside is a venue with a seating capacity of 300, primarily used as a movie theater, while an outdoor stage can host concerts and performances for audiences of thousands of people. By the end of February 2017, five venues had opened in Burkina Faso, Cameroon, Guinea and Niger.

The CanalOlympia network aims to make high-quality national, regional and international cultural activities widely available while supporting the careers of local artists. Its multi-use complexes meet the need for cultural infrastructure in Africa and provide venues which comply with international safety standards, especially for young people. Affordable ticket prices make it possible for a wide audience to enjoy the available program.

The staff working at the venues are hired from the local population.

2.1.2. HUMAN RIGHTS IN THE ERA OF DIGITAL DEVELOPMENT

2.1.2.1. Personal Data or the "Digital Trust" Asset

The innovative steps taken by the group to offer content and services which meet the expectations of its customers and its various audiences must be accompanied by rigorous management of the personal data collected.

The group takes special precautions to protect this data. The Data and Content Protection Charter adopted in 2008 highlighted for employees the importance of respecting privacy in order to build trust with subscribers, potential customers and partners.

The new European regulations on data protection are designed to give citizens more control over their personal data and ensure a high level of data protection throughout the European Union, emphasizing the need to be vigilant when using personal data. By way of example, Vivendi requires its suppliers (e.g., outside call centers, technical service providers with access to information systems and commercial partners) to comply with its rules on the protection of customers' personal data.

This is the only way that all of the data collected by the group can create value for Vivendi and offer a competitive edge.

2.1.2.2. Children's Rights are Part of Human Rights

The Children's Rights and Business Principles developed in 2012 by UNICEF, the UN Global Compact and Save the Children, clearly outline their scope in the preamble: "While reinforcing standards and actions necessary to prevent and eliminate child labor, the Children's Rights and Business Principles also highlight the diversity of ways in which business affects children. This includes the impact of their overall business operations – such as their products and services, their marketing methods and distribution practices (…)".

Since 2003, Vivendi has defined the protection and empowerment of young people as a strategic issue at the heart of its CSR policy. Vivendi is conscious of the influence that the group can have on young minds, both directly through its offer of content and services, and indirectly through its business relations with external commercial partners. In 2016, Vivendi joined the European Commission's Alliance to Better Protect Minors Online, an initiative that unites media and telecom companies and NGOs in relation to child protection.

The subsidiaries have also adopted policies designed to give parents certain parental control tools (Canal+ Group, Dailymotion), to classify content by age group (Canal+ Group, Universal Music Group, See Tickets), to be extremely vigilant when collecting personal data (Canal+ Group in Poland, Universal Music Group), to implement responsible marketing and to offer content appropriate for children (children's programs of Canal+ Group, the shows offered by Vivendi Ticketing, educational content from UMG).

In accordance with the UN Guiding Principles on Business and Human Rights, the responsibility of a company extends to its activities, operations, products and services which are the result of commercial partnerships. The protection of children falls within the scope of "due diligence in the area of human rights." This is why, in addition to applicable regulations on this matter, Vivendi integrates child protection into its corporate governance, as evidenced by, for example, the CSR criteria included in the variable compensation of senior executives. These criteria include any warnings issued by the regulatory authorities for failure to protect children, along with the efforts made by Universal Music Group to encourage its partners (in particular the representatives of digital platforms and professional organizations) to adopt a voluntary classification for the content of video clips that could harm young audiences.

2.1.3. VIGILANCE, A KEY FOCUS IN OUR BUSINESS RELATIONS

Since 2002, Vivendi has had a Compliance Program which sets out the general rules of ethics applicable to all of the group's employees.

This program is updated regularly and uses a network of Compliance Officers. It is overseen by the group's General Counsel.

Its rules of conduct are based on international guidelines (United Nations Global Compact, the 2011 United Nations Guiding Principles on Business and Human Rights and the 2011 OECD Guidelines for Multinational Enterprises).

Since 2007, the Compliance Director has sent all group subsidiaries a questionnaire to assess the processes that have been implemented to identify and prevent certain ethical risks (e.g., personal data protection, prevention of conflicts of interest and application of competition laws).

In its aim to raise employee awareness, this program can be used by the group as a firm basis for implementing vigilance plans, in line with the recommendations of national and international lawmakers.

The rollout of a vigilance plan will be tested in 2017 at Canal+ Ivory Coast, a market in which the group has been highly active for several years. The plan will apply non-financial reporting mechanisms and prepare the group for meeting future legal obligations under the duty of vigilance required from parent and subcontracting companies.

2.2. Key Social Messages

2.2.1. A STRONG POLICY OF PROFIT-SHARING AND EMPLOYEE SHAREHOLDING

Vivendi places particular importance on the equitable distribution of the profits generated by its employees' hard work. The group has therefore established a profit-sharing system that goes well beyond its legal obligations and strongly encourages the development of employee savings plans, particularly through employee shareholding.

2.2.1.1. Development of Employee Savings Plans in France

In 2016, the total net amount received by the employees of the group's French companies under optional and statutory profit-sharing plans and the employer's contribution to the Vivendi Group Savings Plan (PEG) was €23.8 million. This followed the increase in statutory profit-sharing (an increase of 11% from 2015) and higher employer contributions (an increase of 15% from 2015), and it represents a total expense of €31.1 million for group companies.

The total amount of newly invested employee savings was €21.5 million. Of this amount, employees placed €18.9 million in the various funds of Vivendi's PEG and the company savings plan (PEE) of Canal+, as well as in the various diversified funds of Canal+ International. €2.6 million was also paid into the pension savings plans (PERCO) of Canal+ and Universal Music France. Compared with 2015, employee investments in basic employee savings plans fell slightly but investments in pension savings plans increased.

Most of the savings that went into the Vivendi PEG plan and the Canal+ PEE plan were placed in employee shareholding funds: €12.9 million out of a total of €18.9 million (68%), following completion of a new share capital increase reserved for employees in July 2016.

2.2.1.2. Success of a New Share Capital Increase Reserved for Employees in France and Worldwide

On December 9, 2015, Vivendi's Management Board approved the launch of a new share capital increase reserved for employees in 2016. This offering consists of two parts. The first part is a basic plan reserved for employees of the group's French companies, to which a reserve of one million shares was attributed. The second part is a leveraged plan, Opus 16, offered to employees in France and the main countries in which the group operates, for which 4.5 million shares were offered, after the initial capital increase of 3.5 million shares by the Board of Directors on May 9, 2016.

The offering proved very popular with the employees, who subscribed to 4,869,781 new shares (24% more than in 2015), of which 4,256,328 were for Opus 16 and 613,453 shares were for the basic plan. The total subscription was €71 million. Employee participation remained high and even slightly exceeded the record level seen in 2015. A total of 4,678 employees subscribed to the capital increase reserved for them, which represents an overall participation rate of 35%. In France, the participation rate again crossed the 50% threshold to 56.6%, surpassing the previous record of 54% reached in 2015.

Upon completion of the capital increase on July 28, 2015, which represented 0.38% of Vivendi's share capital, employees held 3.45% of Vivendi's share capital.

2.2.2. ONGOING AND CONSTRUCTIVE SOCIAL DIALOG

Within the Group

At group level, dialog is organized around Vivendi's Works Committee and the European Social Dialog Committee (IDSE). The social partners of these bodies are informed regularly of the group's strategy, its financial position, its social policy and the main achievements of the year.

In addition to the annual plenary sessions of these corporate bodies, several extraordinary sessions of the extended bodies were organized with the Chairman of the Management Board. These meetings were used to inform the social partners as soon as possible of Vivendi's strategic objectives.

Committee memberships were renewed at the end of 2014 and, despite the reduction in the group's consolidation scope, these bodies retained the same number of members.

Within the Business Units

Social dialog continues throughout the year within the Vivendi group and numerous agreements are signed each year in the group's subsidiaries.

These agreements cover a variety of subjects including salary policies, participatory mechanisms, training policies, job and skills management, gender equality and union elections (see Section 3.2.3 of this chapter).

2.2.3. EMPLOYEE SUPPORT PROGRAMS ADAPTED TO GROUP CHANGES

Vivendi makes every effort to ensure that its employees are assisted and supported in their career development. Its human resources policy is designed to attract, motivate and retain talent to provide the best response to the challenges that any major group must face. Employee motivation and investment relies first and foremost on an employee's desire to further their career. This requires a partnership in which the employee takes the leading role in his or her professional development. To achieve this, they are assisted by managers and the human resources (HR) teams. Each group business offers a set of resources aimed at creating the most favorable conditions which are conducive to development. International seminars which bring together the group's senior executives encourage a group-wide focus and, therefore, mobility between the companies of the group.

Resources in Place

- Support from the HR teams and management:
  - employees are able to build their career plan by promoting their expertise, sharing their achievements and identifying their potential and motivation;
  - to help achieve this, the HR teams provide employees with tools (e.g., resume workshops and practice interviews), advice and information about the company's businesses and about the possibilities for career development and mobility based on their profile and goals; and
  - the HR teams are also available to support managers in their role as coach for their teams.
- Knowledge of the group's businesses:
  - Vivendi's subsidiaries offer their employees tools to learn more about the group and its businesses; and
  - Vivendi helps employee integration by developing two programs: an orientation and group presentation day for new hires, and a four-week program called Learning Expedition aimed at the group's senior managers to enhance their understanding of its different entities, build ties and, in the longer term, promote the emergence of internal growth initiatives through cross-fertilization.
- Internal mobility within the subsidiaries:
  - for an employee, an internal transfer is an opportunity to enhance his or her experience and acquire new skills;
  - for the group, internal mobility is also a major asset that develops the talents of its employees to keep teams motivated and well-equipped to handle changes in the businesses;
  - promotion of mobility is also the responsibility of the managers, who are encouraged to become sponsors of the career development of their employees;
  - the role of HR is to facilitate the processes involved in mobility and career development. A broad panel of HR processes involving management and the HR teams at all levels helps to guarantee transparency within these processes; and
  - finally, at group level, an Internal Mobility Charter has been in place for more than 15 years, along with a tool which collects job offers from the group's French companies which are open to transfers. These mechanisms also exist within each subsidiary.

Future Needs of the Businesses

Vivendi group companies are attentive to changes in the businesses. The French subsidiaries have signed Job and Skills Planning Framework Agreements (GPCE) and a Support Plan for the development and transformation of skills. Industry alerts at a business unit level also help to anticipate changes in trends of the business.

Creating a Community of Businesses

The group ethos developed during international seminars is disseminated broadly within the group. It fosters and enables the creation and operation of internal communities on a group-wide level. These are communities which focus on practices and collaborative projects of limited duration, concentrating on a sole objective. Two communities were formed in 2015: web developers and designers. These communities exposed common concerns and a desire to share good practices, and have helped to generate collaborative projects. They continued their efforts in 2016.

Training

Training at Vivendi is an essential component of its human resources policy. It is offered in all countries in which group subsidiaries operate and uses innovative formats adapted to existing practices. Training policies are the central focus of the plan for development of human capital and are defined on the basis of the strategy of the group or its subsidiary.

The group's priorities for training and skills development include:

- for individuals: the three aspects of the 'human capital' of an employee, namely his or her personal development, business skills and knowledge of the company and its environment; and
- for the group: the major training areas selected by the subsidiary on the basis of its strategy and according to its analysis of training needs.

To ensure equity, access to training programs is consistent within the different countries and businesses of the group.

2.3. Key Environmental Messages

2.3.1. EXPANDING THE SCOPE OF ENVIRONMENTAL REPORTING AND ENVIRONMENTAL CERTIFICATIONS

Throughout the year, Vivendi's subsidiaries increased the environmental awareness of their employees who focus their efforts on environmental reporting and certifications.

2.3.1.1. Reporting Requirements

The Vivendi group has expanded the scope of its reporting requirements to include the environmental data of new entities within Canal+ International and Dailymotion, ensuring that all the environmental impacts of the group are taken into consideration.

Since 2008, environmental data has been verified by the Statutory Auditors, who then issue a limited assurance report on this data. The verification work ensures the reliability of the data through audits within the different subsidiaries (see Section 4.2 of this chapter).

These audits are an opportunity for Vivendi to assist its subsidiaries in a process of continuous improvement and to exchange good practices among the various group entities. Once completed, the verification work is the subject of review meetings. These meetings provide a valuable opportunity to share progress with the Auditors and with the correspondents from the business units and the CSR department and to validate the action plans to be implemented.

2.3.1.2. Certification Process

Several group sites located in Europe and in the United States have been engaged in a process of environmental certification for a number of years to better assess their impact on the environment and ensure that the sites are correctly managed using systems that apply internationally recognized standards.

In the United Kingdom, the NGO Julie's Bicycle, an environmental certification agency for the creative industries sector, awarded UMG UK and Abbey Road Studios a three-star award in 2016 for their commitment to reduce their CO_2 footprint. The first company and the first recording studio in the music industry to receive this certification in 2015, UMG UK and Abbey Road Studios upheld their commitment in 2016. This recognition confirms their position as part of Creative Industry Green, the first environmental certification system in the United Kingdom for the cultural sector (festivals, concert halls, events and offices). These entities also received ESOS certification (Energy Saving Opportunity Scheme) for the energy management of their sites.

Last year, the headquarters of Universal Music Group in Santa Monica again received the Energy Star certification issued by the US Environmental Protection Agency (EPA) for the tenth time in a row. This certification is reserved for companies that lead the rankings in energy efficiency at a national level. The site is also certified as a Green Business by the city of Santa Monica. The Woodland Hills sites in California were awarded LEED Gold (Leadership in Energy and Environmental Design) for the high environmental quality of their buildings.

The Canal+ Group site in France, which covers all the free channels, obtained the highest certification under BREEAM (BRE Environmental Assessment Method), a method for assessing the environmental performance of buildings and continues its policy to control energy use.

Since 2009, Vivendi's headquarters have been registered under the EMAS (Eco-Management and Audit Scheme) European Regulation with the French Ministry of the Environment, Energy and the Sea. This registration was renewed in 2012 and 2015 and illustrates the efforts made by Vivendi's headquarters on environmental matters. Decisions about action to be taken to reduce environmental impacts are taken by the Green Team. This committee, led by an EMAS coordinator, is made up of around ten members from different departments (Administrative Services, IT Support, Human Resources, Finance, Communication, CSR and Internal Audit) and the service provider responsible for the maintenance of the site. In 2016, Vivendi's headquarters were also certified to ISO 50001, the standard for energy management systems. This certification enhances Vivendi's commitment to protecting the environment by implementing specific measures on energy consumption and energy management at its headquarters.

2.3.2. IMPROVED CONTROL OF ENERGY CONSUMPTION

Environmental reporting allows the correspondents of the business units to have performance indicators adapted to their respective activities. Energy consumption is the main source of the group's CO_2 emissions.

2.3.2.1. Management of Equipment Energy Consumption

Most of the equipment replaced in 2016 to reduce energy consumption was part of heating and air conditioning systems, which use high amounts of energy. New, more energy-efficient heating and air conditioning systems were installed at the UMG entities in New York, Santa Monica and Germany. As part of the action plan made in conjunction with the environmental certification of its sites, UMG UK has adopted measures designed to monitor the cooling of the IT servers. The sites located in New York, Japan and Taiwan introduced initiatives to reduce reliance on air conditioning systems.

Measures were also taken to reduce the energy consumption of buildings due to lighting in offices and common areas. These measures included replacing traditional lighting with more energy-efficient LED systems, for example at UMG entities in Canada, Germany, Italy, Japan and the United States, and implementing occupancy sensors to turn off lights when the relevant spaces (hallways, offices, staircases) are not being used.

At Canal+ Group, IT equipment, which contributes significantly to energy consumption, is given special consideration. Two call centers at Canal+ Poland use an automatic shut-off system for computers during the night, combined with a restart system in the morning, which avoids consumption peaks. In 2015, some computers were replaced with equipment that offers improved energy efficiency. This measure helped reduce energy consumption in 2016.

2.3.2.2. Management of Electric and Electronic Equipment

The group's subsidiaries, particularly Canal+ Group, must offer their customers the best performing equipment to give them an optimal user experience.

The processing of used set-top boxes is therefore taken into account to extend the life of the equipment or to recycle it through a recycling stream. In 2016 in France, 83% of the set-top boxes collected (faulty or obsolete) were recycled. In Madagascar, Canal+ Group repairs defective set-top boxes sold by other African entities and returns them to the sales circuit.

2.3.3. THE ENVIRONMENTAL CHALLENGES OF DIGITAL CONTENT

To gain a better understanding of the environmental footprint of digital content, the CSR department has been studying and assessing the group's environmental impacts since 2013. This analysis has focused on the digital supply chain and on the distribution and consumption of musical and audiovisual content, bringing together representatives from Universal Music France, Canal+, Studiocanal, Watchever, Dailymotion, Gameloft and Vivendi's corporate headquarters in a dedicated working group.

2.3.3.1. Supply Chain Environmental Criteria

An initial assessment **(1)** of the impacts of the supply chain helped to define environmental criteria to be used for the selection of suppliers. These criteria take into consideration an assessment of the service provider's environmental performance, a measurement of its energy efficiency and the recycling of equipment at the end of its life by the service provider. This process is currently being implemented and these criteria can be used in competitive bidding procedures by the subsidiaries that wish to do so.

2.3.3.2. Lifecycle Analysis of Content Offers

In the first phase of this approach, Vivendi completed a lifecycle analysis taking into account direct and indirect environmental impacts of the entire audiovisual value chain, including distribution and consumption methods (downloading, streaming or by CD/DVD) **(2)**. The group compared the environmental performance (CO_2 emissions, water and energy consumption) of electronic content offers (downloads and streaming) with the environmental performance of physical content offers (CD and DVD) across a scope limited to three business units (Universal Music France, Canal+ and Studiocanal). The study showed that the impact of digital offers can vary significantly depending on the end user's practices. The number of listening/viewing sessions, along with the equipment used (e.g., infrastructures and screen size), can increase the environmental impact six-fold. A summary of the conclusions of this study is presented in the CSR section of the corporate website.

In the second phase, the analysis focused more specifically on the impact of greenhouse gas emissions and water consumption resulting from the consumption and distribution of audiovisual content across a broader scope covering the group's five business units (Universal Music France, Canal+ Group, Watchever, Dailymotion and Gameloft) in five countries (Germany, United States, France, Japan and the United Kingdom) **(3)**. It is also used to calculate the environmental impacts of listening to music and viewing videos and games depending on the methods and medium used and the location of content consumption which is dependent on the local energy mix. In 2015, overall consumption totaled 1.1 million metric tons of CO_2 equivalent greenhouse gas emissions and 13.8 million cubic meters of water. The results indicate that, even though the dematerialization of audiovisual use contributes to reducing impacts on the environment, they remain significant. Promoting consumption methods that are adapted to the user's real needs and using more energy-efficient equipment are potential ways to reduce the group's environmental footprint.

(1) Based on 2014 data.

(2) Based on 2015 data.

(3) Analysis factors in whether the business is active in the country concerned.

SECTION 3
SOCIETAL, SOCIAL AND ENVIRONMENTAL INDICATORS

3.1. Societal Indicators

The societal data is based on the following scopes of consolidation, which are detailed in the indicators and in the Note on Methodology (see Section 4.1 of this chapter):

- Universal Music Group, limited to a focus group of nine countries (Australia, Brazil, France, Germany, Japan, Netherlands, South Africa, the United Kingdom and the United States), accounting for 81% of UMG's total revenues. For some indicators, this scope is expanded to include other entities with noteworthy initiatives;
- Canal+ Group: entities located in mainland France and its overseas departments and territories (Caribbean and Reunion), Poland and Vietnam, and in a focus group of seven African countries (Benin, Burkina Faso, Cameroon, Congo, Gabon, Ivory Coast and Senegal), excluding certain indicators that are only relevant to France;
- Vivendi Village (Vivendi Ticketing, MyBestPro, Watchever and L'Olympia) for certain indicators;
- Dailymotion for certain indicators; and
- Corporate (Paris headquarters).

For a description of abbreviation and terms used under the titles of the indicators, please refer to page 57 of this chapter.

3.1.1. VIVENDI'S FOUR STRATEGIC COMMITMENTS RELATING TO HUMAN RIGHTS

Vivendi is aware of the human and cultural influence exerted by the group over millions of customers and citizens, and of the role it can play in promoting intercultural living together, and has therefore defined four strategic corporate social responsibility (CSR) commitments relating to human rights:

- promoting cultural diversity in content production and distribution;
- empowering and protecting young people in their use of digital media;
- fostering knowledge sharing, which includes media pluralism and access and raising awareness of sustainable development issues; and
- valuating and protecting personal data.

These commitments, which have been the subject of rigorous reporting since 2004, are part of the societal component of France's Grenelle II law, specifically the section relating to action taken in support of human rights (see Chapter 1, Section 1.5.4). Data on compliance with the fundamental conventions of the International Labour Organization (ILO) is discussed in the suppliers and sub-contractors section (see Section 3.1.4) and in the "Social Indicators" section of this Chapter (see Section 3.2).

3.1.1.1. Promoting Cultural Diversity in Content Production and Distribution

Since 2003, promoting cultural diversity has been one of Vivendi's strategic CSR commitments. The group aims to encourage diversity in music catalogs and cinematographic expression, discover and support new talent, promote local artists and showcase cultural heritage.

This promotion of cultural diversity creates both societal and financial value (see Chapter 1, Section 1.5). Since 2010, this issue has been part of the CSR criteria taken into account in the variable compensation of the group's senior executives.

In 2012, to provide a tangible illustration of the major role played by culture in stimulating economic growth, strengthening social cohesion, encouraging intercultural living together and promoting innovation, Vivendi launched the website *Culture(s) with Vivendi* (cultureswithvivendi.com). With a focus on cultural diversity, it provides a unique insight into cultural industries and the media sector. In 2016, the site featured more than 40 new videos, articles and artist profiles.

3.1.1.1.1. Musical Diversity

Cultural diversity sits at the heart of Universal Music Group's (UMG's) business and this is evident in its extensive catalog that covers every musical genre. UMG's growth stems from its ability to develop its roster of international artists, but also to spot and promote local talent, from young and upcoming artists to best-selling acts. An established leader in its different national markets, UMG signed local artists in 59 countries, with albums recorded in 44 languages and released in 120 countries in 2016.

- **Investing in Creation and Local Talent**

PERCENTAGE OF SALES ACCOUNTED FOR BY LOCAL REPERTOIRES IN THEIR OWN COUNTRIES

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	UMG (59 countries)

	2016	2015
UMG	**59%**	65%

2016 was another year full of success for the young artists signed by UMG labels. At the Grammy Awards, the group's young talent was represented in several categories, and included three of the five nominees for Best New Artist (James Bay, Sam Hunt and Tori Kelly), and all three of the night's big winners (Kendrick Lamar, Taylor Swift and The Weeknd). In France, UMG's young talent also shone at the 2016 Victoires de la Musique, with 20-year old singer Louane named Best New Artist, and Best Album in the Urban Music category going to rapper Nekfeu for his debut solo album, *Feu*.

UMG continued to sign new artists from around the world. Deutsche Grammophon signed 15-year old Swedish prodigy violinist Daniel Lozakovitch, whose debut release will be a Beethoven violin concerto and who is one of the youngest musicians ever signed by the prestigious classical music label. Universal Music Portugal set up a partnership with a Fado radio station and the Fado Museum in Lisbon to scout out new talent in traditional Portuguese folk music.

UMG also continued to partner with TV franchise *The Voice*, signing local talent from the various national adaptations of the show, which is broadcast in over 180 countries. All in all, the group's labels signed 65 artists from all musical genres who got their first break with *The Voice*.

Spinnup, UMG's digital distribution platform dedicated to supporting aspiring and unsigned artists and musicians, stepped up its growth in 2016. Created in 2013, Spinnup distributes artists' music on leading platforms, while providing a new channel for talent scouting around the world. The service also supports budding artists since users have the ability to promote their music and seek advice from industry professionals. Since the launch of Spinnup, UMG has signed 31 artists from Sweden, Denmark, Germany, the United Kingdom and the United States, including Scandinavian stars, Vigiland, whose record has now been certified 15× platinum in Sweden. First launched by UMG in Sweden, Spinnup has since expanded to new territories and has been available in France and Belgium since October 2016.

Digitick and Infoconcert, subsidiaries of Vivendi Village, provide support to young artists and to various local festivals. In 2016, their teams carried on with the editorial mechanism Digilove which offers visitors a chance to discover a selection of young musical talent ("*Jeune scène française*", "*La scène féminine*") showcased on their respective media.

- **Showcasing Musical Heritage**

Showcasing musical heritage is a priority for UMG's global business. The group is committed to developing platforms and applications that give users access to its exceptional repertoires, and to upping its investment in the digitization of its unique back-catalog and audiovisual content to showcase artists from the past.

UMG INITIATIVES TO PROMOTE MUSICAL HERITAGE

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	UMG

2016 saw UMG continue to digitize its music and audiovisual catalog, generating 25,000 digital audio master recordings from analog tapes in its archives, and restoring over 1,000 long form videos. At the same time, the group has invested in the creation of a digital library in collaboration with France's Institute for Research and Coordination in Acoustics and Music (IRCAM) at the Paris Pompidou Center. Using specific metadata for musical descriptions, the software lists all of the titles from the UMG catalog and allows for automated searches by genre, emotion, tempo or instruments. Now an integral part of the UMG ecosystem, the library is a huge asset, combining new releases with the catalog's 5 million audio tracks to facilitate their future discoverability.

With the same aim of promoting musical heritage, several works from the UMG catalog were released or re-released in 2016. Produced by Decca Records and Deutsche Grammophon in partnership with the Mozart Institute in Salzburg, the *Mozart 225* boxset commemorates the 225th anniversary of the composer's death and includes 200 CDs featuring over 240 hours of music. This re-release of the composer's classic works proved to be an outstanding success. Decca Records also released *Morricone 60* celebrating the 60 years of Ennio Morricone's career. The internationally-renowned Italian composer and conductor has composed more than 500 film scores and approximately 100 musical works. The album brings together his greatest successes, including the music from the classic western *The Good, the Bad and the Ugly*. UMG also honored Chet Baker with the release of *Autour de Chet*, a compilation in which a new generation of musicians pay vibrant tribute to the jazz musician and singer with their own renditions of his work.

Another signature production in 2016 was UMG's documentary on Amy Winehouse, which retraces the singer's life through unseen archive footage and live concerts. Presented "Out of Competition" at the 2015 Cannes Film Festival, it won an Oscar for Best Documentary and its BAFTA equivalent in 2016. A triumph with both critics and the public, *Amy* now ranks as Britain's most successful box office documentary.

Recognizing the role of digital technology as a lever for the public to discover heritage works, UMG has launched uDiscover, a global platform that can be used as a mobile application. Featuring multiple playlists, podcasts and music quizzes, uDiscover is a new way to explore UMG's vast catalog and discover its legendary artists. Since its launch in 2014, the online platform has attracted more than 20 million visitors, with its German and Japanese versions rolled out in 2016.

3.1.1.1.2. Cinematographic and Audiovisual Diversity

The chief contributor to cinematographic expression in France (mainland France and the overseas departments and territories), Canal+ Group, through its subsidiaries, also plays a significant role in Europe and Africa. Cinematographic diversity is one of the pillars of the editorial line of the group's channels.

◆ Discovering New Talent and Empowering Young Filmmakers

Discovering new talent is a particular focus of Canal+ Group. The channel empowers young filmmakers by financing their debut or their second films.

NUMBER OF DEBUT AND SECOND LOCAL FILMS FINANCED BY CANAL+ GROUP

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	Canal+ Studiocanal

	2016	2015
Canal+ (France)	**30 debut films and 14 second films***	20 debut films and 25 second films
Studiocanal (France, Germany, United Kingdom)	**5 debut films and 2 second films****	-

* Subject to data consolidated by the CNC (the French National Center for Cinema and Motion Pictures) to be published in spring 2017, in the 2016 Report on Cinematographic Production.

** Local films financed and distributed by Studiocanal in 2016. New indicator, not disclosed in 2015.

In 2016, Canal+ financed 30 debut films – including a feature by Belgian actor François Damiens, as well as the debut of Xavier Legrand, who received multiple awards for his short film *Avant que de Tout Perdre* (nominated at the 2014 Academy Awards and winner of the 2014 César for Best Short Film). The channel also supported 14 second films, including *Maryline* by Guillaume Galienne and *Jalouse* by author David Foenkinos, whose 2011 debut feature, *Delicacy*, was distributed by Studiocanal. In addition, C8 supplemented financing from Canal+ by supporting seven of these debut films and two of these second films.

Studiocanal supports debut features by young talents discovered on television or by Canal+ Group's talent-spotting team. A good example is Le Palmashow (*La Folle Histoire de Max et Léon*), a comedy duo formed by actors Grégoire Ludig and David Marsais, who began their careers posting sketches on the Internet before going on to be broadcast on C8. The pair successfully made the leap from the small to the big screen with their debut feature film, *La Folle Histoire de Max et Léon* which attracted more than one million viewers, the best performance by a debut film in France in 2016.

In 2016, Canal+ Poland launched the Canal+ Series Lab, a laboratory for talented screenwriters and producers devoted to developing innovative Polish series and dramas. The school run by Polish director and screenwriter Andrzej Wajda took part in the launch. The aim is to co-produce and distribute more than ten feature films and two premium series each year. To offer support to young Asian filmmakers and promote the development of Vietnamese cinema, K+, a Canal+ Group subsidiary in Vietnam, sponsored the award and was a member of the jury of the Project Market selection at the 2016 Hanoi International Film Festival. Similarly, Canal+ Group is a partner of numerous festivals promoting the works of emerging African filmmakers, such as the Emergence Film Festival (Togo), the Ouaga Film Lab (Burkina Faso) and the Clap Ivoire short film festival (Ivory Coast).

Committed to expanding the broadcasting of its content on the Internet, Canal+ Group has formed a Digital Creation hub offering talented individuals a chance to build up their audiences and receive assistance in producing short content and original productions developed specifically for the web. The hub brings together affiliations of young digital talents including Studio Bagel, which is home to around 15 YouTube channels boasting a total of 20 million subscribers. Studio Bagel is a pioneer in the detection and production of web talents, including the *Monsieur Poulpe* and the *Yes Vous Aime* collective, spotted in 2016, as well as women videomakers including Alison Wheeler, Marion Séclin and Natoo. Natoo alone has more than 3 million subscribers to her YouTube channel.

To meet growing demand from smartphone users for short content, Vivendi launched Studio+ in 2016. This mobile app offers a new lineup of unreleased series in the innovative format of ten 10-minute episodes per season. Young local talents from the worlds of film and advertising have created some 20 original short series, filmed in five languages in 18 countries. Series produced by Studio+ have already won awards. One example is *T.A.N.K.*, starring actress Zita Hanrot (winner of the César for Best Emerging Actress in 2016), which won the Best Director and Best Webseries awards at the La Rochelle International TV Drama Festival.

2016 saw the launch of Olympia Production, a show and concert production entity dovetailing with Vivendi's determination to assist both well-known artists and young talents, such as the comedians Laura Domenge, Guillermo Guiz and Gérémy Crédeville, not to mention Arcadian, a group that joined the structure during the year.

Dailymotion is another space allowing talent to blossom. The platform's partners include the Vancouver Web Fest and the Nikon Film Festival short film competition, as well as Studio CO_2, a talent incubator located in Abidjan.

Vivendi also joined Serial Eyes, a European program aimed at training television screenwriters, becoming one of its biggest sponsors. Serial Eyes is geared toward teaching the up-and-coming generation of screenwriters – as well as producers and showrunners – the art of storytelling to allow them to reach new audiences in Europe and beyond. Founded by the Deutsche Film- und Fernsehakademie Berlin (DFFB), its teaching roster includes such showrunners as Frank Spotnitz (*The X-Files*), producers such as Olivier Bibas (*Borgia*) and heads of drama production units at European TV networks including Canal+.

◆ Supporting Cinematographic Creation in France

PERCENTAGE OF CNC-APPROVED FRENCH-INITIATIVE FILMS FINANCED BY CANAL+ AND ASSOCIATED AMOUNTS

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	Canal+

	2016	2015
Canal+	***44% (€138.1 million)**	48.3% (€169.4 million)

* Subject to data consolidated by the CNC to be published in spring 2017, in the 2016 Report on Cinematographic Production. The decline in the amount is attributable chiefly to the decline in Canal+'s revenues and discrepancies between the CNC statistics and Canal+ monitoring.

In 2016, Canal+ remained the privileged partner of French cinema. It actively supported creation by financing 44% of French-initiative films approved by the French National Center for Cinema and Motion Pictures (CNC), representing €138.1 million for a total of 94 films. Canal+ has also supported projects developed by female talent, with 22% of the films pre-purchased in 2016 directed by women, including Agnès Varda, Fanny Ardant, Tonie Marshall and Valérie Lemercier.

Canal+ Group's youth channels, Piwi+ and Teletoon+, are also major players in the production of animated series in France. They provided more than €6.1 million in financing to support 16 French-initiative animated series, which they broadcast exclusively in 2016. The French and European cultural footprint is central to the development of the programming and content of the group's youth channels. New series adapted from children's literature, such as *La Cabane à Histoires*, aid the editorial line of the two channels, and particularly that of Piwi+, which targets very young children.

- **Enhancing International Audiovisual and Cinematographic Influence and Showcasing Cultural Heritage**

CANAL+ GROUP INITIATIVES TO ENHANCE INTERNATIONAL AUDIOVISUAL AND CINEMATOGRAPHIC INFLUENCE AND TO SHOWCASE CULTURAL HERITAGE

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	Canal+ Group

Canal+ Group has developed a number of initiatives aimed at enhancing the international influence of audiovisual and cinematographic media and showcasing cultural heritage.

Studiocanal, which groups together the French entity and subsidiaries in the United Kingdom and Germany and is also active in Australia and in New Zealand, has established itself as the leading European player in the production, acquisition and distribution of movies and TV series. During 2016, Studiocanal distributed 54 new feature-length films from 17 different countries in the five territories in which it operates directly. It also participated in the production of 23 feature-length films from filmmakers of eight different nationalities.

In 2016, films produced or distributed by Studiocanal were once again selected for prestigious film awards, including the Academy Awards (18 nominations for *Shaun the Sheep*, *Carol*, *Youth*, *Sicario*, *A War*, *When Marnie Was There*, *The 100-Year-Old Man Who Climbed Out the Window and Disappeared* and *Room*, for which Brie Larson won the Best Actress prize), the Golden Globes (12 nominations for the films *Carol*, *Youth*, *99 Homes*, *Shaun the Sheep* and *Room*, with Brie Larson again winning the Best Actress in a Motion Picture – Drama award), the BAFTA (13 nominations for *Carol*, *Shaun the Sheep*, *Room* and *The Assassin*) and the César (19 nominations for *My King*, *April and the Extraordinary World*, *Dheepan* and *Youth*). *Heidi*, which recorded the best-ever start for a German-language film in France, also won the Best Children's Film award at the 66th Deutscher Filmpreis in Berlin, the equivalent of France's César. Lastly, *From the Land of the Moon*, a film co-produced and distributed by Studiocanal, was selected for the official competition at the 2016 Cannes Film Festival.

The Canal+ *Créations Originales*, the channel's key editorial programs distributed worldwide by Studiocanal and acclaimed at international film and series festivals, play a role in building the group's reputation. *The Last Panthers*, starring Tahar Rahim (winner of the César for Best Emerging Actor and Best Actor in *A Prophet*), has been distributed in more than 120 countries and won the Best International Co-production award at the Edinburgh International Television Festival. The Nordic police series *Midnight Sun*, created by the duo Måns Mårlind and Björn Stein (*Bron*), won the Audience Award at the Séries Mania festival and has been exported to more than 80 countries. *The Young Pope*, a Canal+ *Création Originale* by Oscar-winning Italian filmmaker Paolo Sorrentino which features an international cast, was given its world premiere out of competition at the Venice Film Festival.

Studiocanal continues to pursue an ambitious policy of promoting and preserving cinematographic heritage. With 6,500 titles, Studiocanal holds one of the biggest film catalogs in the world. In 2016, Studiocanal invested to restore in 4k or HD, digitize and modernize 29 titles from the catalog. The catalog was enriched this year by the full works of Claude Lelouch. Among them, *A Man and a Woman*, one of the director's major works, was restored in 4k and selected at Cannes Classics 2016 alongside *Indochine*, another restored film from the Studiocanal catalog. Studiocanal has also restored in 4k and re-released *La Grande Vadrouille* by Gérard Oury. The cult comedy, featuring actors Bourvil and Louis de Funès, celebrated the 50th anniversary of its release in 2016 and was a great success in theaters, ranking as the third-best re-release of a heritage film at the French box office in the last 15 years.

To allow today's children to become acquainted with the works of Jacques Tati, the Studiocanal video team also brought out *Le Monde de Monsieur Hulot* in a box set. Monsieur Hulot is Jacques Tati's well-loved character, and the box is in the shape of his house. The set includes restored versions of three of the filmmaker's most important films (*Les Vacances de Monsieur Hulot*, *Mon Oncle* and *Parade*) as well as a book of games illustrated by David Merveille.

Moreover, with a view to promoting cinema on TV – and in addition to its emblematic program *Le Cercle* – Canal+ launched two new programs devoted to cinema in 2016: *L'Hebdo Cinéma*, and *Le Journal du Cinéma*, which offer an informative and entertaining take on the film industry via six minutes of exclusive daily content.

INVESTMENTS BY CANAL+ INTERNATIONAL (AFRICA) IN LOCAL AFRICAN CONTENT (EXCLUDING SPORTS RIGHTS)

GRI	UNGC	OECD	Scope covered
DMA HR MSS Cultural Rights aspect, MSS M3	1, 2	II, IV	Canal+ International (Africa – all countries)

	2016	2015
C+G	***€4.7 million**	€5.5 million

* The decline compared with 2015 reflects the non-renewal of *Island Africa Talent*, a program that required major investment in 2015 in line with the launch of the A+ channel.

A committed player and major investor in the African film industry, Canal+ International contributes to the influence and development of cinema on the African continent. The group supports numerous African cinematographic productions; since 2005, approximately 55 films have been co-produced or pre-financed. The channel broadcasts 12 African films every year. In 2016, Canal+ International supported African films including *Ligne 19* (Ivory Coast) and *Nogochi* (Mali). *Nogochi* was directed by Franco-Malian filmmaker Toumani Sangaré, co-founder, alongside Kim Chapiron and Romain Gavras, of the Kourtrajmé Productions collective, which has made numerous clips for artists including Salif Keita.

For several years, Canal+ International has contributed to the development of African cinema by supporting major pan-African festivals seeking to promote national and African talent, such as Clap Ivoire, which the group has backed for 13 years, and Écrans Noirs, a festival designed to promote African cinema in Cameroon and Central Africa. The group is also committed to supporting female talent by partnering with festivals showcasing women filmmakers, such as the African Women's Film Days in Burkina Faso, and Mis Me Binga, an international women's film festival in Cameroon. Mis Me Binga seeks to promote the emergence of women's cinema, notably through its "When an Idea Becomes a Film" workshop, which has provided training for some 15 women and led to nine different concepts becoming films since 2010.

A+, the pan-African network based in Ivory Coast and broadcast in more than 20 French-speaking countries in West and Central Africa, as well as in France, has confirmed its commitment to developing African talent. In 2016, it committed to financing 16 productions, co-productions and pre-purchases in almost every country where the group operates. Programs include major series such as *Ma Grande Famille* by director Akissi Delta and season 2 of *C'est la Vie* created by Ivorian author Marguerite Abouet, which aims to raise awareness among the general public about such issues as maternal and infant health. In 2016, Canal+ International also invested in the adaptation of the talent show that became *Africa's Got Talent*, which has showcased exceptional talents selected from among 200 candidates from nearly 25 African countries. Lastly, mention should be made of the existence of local talent programs broadcast on Canal+, like the emblematic *+d'Afrique*, now shot in Africa to give exposure to new local music. Each show is filmed in a different country.

Canal+ Group's Polish subsidiary is involved in local productions. nc+ financed 100 hours of local Polish-language content for the successful Canal+ Discovery channel. The flagship content broadcast in 2016 includes *Andrzej Bargiel – Sniezna Pantera*, a documentary devoted to Polish mountaineer and skier Andrzej Bargiel. Meanwhile, to support local film in Vietnam, K+ supported four Vietnamese films for the second year running, which were broadcast on its channels in 2016.

In France's overseas departments and territories, Canal+ International produces "pop-up" theme channels to coincide with major sporting or cultural events in the Caribbean or Indian Ocean. The list includes the Carnaval de Guadeloupe, the Grand Raid (*Diagonale des Fous*) in Reunion, the Terre de Blues festival in Marie-Galante and Sakifo in Saint Pierre, with 24/7 broadcasts providing exhaustive coverage ranging from live transmissions to breaking news and special magazine programs and reports, using Canal's expertise in the fields covered, as well as specific documentaries to enrich the channel's theme. Each of these pop-up channels is available to all Canal+ subscribers in France's overseas departments and territories on Canal Événement; they are also often available in Africa. This was the case of Canal Grand Raid, broadcast from October 18 to 24, 2016, which was a great success among subscribers in overseas departments and territories, and which for the first time was given significant coverage in mainland France on Canal+ Sport and Infosport+ in 2016.

3.1.1.1.3. Respecting Intellectual Property and Supporting Artists

INITIATIVES TO COMBAT PIRACY AND SUPPORT FOR PUBLIC ACTIONS TO FINANCE ARTISTIC CREATION

GRI	UNGC	OECD	Scope covered
DMA HR MSS Intellectual Property aspect	1, 2	II, IV	UMG Canal+ Group Vivendi Village Dailymotion

Respect for intellectual property, on which the long-term financing of artistic works depends, is a major issue for Vivendi and is included in the group's Data and Content Protection Charter. The subsidiaries ensure respect for intellectual property rights while satisfying consumers seeking new usages.

UMG acts on a number of fronts, often collaborating with the rest of the music and entertainment industries to combat piracy and protect the entire value chain. Industry level action is coordinated by global and national associations such as the International Federation of the Phonographic Industry (IFPI) and its national group affiliates with which UMG works very closely. Raising consumer awareness has a major part to play in the fight against piracy, as the "Get It Right From A Genuine Site" campaign targeting young people clearly shows (see Section 3.1.1.2.2). Equally important is monitoring new patterns in music consumption, which UMG does through regular surveys and studies. One example is the 2016 Music Consumer Insight Report prepared by Ipsos for the IFPI which showed that 82% of web users aged 13 to 15 listen to licensed music and that the majority are willing to pay for music.

From a technical standpoint, UMG uses tools to identify and remove illegal content, both directly and indirectly via industry bodies such as the IFPI and its local branches. The group has a dedicated Content Protection department that organizes releases worldwide for anti-piracy protection, uses digital watermaking to track pre-release content and distribution paths, and searches for the links connecting users to pirated content in order to remove them from platforms or retail websites. In combating sites offering illegal content, UMG works closely with public authorities and intermediaries (e.g., Internet service providers, advertisers, credit card companies and search engines) using the "follow the money" approach. In 2016, the IFPI took legal action against providers of pirate services, particularly those that use "stream-ripping" technology (online extraction sites) such as YTMP3.

Canal+ Group's risk management policy includes the development of action plans to fight the two main forms of audiovisual piracy, namely that of Canal offers (via cardsharing, IPTV or "spider networks" of cable operators in Africa) and that of content (via streaming, P2P and direct downloads). On the technical front, the group ensures the development of tools to identify illegal content, uses digital fingerprints to protect its content, secures terminals and maps pirates.

The policy's other major focus is litigation, with the filing of complaints when piracy is detected, and improving cooperation with all international stakeholders (rights-holders, distributors and associations). The anti-piracy strategy is managed by a group-wide unit spanning the French entities and representatives of Canal+ International.

Canal+ International uses fingerprint technology in Africa and Vietnam, above all to identify and punish the use of smartcards shared illegally by the administrators of pirate cable networks in Africa and on the Internet in Vietnam. The group has intensified its actions to combat the piracy of its content in its broadcast territories, where the phenomenon is especially prevalent. Monitoring is one of the principal components of this fight against piracy, and allows the company to identify unauthorized content broadcasts, particularly of major sports events, and to collect data in order to calculate the relevant losses. In Africa, monitoring is backed up by legal action and technical countermeasures aimed at removing illegal connections; such actions can also take the form of agreements with pirate operators allowing them to market Canal+ offers legally in exchange for stopping their pirating activities.

Raising awareness is another key goal of the group's anti-piracy strategy. In 2016, Canal+ launched a communication campaign against piracy in Africa, highlighting the parental control features offered by Canal+ set-top boxes. One of its TV commercials shows a father frustrated by the fuzzy picture on a TV connected via pirated equipment. He eventually gives up and changes channel, unintentionally imposing inappropriate material on his young child – under the stunned gaze of his wife.

The Vivendi Village subsidiary Watchever is committed to protecting the content of its rights-holders, not only with respect to its users, but also regarding its service providers. Clauses describing the intellectual property of the rights-holders and prohibiting unauthorized access to their content are included in the contracts with technical partners signed by WatchMusic, the new subscription music video service launched by Watchever in 2016.

Since 2007, Dailymotion has also taken technical measures against piracy, in the form of two content-filtering systems based on the recognition of digital audio and video fingerprints, so that any content previously logged in the database can be automatically detected and rejected before it goes online. Dailymotion is also a founding member of www.ugcprinciples.com. Services providing user-generated audio and video content (UGC services) have joined forces to form a study group with a view to establishing these principles and fostering an online environment that further promotes UGC services while protecting the rights of authors.

For Vivendi's subsidiaries, the strategy for combating piracy also includes the delivery of compelling legal offers of music and audiovisual works (see Section 3.1.1.1), and a dialog with public authorities on the regulation and protection of intellectual property (see Section 3.1.5.2). Vivendi's subsidiaries are also active within associations that fight piracy (see Section 3.1.3).

3.1.1.2. Empowering and Protecting Young People in Their Use of Digital Media

In a digital environment that is dramatically changing cultural practices and the way in which the media is used, Vivendi has a major role to play in assisting young people in their quest for self-fulfillment, in expressing their creativity, in accessing knowledge and in developing their media literacy. This is why, since 2003, Vivendi has defined youth empowering and protection as a strategic commitment in its CSR policy (see Section 1.1.1 of this chapter). Since 2010, this commitment has been part of the CSR criteria taken into account in the variable compensation of the group's senior executives.

3.1.1.2.1. Empowering Young Audiences

INITIATIVES TO ENABLE YOUNG PEOPLE TO EXPRESS THEIR CREATIVE TALENT AND CIVIC ENGAGEMENT

GRI	UNGC	OECD	Scope covered
MSS M7	1, 2	II, IV	UMG Canal+ Group Corporate

Involving young citizens and students in discussions about CSR in the media sector is an integral part of Vivendi's approach. To this end, as part of a partnership with Sciences Po, Vivendi hosted a group of students from the school's Europe-Africa program that had competed in the Vivendi-Sciences Po Media CSR Innovation awards. This meeting between the students and some of the group's senior managers gave participants an insight into the development of Vivendi's business in Africa and a clearer grasp of the group's CSR commitments. The winners of the Grand Prize were also given the chance to discuss their proposed project, the *Africult* online cultural platform, with David Mignot, Canal+ International's Managing Director for Africa, on *Vivoice,* Vivendi's CSR web radio.

UMG and its artists inspire young music fans by offering them numerous opportunities to express their creativity and encouraging them to share their passion for music. Recent initiatives include the competition to design the cover of the latest album by German violinist Ann-Sophie Mutter which attracted 1,284 entries, and *Elton John - The Cut* (backed by UMG) inviting entrants to come up with original videos for three emblematic songs.

To mark the 100th anniversary of the birth of violin legend Yehudi Menuhin, UMG's German subsidiary launched its first online classical music learning class in partnership with Deutsche Grammophon and Danish start-up, Play With A Pro. The goal was to offer an online forum, open to beginners and professional musicians alike, giving users the opportunity to talk live to renowned violinist Daniel Hope on the theme of Menuhin's repertoire. The masterclass was a huge success. More than 250,000 users followed the masterclass broadcast from UMG's offices in Berlin, posted numerous questions on social networks and watched while a young violinist from Italy was given a live lesson.

In the United States, UMG runs a special program targeting college students where 80 "college representatives" are selected to play a role in the life of its label with an aim to hiring them full-time upon graduation. During this period, they provide grassroots marketing, create social strategies, and help develop marketing plans and original content featuring UMG artists.

The editorial policy of Canal+ Group's youth channels makes children the sole focus of the programs made for them, and helps foster their creativity. Examples on Piwi+ include *Ateliers Piwi*, *Club des Super Héros* and competitions around the series *Gribouille* and *Molang*, designed to introduce kids to drawing by helping them make disguises and decorative items. In 2016, the channel also released *Molang – Une Merveilleuse Journée*, a free edutainment application designed to help 3 to 5-year-olds learn to do everyday things through a series of interactive mini-games. The application, a test version of which was first submitted to a panel of parents, has now been downloaded over 60,000 times, and has scored higher than 4/5 on download platforms. In Poland, children's channel Minimini+ has launched *Wygibajki*, a music education program that offers young viewers the chance to come and perform on the show's set, with a violinist teaching them the basics of the various musical instruments and helping them learn songs.

To extend the *Grands Matchs* concept, which offers Canal+ Group a means of scouting talented and promising young reporters, in 2016, the group launched the *Grand Match Égalité des Chances*, a version devoted exclusively to secondary and tertiary students from diverse backgrounds. The best social interest stories were selected, followed by an audition, allowing the channel to discover potential young talents for editorial teams.

In Africa, A+ launched the web game *Raconte ton Afrique* in partnership with Dailymotion in 2016. The competition offers video enthusiasts the chance to share their vision of a rich and multicultural Africa by presenting their neighborhood, city or village. A total of 30 videos will be selected and screened on A+'s Dailymotion channel. Ten of them will be broadcast on the channel and a prize will go to the winner.

3.1.1.2.2. Protecting Young Audiences

In 2008, Vivendi adopted a Data and Content Protection Charter, in which the group reaffirmed its commitment to respecting freedom of expression and to preventing the spread of illegal material, particularly with regard to children. To achieve this balance, Vivendi has committed to the following:

- promoting methods for selecting or controlling content (filtering tools and other selection methods);
- cooperating actively with the competent authorities in the fight against illegal content;
- promoting ethical standards to support the development of its activities; and
- raising the awareness of parents and children on the uses of new media.

This commitment is bolstered by specific monitoring of the information policy on personal data and youth protection published on the group's websites.

In 2016, Vivendi joined the European Commission's Alliance to Better Protect Minors Online, an initiative bringing together the media and telecom sectors (e.g., operators, content and online service publishers, operators of online content-sharing platforms and search engines) and NGOs specializing in child protection, and based on a pledge to better protect children from harmful content and online harassment. Participating companies will be called on to publish their own action plan in 2017.

EXISTENCE OF A FORMAL COMMITMENT TO ETHICS IN RELATION TO CONTENT (PRODUCTION AND/OR DISTRIBUTION), PART OF WHICH RELATES SPECIFICALLY TO THE PROTECTION OF YOUNG AUDIENCES

GRI	UNGC	OECD	Scope covered
G4-56, DMA PR MSS Content Creation and Dissemination aspects	1, 2	II, IV, VIII	UMG Canal+ Group Vivendi Village Dailymotion

INITIATIVES TO RAISE THE AWARENESS OF YOUNG USERS AND THEIR INNER CIRCLE AS TO THE RESPONSIBLE USE OF PRODUCTS AND SERVICES

GRI	UNGC	OECD	Scope covered
G4-PR3, MSS M4	1, 2	II, IV, VIII	UMG Canal+ Group Vivendi Village Dailymotion

Vivendi's subsidiaries provide their audiences with a number of tools to help them master the use of the group's products and services.

UMG also engages in activities to promote the responsible use of its services. The group is in dialog with partners on the conditions for establishing an age rating system for its online videos to protect children from inappropriate content. In the United Kingdom, this is done in co-ordination with the British Board of Film Classification. The project, which involves the top five countries in terms of revenue (France, Germany, Japan, the United Kingdom and the United States) is also on the agenda for meetings of industry associations such as the French branch of the International Federation of the Phonographic Industry (the SNEP), the German Federal Music Industry Association (the BVMI) and the Recording Industry Association of Japan (the RIAJ).

In the United States, UMG supports programs and campaigns by the Recording Industry Association of America (the RIAA) to educate parents about digital media. UMG UK supports the "Get It Right from a Genuine Site" campaign launched by Creative Content UK, a partnership between the music and creative industries, Internet providers and the government to make young users more aware of the value of creative work and garner greater respect for copyright (www.getitrightfromagenuinesite.org).

Contributing to legal music offerings is a major priority for UMG, which is why joining initiatives like "Why Music Matters" and "Playfair" in Germany to raise public awareness about the entire value chain and to fight piracy is key, but also to offer young people opportunities to express their creativity and discover the different facets of the music industry.

Moreover, Canal+ Group's Ethics Charter stipulates that "the channels shall ensure the protection of children and teenagers, and to this effect shall apply a program classification reflecting the different degrees of appreciation and appropriateness of programs with regard to the protection of childhood and adolescence through the application of corresponding standards." This applies to all new media, including on-demand audiovisual media services.

In 2016, Planète+ launched a series of five documentaries entitled *Internet et Nous* (Internet and us) to explore the risks and opportunities associated with using the Internet. Various themes were addressed and helped better empower young users, ranging from analysis of the propagation of conspiracy theories on the web to the history of Anonymous, an introduction to the Facebook social network, the exploitation of online personal data and change in the digital environment.

The edutainment channel "Mon Nickelodeon Junior" offers a secure space for children. The Piwi+ channel dedicated to young viewers relies on an advisory ethics committee composed of pediatricians, educators and parents to ensure that its offer is in line with commitments to protect children and teenagers.

Teletoon+ also plans to launch *Culture Décode* in 2017, in partnership with French association, Tralalère. This program will offer a series of short programs based on a positive and informative approach to help guide young children in their discovery of the proper use of digital technology. Each episode will tackle a key concept related to digital professions and uses.

In Poland, MiniMini+, a channel dedicated to young audiences, advises parents and children about safe use of the Internet. For this purpose, it has a dedicated web page providing information from youth experts and parents, advice about online games, and web links to secure sites for children.

Within Vivendi Village, the WatchMusic content service identifies explicit and non-explicit content with appropriate icons, giving users information about the nature of the video.

Regarding the ticket business, See Tickets also informs its customers about the age limit for concerts offered on its site. A clear and express notice about the age required to attend an event appears at the time of the online payment.

Lastly, Dailymotion has signed the European Safer Social Networking Principles, and takes part in raising awareness among young audiences and their parents on the risks of the Internet. The platform has also removed explicit content unsuitable for younger users.

3.1.1.3. Fostering Knowledge Sharing: Media Pluralism and Access and Awareness Raising of Sustainable Development Issues

A third strategic CSR commitment identified by Vivendi is media pluralism and access and raising awareness of sustainable development issues. Driven by the will to encourage intercultural living together and to promote access to its content by as many users as possible, the group has become part of various initiatives in order to expand the scope of its reflection and the actions it undertakes.

3.1.1.3.1. Media Pluralism

Vivendi ensures pluralistic expression of thoughts and opinions in accordance with the principle of equal treatment of information. Respect for freedom of expression is enshrined in Vivendi's Data and Content Protection Charter.

In Vivendi's Reporting Protocol, pluralism is defined as follows: "The goal of pluralism is to guarantee that customers, subscribers, consumers, viewers and listeners have diversified information, especially political information, which does not deprive them of the capacity to exercise their freedom of opinion and choice. A pluralistic media offering therefore results from a plurality of independent and autonomous media reflecting the broadest possible diversity of opinions and ideas."

Vivendi uses this definition to encourage and monitor the efforts of its subsidiaries in this area.

DESCRIPTION OF THE GOVERNANCE STRUCTURE, BUSINESS MODEL AND MECHANISMS DEPLOYED TO GUARANTEE THE INDEPENDENCE OF EDITORIAL FUNCTIONS AND PLURALISM OF CONTENT

GRI	UNGC	OECD	Scope covered
G4-56, DMA HR MSS, DMA PR MSS Content Creation aspect	1, 2	II, IV	Canal+ Group

Canal+ Group enjoys a prominent place in the media landscape. For this reason, it has a responsibility to its audiences.

The corporate governance structure of Canal+ Group's television service providers ensures the independence of editorial functions by establishing departments dedicated to the development of programs for each provider (C8 – CStar – CNews – Canal+ – dedicated departments for the group's theme channels in France; assignment of different responsibilities to units responsible for purchasing and producing shows and programming for Canal+ International). An Ethics Committee has been established for the CNews channel. Its purpose is to ensure the proper respect for pluralism of thoughts and opinions in the channel's programs and to support the transformation process aimed at determining the channel's editorial positioning.

All Canal+ Group channels are subject to the provisions of the group's 2008 Ethics Charter. Where appropriate, the Canal+ Group channels will ensure that the Charter is amended or supplemented as necessary in line with the implementation of French law No. 2016-1524 of November 14, 2016 aimed at strengthening the freedom, independence and pluralism of the media.

Furthermore, the group's Editorial legal department keeps a tally of airtime given to politicians within programs, and provides alerts to units producing the relevant programs, allowing them to make any adjustments required to achieve a fair balance in terms of political pluralism.

NUMBER AND DESCRIPTION OF INTERVENTIONS MADE BY THE CSA (WARNING – SUMMON – SANCTION) AND MEASURES TAKEN IN RESPONSE

GRI	UNGC	OECD	Scope covered
G4-PR7, MSS M5	-	VIII.7	Canal+

	2016	2015
Canal+	**9**	4

In 2016, Canal+ Group received four warnings for all of its channels combined, two of which related to content aired on Canal+ during the previous year, as well as three summons.

The French broadcasting regulator (CSA) addressed two warnings and a summons to C8, citing three sequences of the show *Touche Pas à Mon Poste*. This program is also subject to two complaints brought by the CSA, which will rely on its independent *rapporteur* as to whether or not it should initiate legal proceedings. Either complaint could result in sanctions.

The CSA has issued two formal summons to CNews: in the first, it considered that the *Morandini Live* program failed to live up to its requirement of fair and rigorous presentation of information; the second focused on the absence of effective functioning of the CNews Ethics Committee provided for in the channel's agreement with CSA. CNews' management took note of these decisions and, in December 2016, called a meeting of the Ethics Committee in response to the CSA's request.

EXISTENCE OF A FORMAL COMMITMENT TO ENSURE A BALANCED REPRESENTATION OF SOCIETY'S DIVERSITY IN CONTENT AND PROGRAMMING

GRI	UNGC	OECD	Scope covered
G4-56, DMA HR MSS, DMA PR MSS Content Creation aspect	1, 2	II, IV	UMG Canal+ Group

Today's music business needs UMG's catalog to reflect the world's diversity of genres, origins and cultures. This is demonstrated by signing of local artists in 59 countries and the exposure given to repertoire performed in 44 languages (see Section 3.1.1.1).

Canal+ Group was quick to include the notion of diversity (gender, background, socio-professional category and disability) into its programs. The signature and deployment of its Ethics Charter commits the group to ensuring respect for diversity among its staff and in its programming. This commitment to diversity is reflected in a policy that focuses on strengthening gender equality and social diversity of the content broadcast on Canal+. A Diversity Committee tasked with monitoring diversity within programs was introduced in late 2015. It comprises delegates from C8, CStar and Canal+, as well as representatives of the group's legal and Human Resources departments.

Moreover, the Planète+ channels are actively involved in the promotion of diversity on the group's channels. *Tribus XXI*, for instance, follows such iconic personalities as Christian Karembeu as they immerse themselves in ancestral communities. In addition, the original production *Pourquoi Nous Détestent-Ils* is a series of three documentaries exploring the various origins of racism against Jewish, Arab and Black minorities in France. Aired in 2016, this documentary series was critically acclaimed and was later released in theaters; clips released on the web have attracted more than 10 million views. Canal+ International has also decided to organize a special film screening for students of the group's partner schools not only to raise awareness of the social challenges represented by racism and anti-Semitism, but also to take the opportunity to have an exchange with victims of racism and professionals (from the media or active in the relevant field) about the documentary.

3.1.1.3.2. Access to the Media

Vivendi aims to facilitate access to the group's products and services so that the most isolated audiences, regardless of where they live, their age or financial situation, can share in the benefits of this rich audiovisual, cinematographic and musical offer.

MEASURES TAKEN TO IMPROVE THE ACCESSIBILITY OF OFFERS, PRODUCTS AND SERVICES (INCLUDING CUSTOMER SERVICES)

GRI	UNGC	OECD	Scope covered
G4-EC8, MSS M4	1, 2	II, IV	UMG Canal+ Group Vivendi Village

In 2015, Vivendi established CanalOlympia, an ambitious program to build cinema and entertainment venues in Central and West Africa. By late February 2017, five such theaters had already been opened. The multipurpose venues are intended to facilitate access to culture and entertainment in countries that generally lack adequate infrastructure, and to act as catalysts for talent development in Africa. Ticket prices have been deliberately set low so as to allow as many people as possible to benefit from programming in these venues.

In digitizing its exceptional catalog of musical works, UMG offers wider access to thousands of recordings, including those no longer available on physical media. The group also partners with distribution networks and digital music services in the regions it covers to make its offerings as accessible as possible. UMG has entered into licensing agreements with over 400 digital platforms worldwide.

In countries with less developed infrastructure, UMG forms partnerships with telecom providers to create music bundles. These partnerships improve access to music content for populations in remote geographic areas. Partnerships of this type are operational in, among others, the Philippines, Cambodia, India, Turkey, Sierra Leone and various Latin American countries. They also provide opportunities for developing and promoting legal access to music over the Internet. In Brazil, for example, where mobile phone penetration is 100%, UMG has nationwide coverage through partnerships with local operators Vivo (Telefónica) and Claro Telecom. These operators offer a fixed-price, unlimited ringtone pack enabling users, including those with prepaid cards, to access any number of tunes.

UMG also strives to offer every music fan access to the full diversity of its catalog, whether it be through services that are free to the user or those that are specially priced. Yellow Lounge from Deutsche Grammophon, for example, enables young audiences to purchase affordable tickets to classical music concerts. In 2016, music lovers in Berlin could pay just £5 to attend a concert by renowned pianists Daniil Trifonov and Seong-Jin Cho, which was also viewed by 260,000 people online in a livestream format.

Access to content is another key issue for Canal+ Group. As such, the deployment of a DTT offer in Congo in 2016 came with a monthly subscription to 30 international and local channels at 6,000 CFA francs per month, a rate set deliberately low to make it accessible to as many people as possible, under the name "EasyTV". The rate has since been cut to 5,000 CFA francs to help Congolese consumers in a tough economic environment. Canal+ Congo also took charge of commissioning a local DTT transmitter covering the city of Pointe-Noire prior to the launch of its offer. EasyTV was well received and has now also been launched in the Democratic Republic of the Congo.

In the same vein, and to improve accessibility to its content, Canal+ launched a unique Premium+ offer in Vietnam in 2016. It comprises 75 international and 40 local channels, 13 of which broadcast in HD, and four of which air exclusively in Canal+ packages, at the affordable price of VND 125,000, about 50% below the price of the previous premium deal. A new OTT offer has also been rolled out in the Caribbean and Reunion with the new Cube C set-top box, which also contributes to improved access to services.

Satellite coverage allows access to content throughout the territories in which Canal+ Group operates; the main challenge in terms of geographic accessibility is therefore the establishment of points of sale. In Africa, the extensive network of charging points, allied with home sales – one of the peculiarities of the Canal+ International distribution network – promotes access to the group's offers in urban and rural areas. More one-off events are also held to this end. The *Fête du Cinéma* launched by Canal+ Benin, for instance, aims to bring film to the people of towns in inland country in partnership with bodies such as the Cinéma numérique ambulant (Traveling Digital Cinema) and the Higher Institute of Audiovisual Professions of Benin, with the support of the Beninese Ministry of Culture. In 2016, this touring event went to four cities and attracted more than 2,000 participants.

Alongside geographic accessibility, Canal+ Group is committed to guaranteeing media accessibility for people with disabilities. In France, the group's channels offer their subscribers the following two possibilities: subtitling for the deaf and hearing impaired (100% of the programs of the Canal+ channel excluding advertising) and audio description for the blind or visually impaired. Linguistic accessibility to programs broadcast on Canal+ Group channels is underpinned by the subtitling or dubbing of 100% of foreign programs acquired by these channels in France, as well as the provision of multilingual versions. Note that Canal+ Group each year receives approximately 3,000 queries on its line dedicated to deaf and hearing impaired people at its customer service centers.

The entities of Vivendi Village have also taken measures to promote access to content. To remedy the problems stemming from the poor quality of Internet connections and to reduce the bandwidth required to use the service, WatchMusic in Brazil offers its users the possibility of disabling the "video" function and accessing just the audio file of the desired track. See Tickets has a special phone number that allows customers with disabilities to reserve a seat that meets their needs.

3.1.1.4. Valuating and Protecting Personal Data

Personal data protection is a critical issue for the group, which must build relationships of trust with its audiences. It is one of the CSR criteria taken into account in the variable compensation of senior executives. The Data and Content Protection Charter, adopted in 2008 and implemented in each of the subsidiaries, defines Vivendi's commitments in relation to the collection and management of customers' personal data and the protection of content. Vivendi and its subsidiaries have a designated officer responsible for the protection of personal data.

In 2016, Vivendi undertook a compliance program to enhance the effectiveness of its internal personal data protection systems following the adoption of the new European regulation on the protection of personal data.

In addition, the theme of personal data protection was reviewed in depth in the Annual Report established in accordance with Vivendi's Compliance Program. The group's subsidiaries were questioned about their policies in this field, systems and training in place as well as their projects for 2017.

POLICIES PUT IN PLACE TO PROTECT CUSTOMERS' PERSONAL DATA

GRI	UNGC	OECD	Scope covered
G4-DMA PR Customer Privacy aspect, DMA HR MSS	1, 2	IV, VIII.6	UMG Canal+ Group Vivendi Village Dailymotion

The CSR department organized a committee dedicated to the theme of "Vivendi's activities in the face of the new EU rules on personal data protection", bringing together representatives of the business units and of the headquarters' functional departments. The discussions have enabled participants to better understand the new obligations resulting from the revision of the regulatory framework and the reinforced rules, especially as regards the protection of the personal data of minors.

In its Code of Conduct, applied in every country where the UMG group operates, UMG stresses the need to protect its customers' personal data. The role of its appointed Global Privacy Officer is to ensure that the proper protection is afforded for the personal data of customers and employees worldwide. The Global Privacy Officer also reviews the process and practices established by UMG as well as the data provisions contained in contracts established with upstream and downstream third parties. On reviewing its Supplier Corporate Responsibility Policy in 2016, UMG reinforced provisions regarding the processing of customers' personal data by imposing greater protection from suppliers and distributors. At UMG, there is a strong emphasis on employee training. In 2016, a total of more than 3,000 employees in six countries (Canada, Germany, Japan, the United Kingdom, the United States and Australia) were given online training on personal data protection.

Canal+ Group complies with the French Data Protection Act, which requires organizations engaged in the processing or handling of data files to guarantee the security of those files. To this end, a dedicated division of the group's Legal department, together with the Security department, is assigned with the task of setting out the personal data protection policy. The Legal department also monitors the policy and manages relations with the French Data Protection Authority (CNIL).

Canal+ Group regularly and systematically conducts work to raise employee awareness about the protection of personal data and the associated security issues. The IT department and members of the Legal department in charge of issues related to distribution and competition are involved in any projects submitted to them that may have an impact on customers' personal data.

The entities take action at an international level. Canal+ Group's Polish subsidiary has a strict policy covering security of customer's personal data; in 2016, more than 500 of its staff were trained on this topic.

In 2016, during a seminar bringing together all of Canal+ International's African subsidiaries, a training session on personal data and security served to give participants a better understanding of the reinforcement of procedures designed to protect customers' personal data. In its contracts with distributors and mobile operators with access to subscribers' personal data, the group includes specific provisions that require them to comply with the confidentiality of such data.

Dailymotion and the Vivendi Village entities each display their personal data policy on their respective websites.

DESCRIPTION OF MEASURES TO RAISE CUSTOMER AWARENESS OF PERSONAL DATA AND INFORMATION RELATED TO ONLINE PRIVACY			
GRI	**UNGC**	**OECD**	**Scope covered**
G4-DMA PR Customer Privacy, DMA HR MSS	1, 2	IV, VIII.6	UMG Canal+ Group

The CSR Committee specifically dedicated to the impact on Vivendi's business of new European rules on personal data protection paid particular attention to the rules applicable to minors in respect of information. It noted in this regard that information destined for children must be written in clear, simple and easy-to-understand language. Group entities that have many young users among their customers take measures to ensure that the information provided is fully understood and that the data collected is protected to the highest possible level.

UMG's privacy policy (privacypolicy.umusic.com) is published on each of its websites, enabling customers to understand how their personal data is used and can be managed, particularly when it comes to authorizing or blocking data collection. For young audiences, UMG requires consent by a parent or guardian when web users aged 13 to 16 subscribe to its music websites. Moreover, websites that are intended to appeal to young audiences also feature a Safe Surfing Guide to help users – and their parents – maintain control over their Internet experience.

In order to ensure that customers are aware of the management of information collected from them, Canal+ Group clearly sets out the rules applying to the use of personal customer data in its General Subscription Conditions. As regards services dedicated to young users, the nc+ website (www.miniminiplus.pl), which offers audiovisual programs, video games and creative workshops for children, also displays its confidentiality policy relating to the information it collects. In 2016, the Planète+ channel, through the documentary *Tous Accros aux Données Numériques*, was also involved in educating young users about the use of their data and information on their private lives.

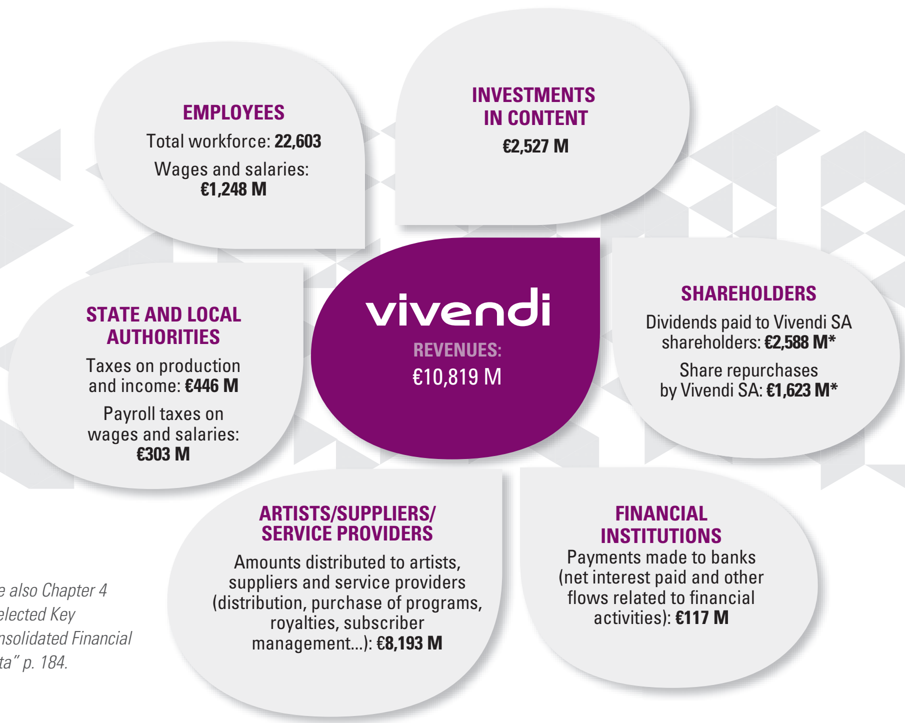
3.1.2. LOCAL, ECONOMIC AND SOCIAL IMPACT OF THE BUSINESS ACTIVITY

Vivendi plays a major role in the development of the territories in which it operates. Through its various subsidiaries, the group is a key partner of local economic players in the following ways:

- sharing the value produced by Vivendi with its principal stakeholders; and
- contributing to local economic, social and cultural development.

3.1.2.1. Sharing Value with the Group's Stakeholders

The chart below shows how value created by Vivendi is shared with its principal stakeholders. To comply with Financial Reporting requirements, the data below (as of December 31, 2016) relates to the following scope: Universal Music Group, Canal+ Group, Gameloft, Vivendi Village and New Initiatives. The chart's scope therefore differs from that of other societal information contained in Chapter 2, which covers the scope described in the Note on Methodology (see Section 4.1).



* *See also Chapter 4 "Selected Key Consolidated Financial Data" p. 184.*

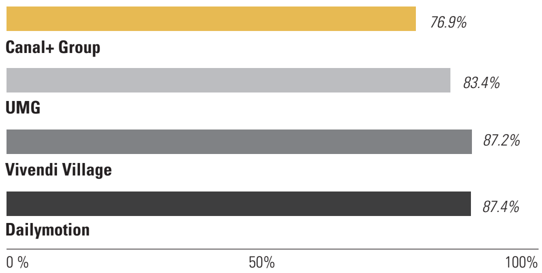
The group also conducts a detailed analysis of value creation on a stakeholder-by-stakeholder basis within the framework of its integrated reporting approach (see Chapter 1, Section 1.5).

3.1.2.2. Contributing to Local Economies

Vivendi contributes actively to the development of the territories where it operates, not only through direct or indirect employment but also through the promotion of the local culture and by sharing its know-how. The group has chosen to assess its impact, be it in terms of support for artistic talent, professionalization of the local cultural sector or support to associations.

PERCENTAGE OF PURCHASES MADE FROM LOCAL SUPPLIERS

GRI	UNGC	OECD	Scope covered
G4-EC9	-	II.A.3	UMG Canal+ Group Vivendi Village Dailymotion



The group has analyzed the purchases made with suppliers and subcontractors, which account for at least 75% of the overall expenditure of each of the subsidiaries (see Section 3.1.4). On average, 79% of purchases made by UMG, Canal+ Group, Vivendi Village and Dailymotion are made from local suppliers. Through these purchases, Vivendi has a significant impact on the local economic area, in particular by contributing to job creation.

Vivendi also contributes to the economic and cultural fabric by collaborating with local professionals in its operations. UMG, for example, plays a major part in the local music ecosystem through press and distribution deals and joint ventures with independent labels. These agreements allow the labels to benefit from UMG's expertise, infrastructure and distribution networks.

For their part, the Canal+ Group entities, which are committed to promoting cultural diversity and supporting local creation, collaborate with numerous audiovisual and film production companies. In France, no fewer than 293 local producers – of shows for immediate broadcast, films, documentaries, original creations, animation, series, shows – worked with the group's channels (excluding Studiocanal) in 2016, together billing an amount of more than €360 million. In Africa, Canal+ Group worked with over 60 local producers to purchase and pre-purchase rights or co-produce series, films and shows. This represents the majority of production companies (70%) that worked for the group's African division.

Moreover, in Poland, some 40 local production companies worked with nc+ to provide the group's various channels with programs. In Vietnam, K+ has partnered with four local studios, with which it co-produces movies and sports programs. In the Caribbean and Reunion, three local producers worked with the group on the pop-up theme channels.

In France, Digitick has established close ties with local festivals that help nurture regional cultural life. Marsatac in Marseille and Hellfest in Clisson enjoy Digitick's financial and operational support.

INITIATIVES TO TRAIN LOCAL PARTNERS

GRI	UNGC	OECD	Scope covered
G4-EC8	-	II.A.4	UMG Canal+ Group Corporate

Through its activities, Vivendi contributes to sustaining local cultural industries. In 2016, for instance, the group continued the training program for sound engineers launched in Mali in 2006. The program's 12th training session, which took place in Bamako in the studio of singer-songwriter Salif Keita, the Moffou, was geared toward preserving the memory of Malian musical heritage by restoring sound archives. The work allowed the trainees, one of whom was a woman as was the case in the 2015 session, to acquire new skills and successfully obtain several levels of certification on Pro Tools.

UMG pursues a number of initiatives to assist and promote a new generation of artists and professionals in the music industry. Examples include the Abbey Road Institute, a teaching institution run by the iconic Abbey Road recording studios (owned by UMG), and the many partnerships forged by the group to provide music industry training programs (see Section 3.1.2.3).

Skills sharing is central to many programs set up by Canal+ International to support local producers in Africa with a view to enhancing the professional skills set available in the local cultural sector and identifying promising young talents who could potentially find a place within the group. To this end, Canal+ International supports production company Galaxie Africa in its pan-African journalist training program provided in the form of practical courses taught by professional reporters and in MOOC format. In 2016, this training was held as part of DISCOP Abidjan in Ivory Coast. Canal+ International has also scheduled half-day meetings for local producers to set out the needs, editorial lines and working methods of the Canal+ and A+ channels; the meetings provide an opportunity for the group to distribute a producers' handbook developed by its teams. In 2016, meetings of this nature were held at DISCOP in Abidjan and during the Écrans Noirs festival in Yaoundé, Cameroon. Canal+ Group has also established writing workshops in partnership with CFI, the French media cooperation agency, to coincide with the preparation of two original series, *Flingue et chocolat* and *Invisibles*, both shot in Ivory Coast.

Additionally, following a call for tenders launched by CFI and Canal+ Group, 12 finalists were selected from over 100 applicants to participate in the *MDR!* (LOL) writing workshop and training course. With short programs attracting very strong interest among African audiences, the *MDR!* project aims to identify and train the emerging African talent that will contribute to the creation of new short comedy programs. The 12 finalists from Cameroon, Ivory Coast, Burkina Faso, Senegal and Gabon were invited to Ivory Coast for workshops to sharpen their skills in writing and directing short programs, with the help of two script doctors and a director. Following these workshops and remote follow-ups, Canal+ Group offered to fund four-minute pilots for eight candidates, with a budget of €2,500 per pilot. The group has already selected one of them to create an original short comedy series.

At Canal+ International, training activities also involve industry stakeholders other than creators and producers.

In Africa, the group has had a program for several years known as Service+ to train and certify technical installer contractors. In 2016, over 750 people in the seven regions included in the societal reporting scope received this training. In Vietnam, Canal+ Group, which relies on an extensive distribution network, provides training in sales techniques to its partners' employees. In 2016, approximately 100 people, from telephone operators to employees of wholesalers, retailers and distributors, benefited from this training.

3.1.2.3. Community Involvement

Since 2008, through The Vivendi Create Joy Fund, Vivendi has been committed to supporting young people who are marginalized, disadvantaged, sick or have a disability. Each year, approximately 30 major projects aimed at developing talent in music, digital technology, journalism, video games, cinema and television – the group's businesses – are financed. The Vivendi Create Joy Fund also aims to encourage young people cut off from professional networks to thrive in a profession and passion shared by the group; as such, it supports vocational training in Vivendi's fields of activity. The program has been implemented in France, the United Kingdom and Africa.

Vivendi's employees are involved with the associations supported by the group through the Ambassadors Create Joy program. The volunteer skills provided by the Ambassadors assist in making the projects a success. In 2016, a special day devoted to exploring all aspects of this commitment was organized to encourage employees to get involved with the associations.

AMOUNTS SPENT ON ENTERPRISE FOUNDATIONS, SOLIDARITY PROGRAMS AND SPONSORSHIP ACTIONS (IN EUROS) AND DESCRIPTION OF THREE INNOVATIVE PROJECTS

GRI	UNGC	OECD	Scope covered
G4-EC1, EC7, EC8, S01	1	II.A.3 and 4, IV, IX.5	UMG Canal+ Group Vivendi Village Dailymotion

	2016	2015
UMG	**2,273,744**	1,897,680
Canal+ Group	**374,040**	4,783,397
Vivendi Village	**12,440**	5,000
Dailymotion	**10,000**	-
Total	**2,670,224**	**6,686,077**

NB: The rise in the amount for UMG is partly due to more comprehensive reporting to include in-kind donations and skills-based sponsorship. At Canal+ Group in France, a review of commitments was carried out in 2016 before new priorities were laid out.

The subsidiaries implement their own outreach and solidarity programs.

UMG contributes to a series of initiatives designed to encourage the development of young audiences through music, providing lasting support for its various partner organizations. In the United Kingdom, UMG has backed the OnTrack program run by London's The Roundhouse venue which offers music-related vocational training to marginalized kids ("not in education, employment or training" or NEET) for more than ten years now. In 2016, over half of the young participants on the program successfully moved into education, training or work just one month after completing the six-week course.

Again in the United Kingdom, UMG has extended its partnership with East London Arts and Music, a free school for young people aged 16 to 19, where the curriculum is based on music and other creative industries. Since this partnership was formed, 34 UMG mentors have given masterclasses and provided specialist advice to the school's students. On the release of *Blue and Lonesome*, the latest album from the label's figurehead act, the Rolling Stones, Polydor brought in students from the school to mark the event by performing the blues on the London Underground. On the other side of the globe, UMG Australia teamed up again with the charity organization Musicians Making a Difference which offers art therapy to tens of thousands of young people in difficulty, lending its support to a campaign around a song written by ten young members.

Skills-based sponsorship is strongly encouraged at UMG, which has set up specific programs such as the All Together Now program in the United States which encourages the active involvement of employees in charity initiatives. In many countries, UMG employees regularly donate their time to people – particularly young people – interested in music business jobs, be it as part of the types of initiatives described above, through the Utalks educational program, or through the training courses run by universities and training centers such as the Popakademie in Germany. Many of UMG's senior executives are also actively involved in non-profit organizations, and are regularly recognized for their role as ambassadors.

In Africa, Canal+ Group supports local cultural life by partnering with many festivals and industry events such as the Fête du Cinema in Benin (see Section 3.1.1.3.2) and the Clap Ivoire competition, designed to spot film talent, which is supported by Canal+ Ivory Coast. Many other actions (e.g., school assistance and sporting activities) are targeted at younger people. In Poland, the involvement of employees during the Christmas charity auction each year serves to raise money for local associations; in 2016, 300 employees took part in the initiative.

Furthermore, Canal+ International encourages and supports women behind creative, ambitious and sustainable start-ups by contributing to the African Rethink Awards organized by Land of African Business (LAB). In this context, in October 2016, the group presented the African women's entrepreneurship award to Brenda Katwesigye (Uganda) for her business Wazi Vision, which offers school students affordable eye care and glasses made from recycled plastic. Committed to supporting young talent from diverse backgrounds, Canal+ International has also sought to strengthen its involvement in partnership with Club Efficience, awarding scholarships to 30 students to help finance part of their education.

The Vivendi Village subsidiaries have donated equipment to charities and cash to NGOs. Dailymotion is a patron of the Théâtre de l'Odéon in Paris.

3.1.3. RELATIONS WITH STAKEHOLDERS

Dialog with stakeholders is at the heart of Vivendi's CSR policy (see Section 1.2.3 of this chapter).

DESCRIPTION OF AT LEAST THREE DIALOG INITIATIVES WITH IDENTIFIED STAKEHOLDERS AND DESCRIPTION OF TOPICS ADDRESSED

GRI	UNGC	OECD	Scope covered
G4-26, G4-S01 and PR5, MSS M6	-	II.A.3 and 14, VIII	UMG Canal+ Group Vivendi Village

UMG has developed close links with its principal external stakeholders – from its artists and their managers to music retailers, digital partners, suppliers, national Governments and European authorities, the media, parent associations, and consumer and industry bodies (notably the IFPI and its national affiliated bodies) – with whom it has instituted open and collaborative dialog.

In 2016, for example, its British subsidiary hosted a seminar over several days to which all artist managers were invited. The week of presentations was a huge success (with a 90% manager attendance rate), and attendees praised the company for its constructive dialog on the opportunities and challenges being presented by the transitioning music market. The meetings examined the latest trends, shared insight, and talked about how the new landscape is evolving for UMG and the artist community.

UMG's senior executives engage in open forums for discussion with the music industry. UMG's Chairman and Chief Executive Officer, Sir Lucian Grainge, has taken part in and spoken at a multitude of forums, including Variety magazine's Power of Women event, where he received the EmPOWerment Award for promoting women within Universal Music.

The group has also joined forces with leading academic institutions and experts in several countries. In the United States, it is part of the Open Music Initiative (OMI) which brings together more than fifty professional bodies, creators, startups and music industry and tech leaders in a collaborative and innovative approach to resolving issues regarding fair remuneration for creators and rights owners in today's digital age. The OMI harnesses the expertise of the Berklee College of Music and the MIT Media Lab to help advance the development of open-source frameworks to simplify the identification and remuneration of artists and rights owners for works available on the Internet. In France, UMG took part alongside Canal+ International in a symposium supported by Vivendi and organized by ANR TRANSLIT, a research project on the current convergence of media literacy, information literacy and computer literacy. The event, on the theme of *Littératies du XXIe siècle* (Literacies of the 21st Century), was selected by UNESCO for its Global Media & Information Literacy Week.

Subscribers are key stakeholders of Canal+ Group, which held two meetings with consumer associations in France in 2016, one of which was dedicated to a presentation of Canal's new offers, launched on November 15, 2016.

The group has sought to establish genuine dialog with consumer associations, including frequent informal exchanges and the consideration of feedback from the field. This helps create a climate of constructive dialog which has a positive impact on customer relations. The two meetings were an opportunity to highlight the declining number of complaints submitted to Canal+ Group by consumer groups. A total of 369 complaints were made in 2016 (including 46 passed on by UFC-Que Choisir via a dedicated e-mail address set up to facilitate the transfer of customer complaints), down from 438 in 2015.

Also noteworthy was the entry into force of mediation in French law, which prompted Canal+ Group to upgrade its organization. The group relies on the Federation of E-commerce and Distance Selling Companies (Fevad), to which it has belonged for many years and which ensures mediation within the sector. In this context, various discussions with the mediator took place during the year.

Dialog with the stakeholders of Canal+ Group's international entities was again largely focused on piracy in 2016:

- in Vietnam, K+ is a founding member of an alliance to combat piracy that includes rights-holders, film producers, content distributors and associations. K+ organized a conference with representatives of local and international TV companies, radio companies and movie studios to discuss solutions to combat the rise of digital piracy;
- with the help of Sygnal, an association of which it is a founding member, nc+ in Poland organized several initiatives and events to raise awareness among stakeholders, including public authorities and law enforcement bodies, on strategies for prosecuting piracy;
- in Africa, Canal+ Group continued its collaboration with the Convergence association, founded in 2015. Convergence represents the interests of all creators and actors of the African cultural industry with the aim of defending and protecting their economic interests, notably by protecting copyright and fighting piracy. Dialog on this issue also involves regular contact with the regulatory authorities. Lastly, in the broader context of its strategy to combat piracy (see Section 3.1.1.1.3), Canal+ Group successfully finalized a joint distribution agreement with four major Cameroonian operators in 2016. They can now legally distribute Canal+ in the country in exchange for stopping their pirating activities.

At Vivendi Village, dialog with industry professionals takes place through professional associations to which the entities belong (such as Fevad for Digitick, or Prodiss – the French union of producers and concert venues – for L'Olympia). See Tickets is a member of Society of Ticket Agents and Retailers (STAR) and adheres to its Code of Conduct, which lays down the standards in terms of ethics, transparency and security of payment systems that operators must guarantee in their relations with consumers, and establishes a complaint reporting procedure.

Lastly, Vivendi pays particular attention to young companies, whose development the group supports and which it sees as essential partners allowing it to remain at the forefront of innovation. Programs such as Vivendi's partnership with Cargo (see Section 2.1.1.2) or UMG's Abbey Road Red incubator have been rolled out. With Abbey Road Red, UMG's British subsidiary launched Europe's first music tech incubator program, supporting innovative young businesses with access to studio facilities and advice from music industry professionals. Similarly, Canal+ Group chooses to work with young companies: in Benin, a partnership has been established with start-up Btech, which has allowed a young Beninese entrepreneur to market his Kova tablet adapted to local demand with the myCanal deal in 12 Canal+ Stores. In 2016, the meeting between Vivendi Village and four American start-ups through a partnership with the French American Digital Lab, a program dedicated to young American companies wishing to expand into Europe, helped to entrench the group's commitment to start-ups.

RESULTS OF MEASURING CUSTOMER SATISFACTION

GRI	UNGC	OECD	Scope covered
G4-26 and PR5, MSS M6	-	II.A.14, VIII	Canal+ Group

Canal+ Group regularly conducts customer satisfaction surveys, designed to measure the perception of its offers and content among its subscribers. In 2016, all of the group's subsidiaries conducted or commissioned a company to carry out at least one customer satisfaction survey. The results revealed stable levels of satisfaction – even growing for some channels and services compared with 2015.

In France, the November 2016 satisfaction survey demonstrated customers' attachment to the channel's film offer. For 81% of subscribers, Canal+ is the reference channel for movies. 76% of the respondents also agreed that "Canal+ is a channel that offers programs you cannot see anywhere else".

In Poland, nc+ measured the satisfaction of its customers in the third quarter of 2016: 88% of customers were satisfied with the offer from nc+. Similarly, 84% of respondents among Vietnamese subscribers expressed satisfaction and a willingness to recommend K+. Several surveys showing very good results were also conducted among Canal+ Group's African subscribers: they show a big increase in overall satisfaction, regardless of the length of the subscription. The image subscribers have of packages is generally improving, with 93% noting, for instance, that Canal+ offers programs for all tastes and for all the family, and that it ensures the provision of local content.

Offering an innovative approach to the customer experience, Vivendi Village constantly seeks to improve audience responsiveness and to best meet their expectations. At Digitick, all users who contact the customer service team receive a satisfaction questionnaire, and additional satisfaction surveys are conducted on an annual basis. The See Tickets website displays the rating assigned by users, calculated by Feefo, an independent service evaluation tool.

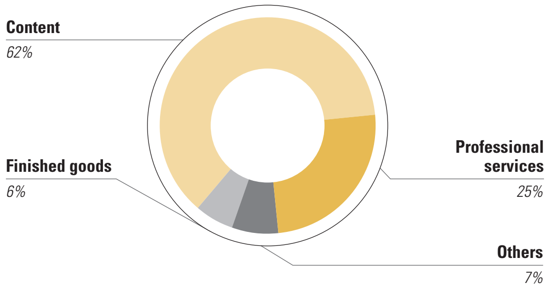
3.1.4. CSR AS PART OF THE PURCHASING POLICY AND IN RELATIONS WITH SUPPLIERS AND SUBCONTRACTORS

3.1.4.1. Importance of Purchasing and Subcontracting at Vivendi

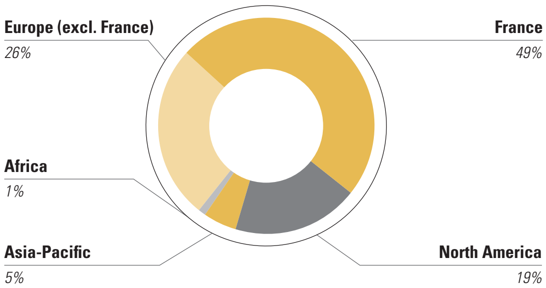
To obtain a better overall view of the risks related to its supply chain, the group has carried out an analysis of its purchases made with suppliers and subcontractors that account for at least 75% of the total expenditure of each of the main subsidiaries.

BREAKDOWN OF PURCHASES BY MAIN ITEMS AND GEOGRAPHIC REGIONS (AMONGST THE SUPPLIERS AND SUBCONTRACTORS THAT ACCOUNT FOR AT LEAST 75% OF TOTAL PURCHASING EXPENDITURE)

GRI	UNGC	OECD	Scope covered
G4-12, G4-EC1	-	II.A.3 and 4	UMG Canal+ Group Vivendi Village Dailymotion



The group purchases mainly content and professional services. Most of these purchases are made from suppliers in Europe and North America. The five principal countries from which these purchases originate, in descending order, are France, the United States, the United Kingdom, Poland and Germany.



3.1.4.2. A Responsible Purchasing Policy Adopted by the Subsidiaries

Vivendi is committed to increasing the awareness of its main suppliers and subcontractors with regard to its social and environmental challenges. In 2013, Vivendi signed the Charter of Responsible Supplier Relations, which defines a number of commitments designed to increase the awareness of economic players in relation to the importance of responsible purchasing and good customer-supplier relations. Vivendi's Compliance Program includes a rule that reminds commercial partners of their commitment to provide services in compliance with the group's commercial and social ethical standards.

EXISTENCE OF A FORMAL COMMITMENT WITH REFERENCE TO FOUNDING PRINCIPLES IN THE PURCHASING POLICY

GRI	UNGC	OECD	Scope covered
G4-56, G4-DMA Supplier Assessment	1-10	II.A.13, III, IV, V.1, VI.6	UMG Canal+ Group Vivendi Village Corporate

DEPLOYMENT OF THE RESPONSIBLE PURCHASING POLICY AMONGST THE SUPPLIERS AND SUBCONTRACTORS THAT ACCOUNT FOR AT LEAST 75% OF TOTAL PURCHASING EXPENDITURE

GRI	UNGC	OECD	Scope covered
G4-DMA Supplier Assessment	1-10	II.A.12 and 13, II.B.2, IV, V.1, VI.6	UMG Canal+ Group Vivendi Village Corporate

The subsidiaries rely on suppliers and subcontractors. They expect their suppliers and subcontractors to comply with the principles set out in Vivendi's Compliance Program and in the United Nations Global Compact, as well as with the values and rules of good conduct in their respective codes of ethics. A breach of any of these principles is potential ground for the group to terminate the contract with the supplier.

In 2016, the entities included in the reporting scope were once again informed of the group's commitments to this issue during training sessions on reporting.

The subsidiaries were made particularly aware of the issue of human rights in business relationships at a dedicated CSR Committee meeting, during which experts clarified the group's corporate responsibility in its own sphere of influence (the media sector). A representative from UMG's Purchasing department shared the way in which CSR issues are taken into account in UMG's purchasing policy.

Given its commitment to responsible procurement, UMG drew up a new Supplier Corporate Responsibility Policy in 2016 which reiterates the group's CSR commitments. At the same time, a pilot CSR Assessment Survey was conducted among the suppliers representing a combination of both high risk and high spend. The survey was sent to 55 suppliers within the physical supply chain and certain service providers in the United States.

The survey dealt with a range of areas, from personal data protection to intellectual property, employee welfare, ethics and the environment, and the analysis of its results is currently ongoing.

In 2016, UMG's Vendor Management Office (VMO) in the United States included CSR criteria in its tender call templates for selecting new suppliers. It also introduced information meetings to keep major external stakeholders up-to-date on issues linked to purchasing policy, corporate social responsibility and supplier contract management. In-house, the VMO has also launched a number of employee awareness schemes on the group's CSR challenges.

In the United Kingdom, the UMG purchasing team complies with the Modern Slavery Act, which requires vigilance and transparency with regard to suppliers. Companies must detail the measures they have put in place to ensure that their suppliers are not engaged in slavery or human trafficking.

Purchases of audiovisual content (films, series, broadcasts, sports events and similar), which account for a substantial portion of the purchases made by Canal+ Group, are made under terms and conditions defined with the rights-holders. Regarding relations with its other suppliers, Canal+ Group has established contractual prerequisites that require compliance with the provisions of the United Nations Global Compact through the insertion of a CSR clause. These contractual prerequisites are included in Canal+ Group's bidding documents (calls for tenders) and in the contracts entered into with suppliers after the bidding process. The group also imposes the following requirements on the relevant suppliers:

- compliance with rules in relation to the protection of the personal data of its customers (including external call centers, technical service providers with access to information systems and business partners); and
- waste management in connection with set-top box manufacturers.

Canal+ Group also seeks to ensure that its suppliers and service providers are economically independent. To this end, the proportion of revenues of these suppliers and service providers attributable to Canal+ Group is audited regularly; when it becomes significant (30%), the supplier is called on to diversify its customer base. This process is accompanied by attention to contract terms and competition between suppliers through tenders.

3.1.5. FAIR BUSINESS PRACTICES

Since 2002, Vivendi has had a Compliance Program setting out the general rules of ethics applicable to every employee in the group regardless of their role or seniority. These rules of conduct cover the rights of employees, accuracy and protection of information, prevention of conflicts of interest, business ethics and compliance with competition laws, the use of property and resources belonging to the group, financial ethics and environmental awareness. Compliance with these rules is a condition for being a part of Vivendi.

Moreover, the risk map established at the group level integrates the question of fair business practices as a guiding principle; the program will be developed in 2017.

3.1.5.1. Action to Prevent Corruption

DEFINITION OF THE MAIN PRIORITY AXES OF THE ANTI-CORRUPTION POLICY

GRI	UNGC	OECD	Scope covered
G4-DMA SO Anti-corruption aspect	10	II, VII	UMG Canal+ Group Vivendi Village Corporate

The subsidiaries manage their own anti-corruption policies based on the Compliance Program and on the United Nations Global Compact, to which the group is a signatory.

UMG is committed to a zero-tolerance approach to fraud and corruption, and to acting in a professional manner and with integrity wherever the company operates, in accordance with local regulations and with the 2010 UK Bribery Act. It also operates a 24/7 compliance and ethics helpline which employees can call anonymously to report suspected violations of the UMG Code of Conduct.

All UMG employees must be aware of and agree to abide by the company's Code of Conduct which includes its anti-corruption policy. The Code was reviewed in 2016 to place greater emphasis on specific principles directly related to the company's operations and the ethical issues involved. The new Code sets out clearer guidelines on procedures for identifying and reporting risky behavior, with question and answer modules on the types of situations that employees might face in their everyday work. UMG has also drawn up a Supplier Code of Conduct that includes anti-corruption and anti-fraud clauses (see Section 3.1.4).

UMG has developed courses specifically geared to countering fraud and corruption, with regional training organized on an annual basis with the assistance of outside legal counsel. In 2016, training took place in Hong Kong, Indonesia, South Korea, Singapore and Malaysia. Online courses on ethics and corruption were also run in the United States, the United Kingdom, Canada and Australia. All in all, more than 3,500 employees were given training in 2016.

Canal+ Group's anti-corruption policy is enshrined in the Ethics Charter, which prohibits employees from acting under the influence of considerations relating to their personal interests thus precluding the defense of the interests of the group in carrying out their duties. Canal+ Group has set up a governance procedure for all expenditure and contracts established within the group. The Internal Audit department lists cases of fraud detected within the group and the associated action plans; this information is reported by operational services in accordance with the group procedure for notifying fraud. Additional checks are conducted for suspected fraud. Vigilance and monitoring mechanisms will be further reinforced as part of the implementation of the Vivendi vigilance plan, which will be deployed on a Canal+ Group pilot site in Africa in 2017. The plan will take into account risks related to corruption and the associated prevention measures.

All of the employees of the Canal+ Group's Purchasing department, Audit department and Legal departments are made aware of the fight against corruption. At Canal+ Poland, this theme features in training modules offered to new employees; 95 employees were trained in 2016. An e-mail restating the guidelines of this anti-corruption policy is also sent every year to operational executives and to the members of the Executive Committee of nc+. An e-mail address is made available to employees to report any suspected breach of the group's Ethics Charter.

See Tickets has implemented internal systems to control ticket fraud, backed by an anti-corruption policy adopted in 2016 aimed at maintaining the highest possible standards of business practices and informing individuals of the group's "zero tolerance" approach to bribery. The policy applies to all See Tickets employees, as well as to contractors, consultants and other people acting for or on behalf of the company.

Other Vivendi Village entities have also inserted clauses in contracts governing their relations with suppliers. Digitick, for instance, includes specific provisions on fraud prevention, and L'Olympia attaches Vivendi's Compliance Program to all partnership contracts.

3.1.5.2. Contributing to Public Policy/Responsible Lobbying

Vivendi and its subsidiaries adopt transparent lobbying practices (disclosure of membership in professional associations, registration in lobbyist registers and clear communication on the main positions taken).

UMG and Canal+ Group are listed in the European Parliament and Commission's Transparency Register. In the United States, UMG declares its lobbying activities and related expenses in quarterly and other reports field with Congress, consistent with applicable laws and regulations

SIGNIFICANT THEMES AND POSITIONS TAKEN IN LOBBYING ACTIVITIES

GRI	UNGC	OECD	Scope covered
G4-DMA SO Public Policy aspect	-	-	UMG Canal+ Group

Lobbying activities by Universal Music Group are mostly conducted through industry associations such as the IFPI at an international level and national affiliates like the RIAA in the United States, the BPI in the United Kingdom and SNEP in France. These associations issue various publications and communications, with UMG and other major labels and independent label partners contributing to their respective agendas.

UMG's lobbying efforts focus primarily on the protection of intellectual property rights, the recognition of the value of music and cultural diversity, the battle against illegal content, and the promotion of distribution and public performance rights, especially in countries where these rights currently have little or no protection.

Through these associations and on its own, UMG has actively sought to resolve the "value gap" in digital music services and to introduce notice-and-stay-down mechanisms to effectively combat infringing content online. These mechanisms help prevent platforms from reposting content identified for takedown. In 2016, UMG lobbied, through the IFPI, for clear requirements on platforms that actively deliver content uploaded by users including in the new European copyright directive.

UMG endeavors to promote the value of music in all of the territories it covers. Its submission in 2016 to the Australian Treasury's Productivity Commission enquiry on intellectual property rights protection highlighted the economic and social value of the music sector and the need to protect creators' rights.

In France, the Schwartz Agreement was signed in October 2015 by key stakeholders in the music industry, who agreed to work together under French government oversight to promote equal distribution of the value generated by new music services. In furtherance of this agreement, UMG France is working with BearingPoint, a European consultancy mandated by the French Ministry of Culture, on a survey into value sharing in the music sector.

In 2016, Canal+ Group had numerous discussions with public authorities in conjunction with reviews of several major pieces of legislation:

- within the framework of the large media-sector law on freedom of creation, which contains various measures pertaining to the audiovisual and film industries, Canal+ Group took part in discussions and negotiations on the use of works and the reinforcement of transparency in relations between the various players in the audiovisual and film industries;
- the group was party to discussions with the public authorities on the bill tabled in France's National Assembly in February 2016 aimed at strengthening the freedom, independence and pluralism of the media. The law that was ultimately adopted establishes a right of opposition for reporters and requires media groups to create ethics committees; and
- the group contributed to discussions on the French bill for a digital Republic, two important features of which are the creation of a duty of loyalty imposed on platforms and the recognition of video game competitions. With regard to the issues faced by the various group entities, contributions to discussions on platform regulation were also made. In addition, particular attention was paid to the new provisions related to accessibility of customer services.

Discussions on these laws were an opportunity for the group to explain the extensive damage presented by piracy today for players in the creative industries and especially for those marketing pay-TV offerings. In addition, these discussions provided opportunities to advocate change in the legislative framework with a view to stepping up the fight against the consumption of illegal content.

In Poland, Canal+ Group is a member of the Polish Chamber of Broadcasters (PIRS), which works to protect intellectual property, and which in 2016 contributed to the work of the European Commission on the role of publishers in the copyright value chain, the modernization of the legal framework governing the enforcement of intellectual property rights and the revision of the directive on audiovisual media services.

In Africa, the group is highly active in efforts to raise the awareness of authorities about the need to combat piracy and unfair practices. The group is a member of several bodies and working groups, including MEDEF International, Convergence (see Section 3.1.3) and African regulatory bodies in the audiovisual sector, including ACRAN.

3.2. Social Indicators

For a description of the abbreviations and terms used in the following tables, please refer to page 57 of this chapter. This report on social data was drawn up pursuant to Articles L.233-3 and L.225-102-1 of the French Commercial Code (Article 225 of Law No. 2010-788 of July 12, 2010 establishing a national commitment to the environment, known as the Grenelle II law).

In the tables below, unless otherwise indicated:

- the "Vivendi Village" heading refers to L'Olympia, MyBestPro, Radionomy, Théâtre de l'Œuvre, Vivendi Ticketing and Watchever;
- the "New Initiatives" heading refers to Vivendi Content and Dailymotion (in 2015, data related to Vivendi Content were included in the Canal+ Group);
- the "Corporate" heading refers to the Paris headquarters and the New York office, while the "Headquarters" heading refers to the Paris headquarters only.

In accordance with the "Reporting Protocol for Environmental, Social and Societal Data of the Vivendi group companies", companies newly consolidated within the reporting scope during the year appear only in the tables relating to headcount.

For 2016, this applies to Canal+ Afrique, Alterna TV and Canal+ Togo for Canal+ Group, Gameloft, and Sotravo and See Tickets US for Vivendi Village.

In 2015, this applied to Canal+ Benin, Canal+ Haiti, Canal+ Mali, Flab Presse, Flab Prod, Studiocanal China, Studio+, Terra Communications Inc., Thema, and Vivendi Content for Canal+ Group, Radionomy and Théâtre de l'Œuvre for Vivendi Village and Dailymotion.

3.2.1. EMPLOYMENT

3.2.1.1. Headcount by Activity

As of December 31, 2016, the group had a total of 22,603 employees compared to 16,395, as of December 31, 2015. The 38% increase is mainly the result of the inclusion of Gameloft in the group's consolidation scope for the first time as well as the development of Canal+ Group in Africa where it grew by 21% in 2016.

HEADCOUNT AS OF DECEMBER 31, 2016

GRI	UNGC	OECD
G4-10	-	V

	2016	2015
UMG	**7,547**	7,575
C+G:	**7,679**	7,611
of which SECP	**782**	754
Gameloft	**5,938**	-
Vivendi Village	**834**	770
New Initiatives	**372**	*230
Corporate	**233**	209
Total	**22,603**	**16,395**

* Dailymotion only.

3.2.1.2. Breakdown of Employees by Gender, Age and Geographic Region

Headcount by Gender

With Gameloft, whose businesses are mainly staffed by men, included in the group's consolidation scope for the first time, the headcount breakdown by gender in 2016 showed a 7% increase in male employees.

HEADCOUNT BY GENDER (%)

GRI	UNGC	OECD
G4-10, G4-LA12	1, 6	V

	2016		2015	
	Women	Men	Women	Men
UMG	**47%**	**53%**	47%	53%
C+G:	**49%**	**51%**	49%	51%
of which SECP	**33%**	**67%**	32%	68%
Gameloft	**20%**	**80%**	-	-
Vivendi Village	**47%**	**53%**	47%	53%
New Initiatives	**31%**	**69%**	*23%	*77%
Corporate	**56%**	**44%**	57%	43%
Total	**41%**	**59%**	**48%**	**52%**

* Dailymotion only.

Headcount by Age

Similarly, with the inclusion of Gameloft, employees aged 34 years or younger represent 54% of the headcount in 2016 compared to 44% in 2015.

HEADCOUNT BY AGE (%)

GRI	UNGC	OECD
G4-10, G4-LA12	1, 6	V

	2016					2015				
	Under 25	25-34	35-44	45-54	55 and over	Under 25	25-34	35-44	45-54	55 and over
UMG	**6%**	**33%**	**29%**	**24%**	**8%**	6%	32%	30%	24%	8%
C+G:	**7%**	**39%**	**34%**	**16%**	**4%**	8%	40%	33%	15%	4%
of which SECP	**10%**	**18%**	**30%**	**31%**	**11%**	7%	19%	32%	32%	10%
Gameloft	**20%**	**64%**	**14%**	**2%**	**0%**	-	-	-	-	-
Vivendi Village	**11%**	**49%**	**29%**	**9%**	**2%**	12%	50%	27%	8%	3%
New Initiatives	**12%**	**52%**	**27%**	**7%**	**2%**	*9%	*65%	*24%	*2%	*0%
Corporate	**3%**	**20%**	**22%**	**33%**	**22%**	2%	15%	24%	35%	24%
Total	**10%**	**44%**	**26%**	**15%**	**5%**	**7%**	**37%**	**31%**	**19%**	**6%**

* Dailymotion only.

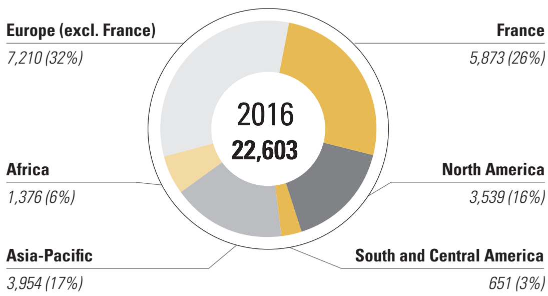
Headcount by Geographic Region

The table below shows the breakdown of group headcount by geographic region as of December 31, 2016. The "France" heading includes the headcount of companies in mainland France and its overseas departments and territories.

HEADCOUNT BY GEOGRAPHIC REGION

GRI	UNGC	OECD
G4-10	-	V

	2016	2015
Consolidated data	**22,603**	16,395



3.2.1.3. New Hires and Departures

New Hires

Vivendi operates in certain countries where the method of accounting for new hires and trainees is markedly different from the method used in France and certain European countries. For example, in the United States, Canada and Brazil, people employed in temporary positions and student summer jobs are considered as new hires. To take into account these different methods, the table below accounts for all new hires, irrespective of the period of employment.

NEW HIRES IN THE GROUP

GRI	UNGC	OECD
G4-LA1	6	V

	2016	2015
UMG	**1,540**	1,348
C+G:	**1,691**	1,796
of which SECP	**180**	100
Vivendi Village	**311**	246
New Initiatives	**241**	-
Corporate	**54**	38
Total	**3,837**	**3,428**

Permanent and Temporary New Hires

Outside France, a permanent hire refers to persons continuously employed within the company for at least 18 months. Employees with less than 18 months' continuous employment are considered temporary hires.

PERMANENT AND TEMPORARY NEW HIRES		
GRI	**UNGC**	**OECD**
G4-10, G4-LA1	-	V

	2016			2015		
	Total	Permanent new hires	Temporary new hires	Total	Permanent new hires	Temporary new hires
UMG	**1,540**	**996**	**544**	1,348	873	475
C+G:	**1,691**	**963**	**728**	1,796	1,003	793
of which SECP	**180**	**42**	**138**	100	20	80
Vivendi Village	**311**	**170**	**141**	246	112	134
New Initiatives	**241**	**101**	**140**	-	-	-
Corporate	**54**	**35**	**19**	38	22	16
Total	**3,837**	**2,265**	**1,572**	**3,428**	**2,010**	**1,418**

New Hires in France

This indicator covers the group's companies in mainland France and its overseas departments and territories. In the table below, the rate of permanent new hires is calculated as a ratio of the number of permanent new hires to total new hires in each business unit.

NEW HIRES IN FRANCE		
GRI	**UNGC**	**OECD**
G4-10, G4-LA1	6	V

	2016			2015		
	Total	Permanent new hires	% permanent new hires	Total	Permanent new hires	% permanent new hires
UMG	**166**	**70**	**42%**	116	38	33%
C+G:	**825**	**291**	**35%**	906	316	35%
of which SECP	**180**	**42**	**23%**	100	20	20%
Vivendi Village	**187**	**138**	**74%**	106	81	76%
New Initiatives	**214**	**80**	**37%**	-	-	-
Headquarters	**54**	**35**	**65%**	37	21	57%
Total	**1,446**	**614**	**42%**	**1,165**	**456**	**39%**

In the French companies, the total number of permanent new hires increased sharply in 2016 (a 24% increase) and represented 42% of new hires, compared to 39% in 2015.

Departures from the Group

DEPARTURES FROM THE GROUP		
GRI	**UNGC**	**OECD**
G4-LA1	6	V

	2016	2015
UMG	**1,604**	1,374
C+G:	**1,737**	1,716
of which SECP	**159**	131
Vivendi Village	**320**	292
New Initiatives	**214**	-
Corporate	**30**	27
Total	**3,905**	**3,409**

The data in the above table illustrates all departures from the group's companies, regardless of cause. It can be compared to the previous table illustrating all new hires.

Reasons for Departures

BREAKDOWN OF DEPARTURES BY REASON		
GRI	**UNGC**	**OECD**
G4-LA1	6	V

	2016	2015
Resignation	**1,459**	1,281
Individual dismissal	**527**	392
Redundancy on economic grounds	**362**	226
End of temporary contract	**1,278**	1,224
Retirement	**31**	26
Other causes	**248**	260
Total	**3,905**	**3,409**

The number of individual dismissals and redundancies on economic grounds was 889 in 2016, of which 34% in France and 66% to departures outside France.

However, 59% of departures resulting from the end of a temporary contract are attributable to France, and 41% are attributable to departures outside France.

Departures for "other causes" include departures for personal reasons, departures under the contract termination procedure or termination by amicable agreement, departures for disciplinary reasons and insubordination, death, voluntary departures, termination during or at the end of a trial period, abandonment of position, departures for professional negligence and mobility between business units.

3.2.1.4. Compensation

All of Vivendi's business units are included in the compensation tables below. This includes those which entered the reporting scope during fiscal year 2016.

Personnel Costs

PERSONNEL COSTS (IN MILLIONS OF €)		
GRI	**UNGC**	**OECD**
G4-EC1	-	V

	2016	2015
Consolidated data	**1,656**	1,546

Payroll Costs

PAYROLL COSTS (IN MILLIONS OF €)		
GRI	**UNGC**	**OECD**
G4-EC1	-	V

	2016	2015
Consolidated data*	**1,551**	1,445

* After deducting capitalized personnel costs of €3 million.

Payroll Costs as a Ratio of Revenue

PAYROLL COSTS AS A RATIO OF REVENUE		
GRI	**UNGC**	**OECD**
G4-EC1	-	V

	2016	2015
Consolidated data	**14.33%**	13.42%

Optional and Statutory Profit Sharing (France)

This indicator includes group companies in France that have entered into collective bargaining agreements relating to optional or statutory profit sharing.

OPTIONAL AND STATUTORY PROFIT SHARING IN FRANCE (IN MILLIONS OF €)		
GRI	**UNGC**	**OECD**
G4-EC1	-	V

Consolidated data	2016	2015
Optional profit sharing	**23.6**	17.8
Statutory profit sharing	**9.2**	7.9

3.2.2. ORGANIZATION OF WORK

3.2.2.1. Organization of Working Time

Full-Time and Part-Time Employees

The ratio of part-time employees is calculated by comparing the number of employees working part-time to the total number of employees in the Vivendi group.

FULL-TIME AND PART-TIME EMPLOYEES		
GRI	**UNGC**	**OECD**
G4-10	-	V

	2016		2015	
	Full-time	Part-time	Full-time	Part-time
UMG	**7,328**	**219**	7,326	249
C+G:	**7,278**	**401**	7,200	411
of which SECP	**765**	**17**	741	13
Gameloft	**5,825**	**113**	-	-
Vivendi Village	**724**	**110**	615	155
New Initiatives	**368**	**4**	*228	*2
Corporate	**219**	**14**	195	14
Total	**21,742 (96%)**	**861 (4%)**	**15,564 (95%)**	**831 (5%)**

* Dailymotion only.

The Vivendi group's staff makes limited use of part-time contracts.

Average Weekly Working Hours of Full-Time Employees

The number of working hours for full-time employees is defined as the working hours which are most common in the company.

AVERAGE WEEKLY WORKING TIME OF FULL-TIME EMPLOYEES (HOURS)

GRI	UNGC	OECD
-	-	V

	2016	2015
Consolidated data	**38.0**	37.9

This figure represents the average weighted working hours per week within the group. Working time varies according to country and company and ranges from 35 hours (the legal working week in France and its overseas departments and territories) to 48 hours in some South American countries and the Middle East (Turkey). The median duration within the group is 40 hours and average working time remains stable year-on-year.

Average Yearly Working Time, Full-Time Employees

AVERAGE YEARLY WORKING TIME, FULL-TIME EMPLOYEES (HOURS)

GRI	UNGC	OECD
-	-	V

	2016	2015
Consolidated data	**1,760**	1,767

In the above table, the average annual working time is weighted by headcount.

Work Organization Methods

Work organization practices have remained stable both in terms of working hours and proportion of employees working part-time.

Attempts to find a balance between the specificities of some of the group's activities and the personal and professional lives of employees are the focal point of changes in work organization practices. On the basis of their specific needs, which are often linked to the provision of services, some of the group's entities make use of working arrangements such as telecommuting and flexible or staggered working hours, or being "on call". Examples of this include ticketing and the production of television programs or shows, which have to adjust to special events essential to their business (e.g., festivals, shows or sporting events) and also the call centers of nc+ in Poland (Canal+ Group) and See Tickets.

- In 2015, Canal+ Group renewed its telecommuting agreement that was originally entered into in 2012, for a period of three years. Canal+ Group believes that telecommuting is an innovative procedure for organizing work, allowing for more flexibility and adaptability by giving each employee greater responsibility and independence.
- UMG favors telecommuting and flexible working hours. This policy is not necessarily set out in signed agreements and, in light of the diversity of regulations in the 47 countries where UMG has employees, tends to take the form of specific action plans.
- In 2015, an agreement on work organization and flexible working hours was entered into with a Vivendi Village entity for a three-year period.

3.2.2.2. Absenteeism within the Group

Absenteeism by Reason

Absenteeism is defined as total working days not worked, excluding paid leave, training courses, trade union absences, exceptional and standard leave and additional days of leave. Contract suspensions are not counted in the table below. However, all cases of sick leave, including long-term disability leave, are included.

Days of absence are broken down by reason: illness, family reasons (maternity, paternity and adoption leave), and workplace and commuting accidents in countries where the latter is recognized.

The "absence for other reasons" category recognizes cultural differences and differences in local regulations within the group. In particular, it covers absences for personal reasons, unpaid vacation and unpaid leave, suspensions or unauthorized absence (whether paid or unpaid), absence due to a child's illness or a family event (excluding maternity, paternity and adoption leave), absences for examinations, bereavements and relocating, and unjustified absences.

ABSENTEEISM BY REASON (AVERAGE DAYS PER EMPLOYEE)

GRI	UNGC	OECD
G4-LA6	-	V

	2016	2015
Absences for illness	**4.20**	4.35
Absences for family reasons	**2.56**	2.48
Absences for accidents	**0.11**	0.11
Absences for other reasons	**1.03**	0.79

3.2.3. SOCIAL RELATIONS

3.2.3.1. Organization of Social Dialog

Social dialog takes place at all levels of the group. The Corporate Works Committee and the European Social Dialog Committee (ESDC) enable broad-ranging information and discussions on economic strategy and the main objectives of Vivendi's human resources policy (see Section 2.2.2 of this chapter).

Within the subsidiaries, dialog and social discussion are organized in line with the employment laws and regulations for each country, in accordance with human resources policy guidelines adopted by each business unit.

3.2.3.2. Collective Bargaining Agreements

In 2016, 29 agreements or supplemental agreements were signed or renewed in France.

Numerous agreements were entered into in relation to compensation policy and profit sharing (optional and statutory), which reflect the desire to allow employees to participate in their company's performance (Canal+ Group, Canal+ International, Universal Music France and Vivendi Headquarters), and retirement savings plans linked with working time saving accounts (Canal + International and Vivendi Headquarters), as well as in connection with professional elections related to Canal+ Group, Universal Music France and Vivendi Headquarters.

Among these agreements, the gender equality agreement at MyBestPro is a good example of the ongoing social dialog within the group's different entities.

Moreover, certain entities in France have revised their medical coverage to take into account new regulatory requirements in relation to "responsible" contracts.

Lastly, mechanisms (agreements or action plans) providing employee support measures (financial compensation, training budgets, reclassification support) were implemented by Watchever as part of the discontinuation of its activity in Germany, by CNews following the changes in the channel's editorial positioning, and by Sotravo, an entity purchased by MyBestPro.

Collective Bargaining Agreements Signed in France

COLLECTIVE BARGAINING AGREEMENTS SIGNED OR RENEWED		
GRI	**UNGC**	**OECD**
G4-11	3	V.8

	2016	2015
UMG	**4**	4
C+G*	**16**	16
Vivendi Village	**2**	1
New Initiatives	**1**	-
Headquarters	**6**	2
Total	**29**	**23**

* Includes SECP.

The scope selected for this table (France) is the area for which the group has comprehensive reporting data. In numerous other countries, the notion of a collective bargaining agreement does not correspond to the definition in France. The agreements signed in an SEU (Social and Economic Unit) are only counted once.

3.2.4. OCCUPATIONAL HEALTH AND SAFETY

3.2.4.1. Occupational Health and Safety Conditions

Occupational health and safety concerns the whole group and every business unit, all of which implement action plans and preventive measures.

With respect to occupational health, the procedure for identifying risks involves the following steps:

- identifying and assessing the professional risks related to the activity;
- assessing the degree of control exercised over the risks;
- identifying individual and collective preventive measures to eliminate or reduce each risk; and
- defining an occupational health and safety management program or training program, aimed at controlling any residual risks.

Ad hoc committees (CHSCT for French entities), which maintain a dialog between employees and management, address these issues and prepare related documents, such as the Uniform Document for the Assessment of Occupational Risks, in the case of the French entities.

The objectives of these committees include:

- improving the ergonomics of work stations, especially for people working with computer monitors and identifying the rare situations where there is pain or discomfort;
- participating in and ensuring that a plan is created for prevention of conflict and stressful situations;
- measuring radiation from extremely low frequencies (e.g., 3G, 4G, cell phones and Wi-Fi), verifying compliance with legal limits, identifying associated risks and promoting best practice;
- monitoring the implementation of action plans required in the event of serious incidents (including fire, breaches of security and natural disasters);
- promoting "best practices" in relation to business travel and identifying and analyzing the causes of commuting accidents;
- managing and updating the document which details risks and prevention plans;
- supervising the safety of the premises and preventing illness, particularly occupational illnesses;
- providing transportation for employees to their workplace if public transportation is inadequate or unavailable; and
- taking into account the need for all employees to balance their personal and professional lives.

Vivendi continues to apply preventive measures related to managing stress and psychosocial risks. Counseling teams are available for all employees. These programs are specific to each entity and cover areas such as the training of local managers, a free helpline for employees, and information given to elected employee representatives by a specialist physician. These services are independent of the company and are completely anonymous, confidential and free.

Some of the preventive and training initiatives are described below:

- Canal+ Group:
  - France: the Canal+ Group's CHSCT regularly uses the services of an expert to review important projects, including, among others, the plan to modernize technical infrastructures and specialized units at the Customer Relations Centers; and
  - United Kingdom: the health and safety policy is reviewed each year and every three years an outside consultant conducts an assessment of the company's facilities and makes recommendations, where applicable. In addition, each new employee is required to read the health and safety policy on the day he or she is hired.
- UMG:
  - Germany: a committee composed of an occupational physician, a safety engineer, members of the Works Council, a safety officer and an officer responsible for the employment of disabled employees meets with Management three times a year to report on the health and safety of employees in the workplace;
  - Canada: since health and safety is everyone's responsibility, a partnership has been created between the Health and Safety Committee, the managers and the employees, with the goal of jointly ensuring compliance with health and safety conditions, a priority that guarantees quality service; each employee is required to undergo training to raise awareness of health and safety issues when he or she is hired;
  - South Korea: to encourage employees to stay in good physical health, the costs of Fitness Center memberships are reimbursed by the company;
  - France: new label directors received training in psychosocial risks;
  - Norway: a campaign to raise awareness of the importance of physical exercise was implemented; and
  - Portugal: each year employees are surveyed on health and safety issues by an outside company with enhanced medical monitoring for seniors.
- Vivendi Village:
  - Digitick: employees have access to the services of a masseur/physiotherapist once a month; and
  - MyBestPro: on the recommendation of the CHSCT, an investigation of psychosocial risks was conducted by the occupational health physician and an annual survey of employees monitors these risks.
- Vivendi Headquarters: "Wellness and Performance" workshops or conferences are offered each month by specialists on issues such as "Full Consciousness", "Self-Image" and "Mental Preparation". First-aid training is also offered each year.

Employee Safety Training

PERCENTAGE OF EMPLOYEES THAT HAVE RECEIVED SAFETY TRAINING (%)

GRI	UNGC	OECD
-	-	II.A.4 and 8, V.4.c, VI.7

	2016	2015
UMG	**15%**	13%
C+G*	**14%**	10%
Vivendi Village	**7%**	8%
New Initiatives	**0%**	-
Corporate	**26%**	12%
Total	**14%**	**11%**

* Includes SECP.

This indicator shows the percentage of employees who have taken one or more safety training courses during the year. In the table above, an employee who participated in more than one training session is counted only once.

Various training courses are offered in the group every year to make managers and employees aware of the risks related to their activities and the applicable procedures to follow (see above).

A number of initiatives focusing on safety in the workplace were undertaken in 2016:

- Studiocanal in the United Kingdom: each year, employees participate in a fire prevention training program conducted by London firemen;
- UMG in Mexico and Italy: simulation programs were organized to implement preventive measures in the event of earthquake or fire; and
- Vivendi Headquarters: the number of employees that have received safety training increased by 140%.

Number of Committees Dedicated to Monitoring Health and Safety

Vivendi has established various committees and organizations involving professionals and staff representatives. They are dedicated to studying occupational health and safety issues, in strict compliance with local laws in each country in which the group is present. This indicator shows the number of committees in place.

NUMBER OF HEALTH AND SAFETY COMMITTEES

GRI	UNGC	OECD
G4-LA5	-	II.A.4, V.4.c, VI.7

	2016	2015
UMG	**29**	28
C+G*	**19**	17
Vivendi Village	**4**	5
New Initiatives	**2**	-
Corporate	**1**	1
Total	**55**	**51**

* Includes SECP.

The new committees created in 2016 relate to Canal+ Réunion, Studiocanal UK, Dailymotion France and Flab Prod.

3.2.4.2. Collective Agreements on Occupational Health and Safety and Working Conditions

In France

COLLECTIVE AGREEMENTS ON HEALTH AND SAFETY IN FRANCE

GRI	UNGC	OECD
G4-LA8	3	V.4.c

	2016	2015
Consolidated data	**0**	0

Although no new agreements on occupational health and safety were entered into in 2016, action plans or measures relating to working conditions and protection of employee health and safety are in place at all French entities.

3.2.4.3. Workplace Accidents and Occupational Illnesses

Frequency Rate of Workplace Accidents (with Work Days Lost)

The frequency of workplace accidents with work days lost is historically very low. The group's business units have little exposure to any such risk.

FREQUENCY RATE OF WORKPLACE ACCIDENTS (WITH WORK DAYS LOST)

GRI	UNGC	OECD
G4-LA6	1	V

	2016	2015
Consolidated data	**0.01**	0.01

Calculation method: $\dfrac{\textit{Number of workplace accidents resulting in lost work time} \times 1{,}000{,}000}{\textit{Average annual headcount} \times \textit{annual hours actually worked}}$

Severity Rate of Workplace Accidents (with Work Days Lost)

SEVERITY RATE OF WORKPLACE ACCIDENTS (WITH WORK DAYS LOST)

GRI	UNGC	OECD
G4-LA6	1	V

	2016	2015
Consolidated data	**0.00**	0.00

Calculation method: $\dfrac{\textit{Number of days lost due to workplace accidents} \times 1{,}000}{\textit{Average annual headcount} \times \textit{annual hours actually worked}}$

Occupational Illnesses

In France, occupational illnesses are those officially reported and recognized by the French Social Security scheme. In other countries, occupational illnesses are defined in accordance with local laws or, if no such local laws exist, by the International Labour Organization (ILO) (1). Vivendi's business units generally have little exposure to occupational illnesses; no occupational illnesses were reported within the group in 2016.

OCCUPATIONAL ILLNESSES

GRI	UNGC	OECD
G4-LA6	1	V

	2016	2015
Consolidated data	**0**	2

(1) For the complete list of illnesses, please refer to the ILO website.

3.2.5. TRAINING

3.2.5.1. Training Policies in the Business Units

Each of the group's major subsidiaries implements a vocational training policy suited to the needs of its businesses and the rapid changes experienced by them, making skills development a major component of its training policy.

- Canal+ Group gives priority to collective initiatives to meet business challenges as quickly and as efficiently as possible.

  In France, training policy focuses on four major areas related to:
  - the enhancement of employees' business unit expertise through specific modules;
  - the emergence of digital and its impact on the transformation of business units;
  - the development of management skills aimed at helping managers motivate every employee to improve his or her skills so that they can attain their highest potential; and
  - the deployment and sharing of a common culture, in particular with a strengthened presence in Africa where Canal+ Group is established in 12 countries.

  In Poland and the United Kingdom, the objective of the training policy is to adapt and develop the professional skills of employees as well as their employability. The training plan is established each year on the basis of identified needs.
- At UMG, the 2016 international training plan, "Learning and Development", is based on the following topics:
  - Essentials of the Music Business;
  - the work environment and work relations;
  - technical skills;
  - management and leadership skills development;
  - individual development; and
  - team initiatives: process, design, etc.

  Training methods are often individualized and employee-led, with the result that much of the training unfolds gradually or in work situations. This means that substantial numbers of training hours are not recorded. Therefore, an assessment of the number of hours of training does not reflect the reality of the training efforts actually undertaken by the music companies.
- Dailymotion defined the priority areas of its 2016 training plan to take into account its international development. Dailymotion thus trained its employees in the "Agile" working methodology which strengthens their management skills in cross-business and international projects. Vivendi Village implemented a skills development plan to expand WatchMusic's activity.
- Vivendi Headquarters offers a cross training program called "Succeeding Together" intended for managers in the group's different companies. This program aims to provide the keys to optimize each employee's performance by creating favorable conditions for harnessing talents; the objective is to create automated cooperative behavior through joint activities.

3.2.5.2. Total Number of Training Hours

TOTAL NUMBER OF TRAINING HOURS

GRI	UNGC	OECD
G4-LA9	6	II.A.4

	2016	2015
UMG	**30,264**	24,594
C+G	**70,267**	68,918
of which SECP	**5,857**	6,214
Vivendi Village	**4,127**	4,119
New Initiatives	**2,950**	-
Corporate*	**2,698**	1,011
Total	**110,306**	**98,642**

* Methods for recording training data were changed between 2015 and 2016 (inclusion of training in progress).

In 2016, the group continued to make major efforts in training. The number of training hours received by employees increased in all business units, including UMG, where reporting data are not exhaustive due to the diversity of training methods.

Total Number of Employees Trained

The table below shows the number of employees who participated in at least one training session in the year. If an employee participated in more than one training course, he or she is only counted once.

NUMBER OF EMPLOYEES TRAINED

GRI	UNGC	OECD
G4-LA9, G4-LA10	6	II.A.4

	2016	2015
UMG	**5,526**	4,903
C+G	**4,691**	4,923
of which SECP	**286**	290
Vivendi Village	**155**	169
New Initiatives	**64**	-
Corporate*	**84**	45
Total	**10,520**	**10,040**

* Methods for recording training data were changed between 2015 and 2016 (inclusion of training in progress)

The increase in the number of employees who received training at least once in the year underscores the commitment of Vivendi and its subsidiaries to developing skills and staff employability.

Hours of Training per Employee Trained

HOURS OF TRAINING PER EMPLOYEE TRAINED		
GRI	**UNGC**	**OECD**
G4-LA9	6	II.A.4

	2016	2015
UMG	**5.5**	5.0
C+G	**15.0**	14.0
of which SECP	**20.5**	21.4
Vivendi Village	**26.6**	24.4
New Initiatives	**46.1**	-
Corporate*	**32.1**	22.5
Total	**10.5**	**9.8**

* Methods for recording training data were changed between 2015 and 2016 (inclusion of training in progress).

Due to the ongoing focus on training at the group's subsidiaries, the average number of training hours per employee remains high in most cases.

3.2.6. DIVERSITY AND EQUAL OPPORTUNITIES

3.2.6.1. Gender Equality

The majority of the group's French companies have signed innovative agreements on gender equality:

- a collective agreement on professional equality between men and women, pursuant to the law of March 23, 2006 providing for the implementation of a comprehensive set of measures (recruitment, promotion, compensation and maternity leave) and indicators to monitor the mechanisms put in place;
- parent-friendly agreements calling for equal treatment of fathers and mothers; and
- agreements on working hours to facilitate a work/life balance for men and women.

The following are examples of measures taken to reinforce existing arrangements in favor of social progress:

- improving parity in recruiting, especially in certain sectors, and respecting equality in terms of access to employment;
- ensuring a uniform and equal breakdown of men and women across the company's jobs and job categories;
- promoting equal opportunities in career development;
- guaranteeing wage equality between men and women performing the same jobs at the same skills level and with the same level of accountability and results;
- guaranteeing equality in terms of professional development and pay increases in the event of a career interruption for parental, maternity or adoption leave; and
- striving for improvement in terms of reconciling personal and professional life, taking parental issues into account.

Universal Music and Canal+ Group make their partner recruitment firms aware of the objective of increasing the number of women on applicant shortlists. In terms of internal mobility, Canal+ Group promotes mobility towards business units with a gender imbalance.

Parental agreements provide for career flexibility by allowing for periods of absence (maternity or parental leave). Both Vivendi SA in Paris and Canal+ Group hold pre- and post-maternity leave interviews.

More generally, Vivendi aims for gender parity in succession plans and promotions. These agreements include measures to identify and remedy any pay differentials. For example, Canal+ Group has eliminated periods of maternity leave from the annual assessment, identified pay differentials for equivalent posts and taken remedial action.

Convinced that gender parity in positions of responsibility is an indicator of the group's success, in 2011, the Supervisory Board approved a networking program to encourage gender parity at the highest level. The *Andiamo* network, set up in March 2012, is made up of approximately thirty women from the group's French subsidiaries. This network aims to support women in their professional growth and help break the glass ceiling.

Programs promoting changes in behavior and combating stereotypes have been introduced at all levels throughout the group:

- projects aimed at empowering individuals and training in female leadership;
- organization of networks with the participation of role models: meetings between experienced women and juniors, and communication on successful career development of women working in male-dominated positions; and
- various tools requiring awareness on the part of employees (e.g., Code of Conduct and Compliance Program).

Proportion of Women in Management

In France, a *cadre* is an employee who has a significant level of responsibility and autonomy, and who is subject to certain performance obligations (operations, production, development and project management).

In other countries, this concept is not applied, and the closest equivalent is a manager who is paid a monthly salary rather than an hourly wage. Accordingly, the following table accounts for both women managers (in other countries) and women *cadres* in France. The slight decrease in 2016 in the proportion of women in management is related to the inclusion of Gameloft, whose businesses are mainly staffed by men, in the group's consolidation scope for the first time.

PROPORTION OF WOMEN IN MANAGEMENT		
GRI	**UNGC**	**OECD**
G4-10, G4-LA12	1, 6	V

	2016	2015
UMG	**41%**	41%
C+G:	**45%**	45%
of which SECP	**31%**	31%
Gameloft	**20%**	-
Vivendi Village	**38%**	38%
New Initiatives	**29%**	*23%
Corporate	**51%**	52%
Total	**41%**	**42%**

* Dailymotion only.

Calculation method: ratio of women managers to all managers.

Women on Vivendi's Supervisory Board

PERCENTAGE OF WOMEN ON VIVENDI'S SUPERVISORY BOARD		
GRI	**UNGC**	**OECD**
G4-34, G4-LA12	6	IV, V.1.e

	2016	2015
Consolidated data	**46%**	46%

Six women (out of 14 members as of December 31, 2016) sit on the Supervisory Board, representing 46% of the Board. In accordance with applicable Law (Law No. 2011-103 of January 27, 2011), the calculation does not include the employee representative.

Vivendi has met the obligation for listed companies to achieve a 40% quota for women on their boards.

Based on the percentage of women on its Supervisory Board, Vivendi ranks highly among the 120 French companies that participated in the study (1) conducted by the Ministry of Women's Rights in October 2016.

3.2.6.2. Employment and Integration of Disabled Workers

Workers with Disabilities in France

WORKERS WITH DISABILITIES		
GRI	**UNGC**	**OECD**
G4-LA12	1, 6	IV, V.1.e

	2016	2015
UMG	**9**	10
C+G	**93**	98
of which SECP	**16**	17
Gameloft	**0**	-
Vivendi Village	**5**	4
New Initiatives	**0**	-
Headquarters	**0**	0
Total	**107**	**112**

The number of workers with disabilities in the group is largely due to commitments made by Canal+ Group under its successive collective agreements.

Employment and Integration of Workers with Disabilities

The definition of a "worker with disabilities" used in this indicator is the one defined by national legislation or, failing this, by Convention 159 of the International Labour Organization (ILO): "any individual whose prospects of securing, retaining and advancing in suitable employment are substantially reduced as a result of a duly recognized physical, sensory, intellectual or mental impairment".

- In the context of its corporate social responsibility, Canal+ Group has been committed for several years to its long-term policy of hiring employees with disabilities – "Mission Handi +". By implementing a series of agreements on the hiring of employees with disabilities and continuing an awareness program on this topic, co-workers are reminded of the group's commitments in this area to hire, integrate and retain disabled workers in jobs, as well as its participation in training disabled youth through internships or work/study programs.

  The agreement on employing workers with disabilities which is currently in force was signed for a three-year period (2014 to 2016) by all the trade unions represented in the group, thus enhancing the commitments already made in previous years, such as:

  – an objective of hiring 20 workers with a disability between 2014 and 2016, and a "discovery" policy for attracting young graduates with a disability through internships and work/study programs;
  – participating in recruitment forums and maintaining specific partnerships such as Handicafé, Forum Adapt, Tremplin and the GESAT (national network of workers with disabilities) trade fair;

(1) Study available on the Ethics and Boards website.

- increasing business with the protected sector through increased communication starting with the Purchasing department and involving all employees;
- encouraging and assisting employees to report their disability, with the help of a social worker to provide administrative support;
- empowering disabled employees and keeping them on the payroll through various forms of assistance that have been upgraded:
  - paid authorized leaves of absence (as part of procedures recognizing disabled worker status, for medical care or a disabled child who is ill),
  - technical and material support,
  - disability Universal Employment Service Checks (*Chèques Emploi Service Universel* – CESU) largely funded by the company,
  - mobility assistance,
  - financing assistance provided to disabled workers within the company;
- numerous communication initiatives carried out each year, during National Disabled Employment Week;
- information and awareness campaigns on the Intranet, and a disability referral agent network created among employees;
- disability awareness and training sessions held for employees and managers; and
- HR staff and managers trained in hiring disabled workers.

- In Poland, nc+, a subsidiary of Canal+ Group, allows ten additional days off per year to employees with a disability; they also benefit from special arrangements such as a shorter working week than the company's other employees.
- UMG Germany: a "Disabled Employee Officer" is in charge of handling the needs of workers with disabilities.
- Dailymotion outsources certain functions to sheltered workshops, such as the creation of goodies, the printing of business cards and recycling and waste sorting.
- Digitick works closely with the association *Accompagner la Réalisation des Projets d'Études de Jeunes Élèves et Étudiants Handicapés* (ARPEJEH) and is committed to attracting young trainees with disabilities; and
- Devispresto (MyBestPro) adapts the job position of an employee with a disability by allowing telecommuting.

Non-discrimination and the integration of individuals with disabilities are principles respected within every group entity. In the recruitment process, the companies ensure equal treatment for applications and maintain strict respect for the individual. At the same time, the companies have developed specific training programs for employees and managers to raise disability awareness.

3.2.6.3. Promoting Diversity and Non-Discrimination Policies

Diversity and Non-Discrimination Policies in the Business Units

In accordance with the fundamental principles of the ILO (see Section 3.2.7) and Vivendi's Compliance Program, the group's subsidiaries are committed to equal opportunities for all in recruitment, mobility, promotion, training and compensation, without distinction as to gender, religion, origin, age, personal life or disability.

The program states that, in each subsidiary, the Compliance Officer is in charge of responding to employees' concerns. Moreover, in the US and UK subsidiaries, a hotline is available to employees, in accordance with applicable rules and regulations, to report any cases of discrimination or harassment.

The Vivendi group is aware of the issue of diversity and pursues a policy in favor of equal opportunities, as defined by the subsidiary:

- providing employee training on diversity issues;
- implementing agreements on employing disabled workers;
- negotiating and signing agreements on remote working arrangements (telecommuting);
- establishing inter-company nurseries to facilitate a balance between personal and professional life;
- continuing the commitment to select applicants exclusively from the standpoint of diversity; and
- contributing to the action plan, programs and collective bargaining agreements related to gender parity.

Canal+ Group and Universal Music Group have long been involved in diversity issues. The Canal+ Group's global presence requires developing a territorial base for its business activities. Hence, for its growth, it is vitally important that its staff reflect this diversity. Universal Music encourages diversity in all of its activities and has committed to eliminating all forms of discrimination through its "Equal Opportunity" policy which applies to all employees, temporary workers and job applicants as well as to its numerous contractors, suppliers and consultants (1).

Vivendi group managers receive regular awareness training on the group's hiring criteria, which are based on openness and diversity. This commitment is reflected in the social dialog and the signing of numerous agreements on issues such as professional gender equality, disability, employment of seniors, and the awareness policy pursued at all levels by the group on these concerns.

(1) *Equal Opportunities: Our Policy, UMG internal publication, circa 2013.*

Employment of Seniors

EMPLOYMENT OF SENIORS (NUMBER AND PERCENTAGE OF THE HEADCOUNT)		
GRI	UNGC	OECD
G4-10, G4-LA12	1, 6	IV, V.1.e

	2016	2015
UMG	**629 (8%)**	617 (8%)
C+G	**327 (4%)**	278 (4%)
of which SECP	**88 (11%)**	72 (10%)
Gameloft	**12 (0%)**	-
Vivendi Village	**19 (2%)**	20 (3%)
New Initiatives	**8 (2%)**	-
Corporate	**50 (22%)**	49 (24%)
Total	**1,045 (5%)**	**964 (6%)**

The term "senior" refers to an employee aged 55 or over. The overall percentage of seniors at group level (5%) decreased slightly in 2016. This is mainly due to the inclusion of Gameloft, where the average age is 29, in the group's consolidation scope for the first time. The presence of seniors is greatest at the corporate business units (22%) owing to the level of expertise of employees working at corporate headquarters.

3.2.7. PROMOTION OF AND COMPLIANCE WITH THE FUNDAMENTAL PRINCIPLES OF THE ILO

As a signatory of the United Nations Global Compact, Vivendi agrees to comply with the fundamental principles of the ILO. In the area of labor law, these commitments require compliance with the four fundamental principles of the ILO: (i) freedom of association and the right to collective bargaining, (ii) the elimination of all forms of forced or compulsory labor, (iii) combating child labor, and (iv) eliminating discrimination in respect of employment and occupation. Two of these four principles (freedom of association and eliminating discrimination) are of particular relevance to Vivendi.

3.2.7.1. Respect for Freedom of Association and the Right to Collective Bargaining

With its social partners, Vivendi promotes social dialog and consultation at all levels (see Section 2.2.2 of this chapter). All employees based in France and in its overseas departments and territories are covered by collective bargaining agreements. Outside France, this holds true for 57% of Canal+ Group's employees, 63% of Vivendi Village's employees and 95% of Corporate employees.

3.2.7.2. Elimination of Discrimination in Employment

Vivendi has affirmed its commitment to diversity in recruitment and combating discrimination in employment. The group's Compliance Program calls for active prevention of all forms of discrimination based on selection criteria such as gender, age, lifestyle, ethnic identity, nationality, disability, or religious, political or trade union opinions or involvement. These commitments are applied in practice through policies relating to gender (see Section 3.2.6.1), diversity and non-discrimination (see Section 3.2.6.3), and in the employment and job placement policies for workers with disabilities (see Section 3.2.6.2).

3.2.7.3. Elimination of Forced or Compulsory Labor and Child Labor

The Vivendi group complies with the principles of the ILO and prohibits all forms of forced labor. Child labor is strictly prohibited in the group. In certain very specific cases, such as film making or music recordings, where minors may be involved, all regulatory requirements are strictly complied with.

3.3. Environmental Indicators

The scope of environmental information, as set forth in the Note on Methodology in Section 4.1 of this chapter, is as follows:

- Universal Music Group: focus on 16 countries (Australia, Brazil, Canada, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, Poland, Spain, Sweden, Taiwan, the United Kingdom and the United States);
- Canal+ Group: entities located in mainland France, France's overseas departments and territories, Africa (focus on eight countries: Benin, Burkina Faso, Cameroon, Congo, Ivory Coast, Gabon, Madagascar and Senegal), Poland and Vietnam;
- Vivendi Village: See Tickets, Digitick, MyBestPro, Watchever and L'Olympia. These entities, included in the non-financial reporting scope in 2016, reported only limited environmental indicators, consistent with their activities (indicators for which no data was collected show "n/a");
- Dailymotion: this entity, included in the reporting scope in 2016, reported only limited environmental indicators, consistent with its activities (indicators for which no data was collected show "n/a"); and
- Corporate (Paris headquarters).

For an explanation of abbreviations and terms used in the indicator tables, please refer to page 57.

3.3.1. GENERAL ENVIRONMENTAL POLICY

The group's business units have low exposure to environmental risks and prepare their own action plans to assess and control the impact of such risks. The methods used include energy assessments, certifications and training as well as information sessions for employees.

ENERGY AND ENVIRONMENTAL IMPACT ASSESSMENTS ACHIEVED (NUMBER OF ASSESSMENTS)

GRI	UNGC	OECD
G4-DMA Environment, G4-EN31	7, 8	VI.1.a

	2016	2015
UMG	**10**	10
C+G	**4**	3
of which SECP	**1**	1
Vivendi Village	**0**	0
Dailymotion	**0**	-
Corporate	**0**	0
Total	**14**	**13**

In 2016, 14 energy assessments were carried out at Vivendi group entities.

UMG stepped up measurement of its environmental impact, including the energy impact of its buildings, in line with regulatory requirements. UMG sites in the United Kingdom comply with ESOS (Energy Saving Opportunity Scheme), as required by the British government. This certification must be renewed every four years.

UMG Germany performed an energy audit, in accordance with the new German regulations, which brought substantial data input, identified areas for improvement, and helped the company define corrective actions for 2016. The next energy audit scheduled at this site is for 2019. In California and Italy, buildings at three UMG sites were audited to assess their energy efficiency.

Canal+ Group performed an energy audit at several sites in France under an initiative to phase in energy efficiency improvement and meet new French regulations (law of December 2, 2015 imposing measures to comply with European Union law on risk prevention).

ENVIRONMENTAL CERTIFICATIONS (NUMBER OF SITES)

GRI	UNGC	OECD
G4-DMA Environment		-

	2016	2015
UMG	**6**	5
C+G	**1**	1
of which SECP	**0**	0
Vivendi Village	**0**	0
Dailymotion	**0**	-
Corporate	**1**	1
Total	**8**	**7**

In the United States and the United Kingdom, UMG is focusing on managing its environmental impacts. UMG headquarters in Santa Monica renewed its Energy Star label and was again awarded Green Business certification by the City of Santa Monica. The Woodland Hills sites in California hold LEED Gold certification (Leadership in Energy and Environmental Design), awarded by the US Green Building Council for buildings that meet high environmental quality standards.

Universal Music UK (five sites) and Abbey Road Studios advanced to a three-star rating within the Creative Industry Green Community in 2016, up from one star in 2015. UMG UK is the first record company and Abbey Road the first recording studio to take up Carbon Footprint reduction policies. This environmental certification is compatible with other certification programs such as the Carbon Trust standard, UK standards and ISO standards. In 2017, the Abbey Road studios are considering a shift to green energy, by partnering with a supplier capable of guaranteeing 100% provision of energy from renewable sources. The efforts made by UMG sites in the UK on energy efficiency are also recognized by ESOS certification (Energy Saving Opportunity Scheme).

In 2016, Canal+ Group renewed BREEAM certification (BRE Environmental Asset Method), obtaining the highest certification rating, for its Arc de Seine site, which hosts all its free channels.

Vivendi headquarters renewed its EMAS (Eco-Management and Audit Scheme) registration with the French Ministry of the Environment, Energy and the Sea in 2015, and obtained ISO 50001 energy management certification in 2016. Both registration and certification run for three years, and an action plan with targets has been drawn up for the period 2015-2017. Specific targets include: 20% reduction in CO_2 emissions arising from business travel (compared to 2009); lower energy consumption (10% less electricity and 5% less steam than in 2014); lower resource consumption (30% less paper and 20% less water than in 2009); and less waste production (10% reduction in non-hazardous waste with respect to 2012).

EMPLOYEE TRAINING AND INFORMATION ON ENVIRONMENTAL PROTECTION

GRI	UNGC	OECD
G4-DMA LA Training and Education		VI.7.

Vivendi's business units hold regular information and awareness-raising sessions on environmental protection. These sessions may be educational in nature or may be held in connection with specific certifications or may assist representatives of the subsidiaries in charge of reporting environmental data.

For example, UMG UK has formed the cross-functional Team Green to coordinate development of an environmental policy common to all London sites. The Team Green and the Communications department regularly inform the employees at the sites of measures taken to reduce environmental impacts.

3.3.2. POLLUTION AND WASTE MANAGEMENT

In addition to improving efficiency in the supply and consumption of raw materials, the group's subsidiaries are working to increase the percentage of waste recovered and to clarify with employees which waste-to-energy process is best suited to each type of waste.

At a number of Canal+ International entities in Africa, such as the Ivory Coast and Senegal, discarded professional electronic and electrical equipment is often reused after overhaul by employees at the sites concerned.

PROFESSIONAL ELECTRICAL AND ELECTRONIC EQUIPMENT WASTE (WEEE) (KG)

GRI	UNGC	OECD
G4-EN23	-	VI.1.a

	2016	2015
UMG	**14,465**	30,186
C+G	**18,541**	20,622
of which SECP	**595**	537
Vivendi Village	**390**	985
Dailymotion	**0**	-
Corporate	**2,043**	310
Total	**36,034**	**52,103**

Professional electronic and electrical equipment waste decreased by more than 40% from 2015 to 2016. A major campaign to renew professional electronic and electrical equipment (e.g., PCs, lamps and printers) was held in 2015. With the exception of Vivendi headquarters, renewal of computer equipment was more moderate in 2016, which explains the low figure for electrical and electronic equipment waste.

Group-wide, professional WEEE collected for recycling accounts for 84% of the total waste produced.

HOUSEHOLD ELECTRICAL AND ELECTRONIC EQUIPMENT WASTE (WEEE) (KG)

GRI	UNGC	OECD
G4-EN23	-	VI.1.a

	2016	2015
UMG	**0**	0
C+G	**173,946**	258,501
of which SECP	**0**	0
Vivendi Village	**n/a**	n/a
Dailymotion|	**n/a**	-
Corporate	**0**	0
Total	**173,946**	**258,501**

Household WEEE includes set-top boxes and Internet terminals leased to Canal+ Group end-users. In African countries, most set-top boxes are sold to households, which means Canal+ Group is not responsible for collecting the equipment when discarded. Such collection is not, therefore, included in this indicator.

The reduction in household WEEE generated in 2016 with respect to 2015 arose chiefly from the major stock clearance of spare parts which were stored to be used as replacement parts and which were collected with a view to utilization in December 2015 for Canal+ Poland.

A large proportion of set-top boxes is reconditioned for re-release on the market. For a number of years, a circular economy system has been operating among group subsidiaries, with a view to overhauling and reusing set-top boxes: Canal+ Madagascar, for example, reconditions used set-top boxes from other group subsidiaries, for resale to consumers in Madagascar.

Reuse of set-top boxes is common practice and encouraged within Canal+ Group: household WEEE collected for re-use accounts for 83% of the total collected.

3.3.3. SUSTAINABLE USE OF RESOURCES

3.3.3.1. Consumption of Raw Materials and Measures to Improve Efficiency of Use

PURCHASE OF PAPER FOR EXTERNAL USE (KG)

GRI	UNGC	OECD
G4-EN1, G4-EN27	-	VI.1.a

	2016	2015
UMG	**148,283**	131,811
C+G	**556,452**	718,669
of which SECP	***0**	*0
Vivendi Village	**n/a**	n/a
Dailymotion	**n/a**	-
Corporate	**8,615**	9,808
Total	**713,350**	**860,288**

* Data not reported as such, but consolidated within the "Purchase of paper for internal use" indicator.

After the decrease observed in 2015, paper consumption at UMG subsidiaries rose in 2016, chiefly as a result of a flyer-based communications campaign organized for artists by UMG Japan.

With the shift to digital communications and subsidiaries' efforts to bring in paper-free processes, overall consumption of paper for external use fell by 18% from 2015 to 2016. The indicator value fell very sharply at Canal+ Poland, where paper consumption decreased by 20% in 2016.

PURCHASE OF PAPER FOR INTERNAL USE (OFFICE USE, KG)

GRI	UNGC	OECD
G4-EN1	-	VI.1.a

	2016	2015
UMG	**164,108**	182,425
C+G	**62,380**	103,065
of which SECP	**3,055**	8,088
Vivendi Village	**4,089**	2,820
Dailymotion	**496**	-
Corporate	**13,450**	14,650
Total	**244,523**	**302,960**

This indicator is used to assess paper consumption specifically intended for office use. The value is calculated on the basis of paper bought in 2016, rather than the actual consumption of paper. If paper stocks were replenished in 2015, less paper will have been bought in 2016, making the figure appear lower, and conversely.

The 19% decrease in paper purchases from 2015 to 2016 also reflects group efforts to educate staff on the need to use less paper and new policies on using electronic formats for internal documents.

In addition, projects on collecting waste paper for recycling were introduced at a number of Canal+ International entities in Africa in 2016, an example being the Ecoback project in Madagascar.

PURCHASE OF PLASTICS AND ACRYLICS USED IN THE MANUFACTURE OF PRODUCTS FOR SALE (KG)

GRI	UNGC	OECD
G4-EN1	-	VI.1.a

	2016	2015
UMG	**18,878,785**	16,298,634
C+G	**520,417**	843,802
of which SECP	**0**	0
Vivendi Village	**n/a**	n/a
Dailymotion	**n/a**	-
Corporate	**n/a**	n/a
Total	**19,399,202**	**17,142,436**

Plastics consumption data includes UMG products (CDs and DVDs) and Canal+ International products in Africa (set-top boxes sold to customers). Set-top boxes and other products leased to customers are not included in this indicator because this equipment is recycled by the business units concerned.

Digital developments bring a significant reduction in the amount of raw materials used in content production. The rise in the indicator value for UMG plastic purchases in 2016 resulted from an update to the indicator calculation and not from an actual increase in the purchase of plastics. Specifically, the methodology was improved to take fuller account of plastic consumption on the basis of CD, DVD and vinyl disk sales as well as the number of CDs or DVDs in each pack.

The substantial decrease in the figure for Canal+ entities from 2015 to 2016 is closely associated with a sharp decline of 27% in plastic purchases at Canal+ Vietnam. In addition, the new models of set-top boxes placed on the market, for example by Canal+ Poland, were designed with environmental criteria in mind, which helped reduce the amount of plastic used in 2016.

Group-wide, card packaging has also been optimized, bringing a reduction of some 23% in the amount used.

Operations in the Vivendi Village are predominantly online, so this indicator is not relevant and therefore not reported.

3.3.3.2. Energy Consumption and Measures Taken to Improve Energy Efficiency and the Use of Renewable Energy

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGY

GRI	UNGC	OECD
G4-EN6	8, 9	VI.6.b and d

TOTAL ENERGY CONSUMPTION (MWH) (1)

GRI	UNGC	OECD
G4-EN3	-	VI.1.a

	2016	2015
UMG	**300,022**	428,118
C+G	**56,684**	58,565
of which SECP	**3,134**	4,494
Vivendi Village	**2,505**	2,072
Dailymotion	**3,451**	-
Corporate	**3,448**	3,587
Total	**366,110**	**492,342**

This indicator takes into account consumption of the following:

- electricity;
- natural gas;
- fuel oil; and
- steam.

Overall energy consumption decreased from 2015 to 2016, most markedly at UMG entities as a result of efforts made by group entities to improve energy efficiency for infrastructures and equipment.

ELECTRICITY CONSUMPTION (MWH)

GRI	UNGC	OECD
G4-EN3	-	VI.1.a

	2016	2015
UMG	**25,215**	27,236
C+G	**52,721**	55,201
of which SECP	**2,895**	4,259
Vivendi Village	**2,505**	2,072
Dailymotion	**3,451**	-
Corporate	**2,490**	2,648
Total	**86,382**	**87,157**

UMG electricity consumption fell by 7% from 2015 to 2016, largely as a result of a program to install presence detectors (in common areas, staircases and offices) and LED lighting systems at some UMG sites.

The decrease in electricity consumption for Canal+ Group reflects the reduction in headcount at certain sites in France, and programs on reducing electricity consumption (including presence detectors and LED lighting). Canal+ Poland, for example, brought in various measures on reducing electricity consumption. Examples of measures taken under this energy efficiency policy include the installation of more energy-efficient computers and automatic systems for switching off lights when not needed and powering down computers at night at sites such as the Krakow call centers.

NATURAL GAS CONSUMPTION (MWH GCV – GROSS CALORIFIC VALUE)

GRI	UNGC	OECD
G4-EN3	-	VI.1.a

	2016	2015
UMG	**4,954**	8,525
C+G	**204**	179
of which SECP	**0**	0
Vivendi Village	**n/a**	n/a
Dailymotion	**n/a**	-
Corporate	**n/a**	n/a
Total	**5,158**	**8,704**

The decrease in natural gas consumption for UMG sites mainly results from the numerous operations undertaken to replace boilers with more energy-efficient heating systems.

The increase in natural gas consumption for Canal+ Group arose primarily from variation in the data for Canal+ Poland. The rise in gas consumption in Poland (a 14% increase compared to 2015) is the result of the rental of a new site in Warsaw.

(1) To calculate total energy consumption, fuel quantities are converted from liters into MWh.

FUEL OIL CONSUMPTION (LITERS)		
GRI	UNGC	OECD
G4-EN3	-	VI.1.a

	2016	2015
UMG	**30,341**	31,802
C+G	**29,657**	14,505
of which SECP	**770**	424
Vivendi Village	**n/a**	n/a
Dailymotion	**n/a**	-
Corporate	**220**	0
Total	**60,218**	**46,307**

At UMG, fuel oil is mainly used for heating buildings: the slight decrease in consumption stemmed from milder weather conditions in 2016.

At Canal+ Group, fuel oil is used by the generating sets that provide back-up power in the event of an electricity outage. Tests and maintenance operations on these systems, in Africa and mainland France, were more frequent in 2016. This equipment is also used for commercial operations, as in Cameroon, which was another factor contributing to the increase in fuel oil consumption in 2016.

STEAM USED FOR SPACE HEATING (MWH)		
GRI	UNGC	OECD
G4-EN3	-	VI.1.a

	2016	2015
UMG	**269,823**	392,041
C+G	**3,442**	3,041
of which SECP	**231**	235
Vivendi Village	**n/a**	n/a
Dailymotion	**n/a**	-
Corporate	**956**	939
Total	**274,221**	**396,021**

UMG sites use an energy mix that combines steam with other energy sources used for heating. Steam is the sole energy source used for heating at one of the two UMG sites in New York, making this site the leading contributor to the group's steam data for this indicator (98%). Reconfiguration of the steam unit measuring instruments at the New York site in 2015 brought a substantial reduction (31%) in steam consumption for UMG in 2016.

Steam is used for heating buildings at Canal+ Group and UMG; milder weather conditions in 2016 brought about a decrease in consumption.

3.3.4. CLIMATE CHANGE

Regarding the identification of causes of significant greenhouse gas emissions, including emissions arising from the use of goods and services produced, in 2016, Vivendi focused on assessing greenhouse gas emissions arising from consumption and distribution of content at five subsidiaries (as outlined in Section 2.3.3).

CO_2 EMISSIONS FROM USE OF MOBILE SOURCES (TCO_2EQ)		
GRI	UNGC	OECD
G4-EN3, EN15, EN16, EN30	-	VI.1.a

	2016	2015
UMG	**1,788**	1,598
C+G	**2,747**	2,120
of which SECP	**73**	120
Vivendi Village	**72**	52
Dailymotion	**0**	-
Corporate	**33**	32
Total	**4,640**	**3,802**

CO_2 emissions attributable to vehicles rose slightly owing to increased vehicle use in 2016.

In California, UMG invested in the installation of two charging stations for electric and hybrid vehicles.

In France, Canal+ Group is continuing to phase in lower-pollution vehicles, a program that has reduced CO_2 emissions by 50g/km per vehicle over the last few years. Canal+ has brought in an electric shuttle service to carry personnel between the Issy-les-Moulineaux and Boulogne-Billancourt sites.

At its headquarters, Vivendi provides hybrid company cars.

CO_2 EMISSIONS FROM USE OF STATIONARY SOURCES (TCO_2EQ)		
GRI	UNGC	OECD
G4-EN3, EN15, EN16, EN30	-	VI.1.a

	2016	2015
Electricity	**22,767**	27,048
Refrigerants	**2,488**	1,972
Domestic fuel	**19**	121
Other sources (steam, gas)	**85,713**	81,948
TOTAL	**110,987**	**111,089**

	2016		2015	
	Electricity	Other sources	Electricity	Other sources
UMG	**11,310**	**85,476**	12,615	81,864
C+G	**10,466**	**2,450**	13,826	1,987
of which SECP	**237**	**71**	332	49
Corporate	**204**	**295**	207	191
Vivendi Village	**503**	**n/a**	401	n/a
Dailymotion	**283**	**n/a**	-	-
Total	**22,766**	**88,221**	**27,049**	**84,042**

In 2016, CO_2 emissions totaled 115,627 MT of CO_2 eq, of which:

- **Scope 1**

	2016	2015
Mobile sources	**4,639**	3,802
Stationary sources:	**3,761**	3,649
of which refrigerants	***2,488***	*1,972*
of which domestic fuel	***19***	*121*
of which gas	***1,254***	*1,556*
Total	**8,400**	**7,451**

- **Scope 2**

	2016	2015
Stationary sources:	**107,227**	107,440
of which electricity	***22,767***	*27,048*
of which steam	***84,460***	*80,392*
Total	**107,227**	**107,440**

CO_2 emissions relating to consumption from stationary sources are 76% attributable to the consumption of steam used for heating at some sites.

At some UMG sites, as in Germany, up to 73% of the electricity consumed is from renewable sources, and buildings are heated using combined heat and power systems. UMG Germany also assessed its electricity consumption in 2016 to identify equipment that could be replaced by more energy-efficient alternatives. At the UMG site in Sweden, bio-fuel is used for space heating, and the company cars purchased in 2016 are electric vehicles. UMG Japan also implemented measures to reduce electricity consumption and improve regulation of air conditioning systems during the summer period.

The facility comprising all of Canal+ Group's free channels renewed its BREEAM (BRE Environmental Assessment Method) certification in 2016 and is continuing with its plan to reduce consumption.

Attention was also given to the air conditioning systems used by Canal+ Group subsidiaries in Africa and Vietnam, thus reducing CO_2 emissions. Efforts in respect of air conditioning also involved improving temperature regulation in offices and carrying out maintenance to optimize usage. In addition, the Canal+ site in New Caledonia installed solar powered equipment with a view to including renewable sources in its energy mix.

3.3.5. INFORMATION CATEGORIES DEEMED IRRELEVANT WITH REGARD TO THE GROUP'S BUSINESSES

Measures to Prevent Environmental Risks and Pollution

This information category is not considered relevant since the group's activities do not raise pollution risks.

Financial Provisions and Guarantees for Environmental Risks

This information category is not considered relevant since the major risks arising from the group's activities do not involve environmental issues.

Prevention, Reduction or Remedying of Pollutants Released into the Air, Water and Soil

This information category is not considered relevant since the group's activities do not raise any risk of air, water or soil pollution (other than CO_2 emissions, which are discussed in Section 3.3.4).

Consideration Shown for Noise Pollution and any Other Form of Pollution Specific to an Activity

This information category is not considered relevant since the group's activities do not raise any risk of noise pollution or any other activity-specific pollution.

Land Use

This information category is not considered relevant since the group's activities do not present any risk in terms of soil pollution.

Adaptation to Climate Change

This information category is not considered relevant since the group's activities are subject to few climate change constraints.

Measures Taken to Preserve or Develop Biodiversity

Given the nature of the group's operations, biodiversity is not considered an issue requiring specific investment from Vivendi.

Measures to Counter Food Waste

Given the nature of the group's operations, food waste is not considered an issue requiring specific investment from Vivendi. Where applicable, Vivendi is nevertheless attentive to the conditions placed on external catering suppliers.

Water Consumption and Water Supply with Regard to Local Constraints

This information category is not considered relevant since the group's activities do not raise any risk in terms of water consumption or water supply.

SECTION 4
VERIFICATION OF NON-FINANCIAL DATA

4.1. Note on Non-Financial Reporting Methodology

REFERENCE FRAMEWORKS

The reporting of non-financial indicators is based on internal references developed by Vivendi, which are in turn based on national and international references. The cross-referencing between the societal, social and environmental indicators defined by Vivendi and the provisions of the Decree of April 24, 2012 and the Order of May 13, 2013 pursuant to the Law of July 12, 2010 **(1)** on the national commitment to the environment (the Grenelle II Law), the guidelines of the Global Reporting Initiative (GRI) **(2)** and the GRI Media Sector Supplement issued on May 4, 2012 **(3)**, the ten principles of the UN Global Compact, and the OECD Guidelines for Multinational Enterprises are shown for each indicator.

The internal reference, the "Reporting Protocol for Environmental, Social and Societal Data of the Vivendi Group Companies" (the "Reporting Protocol") is updated annually and ensures the consistent application of definitions and rules for data gathering, validation and consolidation by all group companies.

In 2014, the Reporting Protocol was completely revised to take into account the group's shift in focus to content and media activities.

INDICATORS

The societal, social and environmental indicators are presented in Section 3 of this Chapter. The CSR section, which is available online on the Vivendi website, provides a more comprehensive presentation of the societal, social and environmental indicators as well as indicators on corporate governance and economic performance.

In 2016, Vivendi presented the non-financial indicators of Société d'Édition de Canal Plus (SECP) in its Registration Document as required by Article L.225-102-1, paragraph 6, of the French Commercial Code (*Code de commerce*). This company, which centralizes the operations of the Publishing Division, meets the threshold criteria provided by the Grenelle II Law. SECP social and environmental data are presented separately from Canal+ Group data. However, the societal data are included in the Canal+ Group data, given the publication of qualitative information which relates to all companies in this group and which reflects its various businesses.

REPORTING SCOPE

The reporting scope was established in accordance with Articles L.233-1 and L.233-3 of the French Commercial Code and, with the exception of certain companies, pertains to subsidiaries and controlled companies (see details at each reporting scope level).

Changes in reporting scope are the result of acquisitions or disposals of consolidated companies between January 1 and December 31 of the relevant reporting year:

- in the case of a disposal during the reporting year, the data for the company are not recognized in the scope of that year; and
- in the case of an acquisition during the reporting year, the data for the company will be fully consolidated into the reporting as from the following year, unless that company can provide the required information for the reporting year. The acquired company's headcount is however incorporated into the scope of the reporting year.

Societal Reporting Scope

The societal reporting scope corresponds to the group's business units, subject to the following clarifications:

- UMG: unless otherwise indicated, the reporting scope applies to nine companies that account for 81% of the group's revenues (Australia, Brazil, France, Germany, Japan, the Netherlands, South Africa, the United Kingdom and the United States);

(1) *Law establishing a national commitment to the environment, No. 2010-788 of July 12, 2010, Article 225 (Grenelle II Law), Decree No. 2012-557 of April 24, 2012 and the Order of May 13, 2013.*

(2) *Launched in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP), the GRI is a long-term and international, multi-stakeholder initiative that develops and issues guidelines for voluntary sustainability reporting by multi-national corporations wishing to disclose information regarding the economic, environmental and social impact of their activities, products and services. The GRI has not verified the content of this report or the validity of the information provided therein (www.globalreporting.org).*

(3) *The GRI Media Sector Supplement provides reporting guidance for global media industry corporations. Several themes are included such as freedom of expression, media pluralism and content quality, the representation of cultures, independence, data protection, accessibility and media education.*

- Canal+ Group: unless otherwise indicated, the reporting scope applies to the companies located in mainland France and its overseas departments and territories (the Caribbean and Réunion), Poland, Africa (a focus group of seven countries: Benin, Burkina Faso, Cameroon, Congo, Gabon, Ivory Coast and Senegal) and Vietnam. For some indicators that specifically apply to the French company the scope "Canal+" is mentioned;
- Vivendi Village: the reporting scope applies to Vivendi Ticketing (Digitick and See Tickets), MyBestPro, Watchever and L'Olympia; and
- New Initiatives: the reporting scope applies to Dailymotion.

For the responsible purchasing indicators (see Section 3.1.4), the data relate to suppliers and subcontractors that account for at least 75% of total purchasing expenditure to facilitate reporting by the business units.

Social Reporting Scope

The social reporting scope covers all group companies and 100% of the workforce for the "headcount" indicators. In accordance with the Reporting Protocol for Environmental, Social and Societal Data of the Vivendi Group Companies, companies newly consolidated within the reporting scope during the year appear only in the tables related to headcount. For 2016, this applies to Canal+ Afrique, Alterna TV and Canal+ Togo for Canal+ Group, Gameloft, as well as Sotravo and See Tickets US for Vivendi Village.

In social reporting, unless otherwise indicated:

- the "Vivendi Village" heading refers to L'Olympia, MyBestPro, Radionomy, Théâtre de l'Œuvre, Vivendi Ticketing and Watchever;
- the "New Initiatives" heading refers to Vivendi Content and Dailymotion (in 2015, data relating to Vivendi Content were included within Canal+ Group); and
- the "Corporate" heading refers to the Paris headquarters and the New York office, while the "Headquarters" heading refers to the Paris headquarters only.

SECP data are identified separately from Canal+ Group data.

Environmental Reporting Scope

The environmental reporting scope is as follows:

- UMG: the reporting scope applies to 16 entities that account for 90% of the group's revenues (Australia, Brazil, Canada, France, Germany, Italy, Japan, Hong Kong, Mexico, the Netherlands, Poland, Spain, Sweden, Taiwan, the United Kingdom and the United States);
- Canal+ Group: the reporting scope applies to companies located in mainland France and its overseas departments and territories, Poland, Africa (a focus group of eight countries: Benin, Burkina Faso, Cameroon, Congo, Gabon, Ivory Coast, Madagascar and Senegal) and Vietnam. SECP data are identified separately from Canal+ Group data;
- Vivendi Village: the reporting scope applies to Vivendi Ticketing (Digitick and See Tickets), MyBestPro, Watchever and L'Olympia; and
- New Initiatives: the reporting scope applies to Dailymotion.

The sites chosen to report data are selected on the basis of their type: e.g., offices, warehouses, and technical and data centers, in accordance with the Reporting Protocol for group companies.

Following the group's shift in focus towards media and content, the decision was made to stop monitoring water consumption and quantities of toxic waste, since these indicators were no longer relevant following the sale of its telecommunications entities. On the other hand, the monitoring of purchases of plastics and acrylics used in the manufacturing of products intended for sale was increased.

The indicator "Purchase of plastics and acrylics used in the manufacture of products for sale" (see Section 3.3.3) concerns only the quantities used for products and equipment placed on the market for sale. This concerns the DVDs and CDs marketed by UMG and the set-top boxes for Canal+ International.

REPORTING PERIOD

Reporting of societal, social and environmental data is annual and covers the period from January 1 to December 31, 2016.

METHODOLOGICAL DETAILS AND LIMITS IN RELATION TO INDICATORS

Societal, social and environmental indicators may generally reflect methodological limits due to the lack of harmonization of international and national definitions and legislation, or due to the qualitative and therefore subjective nature of certain data.

Societal Indicators

With regard to the indicators "Breakdown of purchases by main items and geographic regions", "Deployment of the responsible purchasing policy amongst suppliers and subcontractors" (see Section 3.1.4) and "Percentage of purchases made from local suppliers" (see Section 3.1.2.2), the subsidiaries reported on tier 1 suppliers and subcontractors representing at least 75% of total purchasing expenditure. As for Canal+ Group in Africa, purchases of content made on behalf of the seven "focus group" countries have been estimated on a pro-rata basis based on the relative group revenues generated by these seven countries.

Social Indicators

The methods used to calculate absenteeism, accident frequency and accident severity rates are specified in the section on social information. It should be noted that days of absence are counted in respect of permanent employment contracts.

Calculations of work-related accident rates (frequency and severity) take into account the number of hours actually worked. They are based on average annual employee data.

Environmental Indicators

For the environmental scope, the methodology used for data collection takes into account the nature of the site in terms of its contribution to electricity consumption. Data are primarily collected for sites that consume the most, in order to achieve a representation of over 90% of real data compared to total estimated electricity consumption.

Emissions are calculated based on emission factors, using the French Environmental and Energy Management Agency (ADEME) tool for calculating Carbon Footprint, Bilan Carbone®.

Any missing data on indicators such as electricity, gas, fuel and steam are estimated using methodologies based on ADEME factors where these are applicable or are based on available data (e.g., ratios of 10 months out of 12 or ratio per square meter, per person).

With regard to data on electricity consumption, the quantities reported correspond to the quantities invoiced. In the event that data are not available (as is the case for certain sites not owned by the group), consumption is estimated based on conversion factors (kW/m^2, kWh/ft^2). The conversion factors used for the energy consumption indicators are standard values. They differ depending on the geographic location of the entities and are taken from recognized reference guides. Total energy consumption is broken down to obtain a clearer explanation of the composition of the energy consumed.

In relation to fuel consumption (gasoline, diesel and propane), the scope of the indicator "CO_2 emissions from the use of mobile sources (MT of CO_2 eq)" covers directly-owned vehicles or vehicles used by the site under long-term leases.

CO_2 emissions are divided into two categories:

- scope 1 represents direct greenhouse gas emissions, including those associated with the consumption of natural gas and domestic heating fuel and injections of refrigerant fluids during maintenance operations on air-conditioning installations. Mobile source transport emissions from directly owned vehicles or vehicles under long-term leases over which the group has operational control are also included; and
- scope 2 includes indirect greenhouse gas emissions resulting from the use of electricity and steam.

REPORTING TOOLS, CONSOLIDATION AND CONTROLS

The data gathering tools used by Vivendi, notably those developed by its Information Systems department, allow for the reporting of data which is consolidated and controlled at different levels:

- social data are gathered in the SIRIS tool, which automatically checks the data for consistency during input. An initial validation is performed by each subsidiary; coherency checks and a second validation are then performed by each business unit. These indicators are grouped together and checked at corporate headquarters, where a third validation is performed during consolidation. Finally, a general review ensures the overall consistency of headcount flows between the reporting year and prior year; and
- in 2016, societal and environmental data were gathered using Word and Excel spreadsheets, and a consistency check was performed by the correspondent in charge of consolidation at group headquarters. The answers to the questions asked by headquarters were tracked.

Report by one of the Statutory Auditors

Since 2008, a sample of the group's non-financial data has been subject to a limited assurance review by one of Vivendi's Statutory Auditors (see Section 4.2). In 2016, pursuant to Articles L.225-102-1 and R.225-105-2 of the French Commercial Code, the attestation and the report cover the societal, social and environmental information presented in Chapter 2 of this Annual Report, as set forth in this report on page 104.

4.2. Report of the Statutory Auditor Designated as an Independent Third Party on the Consolidated Societal, Social and Environmental Information Presented in the Management Report

This is a free translation into English of the original Statutory Auditors' Report in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Vivendi designated as an independent third party and accredited by COFRAC [(1)] under number 3-1065, we hereby present our report on the consolidated societal, social and environmental information for the year ended December 31, 2016, presented in the management report (hereinafter "CSR information"), pursuant to the provisions of Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Management Board to prepare a management report that includes the CSR information referred to in Article R.225-105-1 of the French Commercial Code, in accordance with the guidelines used by the company in its "Reporting Protocol for Environmental, Social and Societal Data of the Vivendi Group Companies – 2016" (hereinafter "the Guidelines"), a summary of which is included in Chapter 2, Section 4.1 of the management report and which is available on request.

Independence and Quality Control

Our independence is defined by regulatory texts, the Code of Ethics of our profession, and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system that includes documented policies and procedures intended to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the Independent Statutory Auditor

Based on our work, it is our role:

- to attest that the required CSR information is presented in the management report or that, in the event of non-disclosure, an explanation has been provided in accordance with Article R.225-105, paragraph 3, of the French Commercial Code (Statement of Completeness of CSR information); and
- to express limited assurance that, taken as a whole, the CSR Information is presented fairly in all material aspects in accordance with the Guidelines (Opinion on the fair presentation of CSR information).

Our work was undertaken by a team of five people between October 2016 and February 2017 over a period of around 12 weeks. We were assisted by our specialists in Corporate Social Responsibility.

We conducted the work described below in accordance with professional auditing standards applicable in France, with the Order of May 13, 2013 which sets the conditions under which an independent third party should carry out their work and, concerning our opinion on the fair presentation of CSR information, in accordance with international standard ISAE 3000 [(2)].

1. STATEMENT OF COMPLETENESS OF CSR INFORMATION

Nature and scope of work

Based on interviews with the management of the relevant departments, we reviewed the company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments, and, where appropriate, any initiatives or programs implemented as a result.

We compared the CSR information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3, of the French Commercial Code.

We verified that the CSR information covered the consolidated scope, namely the company and its subsidiaries as defined by Article L.233-1 of the French Commercial Code, and the entities which it controls as defined by Article L.233-3 of the French Commercial Code, within the limitations specified in the note on methodology in Chapter 2, Section 4.1 of the management report.

Conclusion

Based on this work, and in consideration of the limitations mentioned above, we attest that the required CSR information is present in the management report.

2. REASONED OPINION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of work

We conducted six interviews at the consolidated entity level with the persons responsible for preparing the CSR information in the CSR and Human Resources departments, with those in charge of the data collection process and, where applicable, with the persons responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines for reporting in terms of their relevance, completeness, reliability, impartiality, and understandability, taking into account best practice where appropriate; and

(1) Accreditation scope available on www.cofrac.fr.

(2) ISAE 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

- verify that a data collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of CSR information and to review the internal control and risk management procedures used to prepare the CSR information.

We determined the nature and scope of our tests and controls based on the nature and importance of the CSR information with respect to the characteristics of the company, the social and environmental impact of its activities, its sustainable development strategy and sector best practice.

For the CSR information which we considered to be the most important [3]:

- at consolidated entity level and for a selection of business units [4], we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policies, actions…), performed analytical procedures on the quantitative information and verified, on a sample basis, the calculations and the consolidation of data. We also verified that the information was consistent with the other information presented in the management report;
- at the entity level on a representative sample of business units and operational entities that we selected [5] based on their activity, their contribution to the consolidated indicators, their location, and a risk analysis, we conducted approximately fifteen interviews to verify the correct application of the procedures, and undertook detailed tests, using sampling techniques, in order to verify the calculations made and reconcile them with supporting documents. The sample of the entities selected with respect to social information represented 25% of the total workforce and the sample selected with respect to environmental information represented an average of 29% of the quantitative environmental information [6], which is considered to be representative of the social and environmental impacts.

For the other consolidated CSR information, we assessed their consistency based on our knowledge of the company.

Finally, we assessed the relevance of the explanations provided for any information that was not disclosed, either in whole or in part.

We consider that the sampling techniques and sample sizes used, based on our professional judgment, enable us to provide limited assurance; a higher level of assurance would have required more extensive work. Due to the necessary use of sampling techniques and other limitations inherent to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, we have not identified any material anomalies likely to call into question the fact that the CSR information, taken as a whole, is presented fairly and in accordance with the Guidelines.

Paris-La Défense, February 23, 2017

Statutory Auditors

ERNST & YOUNG and Associates

Jacques Pierres	Éric Mugnier
Partner	*CSR Expert*

(3) **Societal indicators:**
- ***Quantitative information:*** *measures taken to promote human rights (percentage of CNC-approved French- initiative films financed by Canal+; number of first and second films financed by Canal+; percentage of sales accounted for by local repertoires in their own countries; number and description of interventions made by the CSA (warnings, summons, and sanctions) and measures taken in response; number and description of initiatives to raise customer awareness on personal data and information related to on-line privacy) and breakdown of value generated by stakeholder.*
- ***Qualitative information:*** *integration of social and environmental issues in purchasing policies (existence of a formal commitment related to founding principles in the purchasing policy); importance of subcontracting and integration of CSR criteria in relations with suppliers and subcontractors (responsible purchasing policy governing suppliers and subcontractors that account for at least 75% of total purchasing expenditure); measures taken in favor of human rights (existence of a formal commitment to ethics related to content – production and/or distribution, part of which specifically addresses the protection of young audiences); initiatives taken by UMG in favor of promoting musical heritage and local talent; initiatives taken by Canal+ Group for the promotion of cinema and audiovisual heritage and local talent; description of the governance structure, the business model and the mechanisms deployed to guarantee the independence of editorial functions and pluralism of content; initiatives to raise the awareness of young users and their entourage as to the responsible use of products and services; initiatives to enable young people to express their creative talent and civic engagement; measures taken in favor of the accessibility of offers, products and services (including customer services) and results obtained; and policies put in place to protect customers' personal data).*

Social indicators:
- ***Quantitative information:*** *total headcount and breakdown by gender, age and geographic region; total new hires and breakdown of departures by reason.*
- ***Qualitative information:*** *new hires and redundancies; health and safety conditions in the workplace (business line policy on health and workplace safety); diversity policy; social relations and work organization.*

Environmental indicators:
- ***Quantitative information:*** *quantities of business and household WEEE produced; total energy consumption (e.g., electricity, natural gas, and fuel oil); consumption of fuel (e.g., gasoline, and diesel fuel); CO2 emissions attributable to stationary sources (scopes 1 and 2); CO2 emissions attributable to consumption from mobile sources (scope 1).*
- ***Qualitative information:*** *preventive measures, recycling and elimination of waste (description of processes for recovering household WEEE); measures taken to improve energy efficiency and use of renewable energy; greenhouse gas emissions (carbon footprint).*

(4) *Canal+ Group; Universal Music Group (UMG) and See Tickets.*

(5) *For environmental indicators, the entities concerned include SECP (Canal+ Group), Canal+ Congo (Canal+ Group), Canal+ Ivory Coast (Canal+ Group), UMG Inc. (UMG US), See Tickets (Nottingham, UK); for social indicators they include Canal+ Group (France), Canal+ Congo (Canal+ Group), Canal+ Ivory Coast (Canal+ Group), UMG UK (UMG), UMG Japan (UMG) and See Tickets; and for societal indicators they include Canal+ Group, Universal Music Group (UMG) and See Tickets.*

(6) *The coverage rate of the chief quantitative environmental indicators is 25% for professional WEEE, 20% for electricity consumption, and 56% for gas consumption.*

CONTENT

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The Bureau

SECTION 1
GENERAL INFORMATION ABOUT THE COMPANY

1.1. Corporate and Commercial Name

Pursuant to Article 1 of Vivendi's by-laws, the corporate name of the company is Vivendi.

1.2. Place of Registration and Registration Number

The company is registered with the Paris Trade and Companies Registry under reference number 343 134 763. Its Siret number is 343 134 763 00048 and its APE code is 6420Z.

1.3. Date of Incorporation and Term

As set forth in Article 1 of Vivendi's by-laws, the company's term is 99 years beginning on December 18, 1987. It will therefore expire on December 17, 2086, except in the event of extension or early dissolution.

1.4. Registered Office, Legal Form and Laws Applicable to Vivendi's Business

Pursuant to Article 3 of Vivendi's by-laws, the company's registered and head offices are located at 42, avenue de Friedland, 75380 Paris Cedex 08, France.

The company does not have any branches in France or internationally.

Pursuant to Article 1 of Vivendi's by-laws, Vivendi is a French limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The company is governed by all French legislative and regulatory provisions on corporations and in particular the provisions of the French Commercial Code (*Code de commerce*).

1.5. Fiscal Year

Pursuant to Article 18 of Vivendi's by-laws, the company's fiscal year begins on January 1 and ends on December 31 of each year.

1.6. Access to Legal Documents and Regulated Information

Legal documents relating to the company are available for review at the company's registered office. Permanent and ongoing regulated information may be found on the company's website (www.vivendi.com) under "Regulated Information".

SECTION 2

ADDITIONAL INFORMATION ABOUT THE COMPANY

2.1. Memorandum and by-laws

2.1.1. CORPORATE PURPOSE

Pursuant to Article 2 of Vivendi's by-laws, the company's main corporate purpose, directly and indirectly, both in France and in all other countries, is: to provide communication and telecommunication services, and interactive services, directly or indirectly, to individual, business or public sector customers; to market products and services related to the foregoing; to engage (whether directly or indirectly), in commercial, industrial, financial, securities and real estate transactions which (i) are related (directly or indirectly) to the aforementioned purpose or to any other similar or related purpose, or (ii) contribute to the achievement of such purpose; and more generally the management and acquisition, either by subscription, purchase, contribution, exchange or through any other means, of shares, bonds and any other securities of companies already existing or yet to be formed, including the possibility of selling such securities.

2.1.2. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE COMPANY'S SHARES AND TO EACH CLASS OF EXISTING SHARES, IF APPLICABLE

Pursuant to Articles 4 and 5 of Vivendi's by-laws, the shares are all of the same class and may be held in either registered or bearer form, unless stipulated otherwise by law.

Pursuant to Article 6 of Vivendi's by-laws, each share carries a right of ownership to the company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents. Whenever a certain number of shares is necessary to exercise a right, shareholders who do not own the said number of shares shall be responsible, if necessary, for grouping the shares corresponding to the required quantity. Subscription rights attached to shares belong to the holder of the usufruct rights (*usufruitier*).

2.1.3. DESCRIPTION OF ACTIONS NECESSARY TO CHANGE THE RIGHTS OF SHAREHOLDERS

Regarding rights attached to the company's shares and changes to the company's share capital, Vivendi's by-laws do not contain any provisions which are more restrictive than those required by law.

2.1.4. SHAREHOLDERS' MEETINGS

Pursuant to Article 16 of Vivendi's by-laws, Shareholders' Meetings are convened and held in accordance with applicable law.

Shareholders' Meetings are held at the company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full by videoconference or by another form of remote transmission. If applicable, this decision shall be published in the meeting notice and convening notice.

The Works Council may also appoint two of its members to attend Shareholders' Meetings. The Chairman of the Management Board or any other authorized person will notify the Works Council, by any means, of the date and location of any Shareholders' Meeting which has been convened.

Each shareholder, irrespective of the number of shares held, is entitled, upon proof of their identity and standing as a shareholder, to participate in the Shareholders' Meetings, provided that his or her shares are registered on or before 11:59 p.m. (Paris time) on the second business day **(1)** (the "Record Date") preceding the Shareholders' Meeting, and that:

- registered shareholders are recorded in the nominative share register on file with the company; or
- bearer shareholders are recorded in the bearer share register on file with the authorized intermediary.

Failing this, all persons wishing to attend a Shareholders' Meeting must provide the company with the necessary documents to prove their identity as a shareholder in accordance with applicable law.

The registration or recording of shares in the bearer share account held by the authorized intermediary is authenticated by a shareholding certificate (*attestation de participation*) delivered by said intermediary in accordance with applicable laws and regulations.

Pursuant to Article 17 of Vivendi's by-laws, voting rights attached to shares belong to usufruct holders (*usufruitiers*) in Ordinary Shareholders' Meetings and to legal owners of title (*nu-propriétaires*) in Extraordinary or Special Shareholders' Meetings, unless otherwise agreed by both parties and provided that the company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms by mail, either in paper form or, where approved by the Management Board and published in the meeting notice and the convening notice, by fax or e-mail. Proxy or voting forms sent by mail must be received by the company by 3:00 p.m. (Paris time) on the day prior to the Shareholders' Meeting.

(1) Decree No. 2014-1466 of December 8, 2014, Article 4.

The proxy or voting form may, if necessary, contain the shareholder's electronic signature, authenticated by a reliable and secure process, enabling identification of the shareholder as well as authentication of his or her vote.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board.

Pursuant to Article 7 of Law No. 2014-384 of March 29, 2014 – the "*Loi Florange*", codified under Article L.225-123 paragraph 3 of the French Commercial Code – as from April 3, 2016, a double voting right is automatically granted to each share continuously held in registered form as from April 2, 2014.

2.1.5. DETERMINATION, ALLOCATION AND DISTRIBUTION OF EARNINGS

Pursuant to Article 19 of its by-laws, Vivendi's statement of earnings summarizes the difference between its income and charges for the fiscal year, less amortization, depreciation and any provisions.

At least 5% of the group's fiscal year's earnings, less any deferred losses, are withheld for allocation to statutory reserves. This ceases to be mandatory when the statutory reserves reach an amount equal to 10% of the share capital, and enters into effect again if, for any reason, the same statutory reserves fall below this percentage.

The Shareholders' Meeting may set aside such sums as the Management Board deems appropriate for transfer to contingency funds, ordinary or extraordinary reserves, retained earnings, or for distribution.

In accordance with applicable law and Vivendi's by-laws, distributable earnings are equal to earnings for the fiscal year, less losses carried forward and allocations to reserves, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, dividends shall not be distributed to shareholders when said capital is, or would subsequently become, less than the amount of the share capital plus reserves, which is not permitted under applicable law or Vivendi's by-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds deducted from available reserves by specifically identifying the reserve line items from which said deductions are to be made.

The manner in which dividends will be paid is determined by Vivendi's General Meeting of Shareholders or, failing that, by the Management Board. Dividends must be paid no later than nine months after the end of the fiscal year, unless extended by court order.

The General Meeting of Shareholders has the right to grant each shareholder the option to receive all or part of the annual dividend or interim dividend distributed in the form of cash, shares, or payment in kind.

Dividends which remain unclaimed five years after the date of payment are no longer distributable.

2.1.6. PROVISIONS HAVING THE EFFECT OF DELAYING, DEFERRING OR PREVENTING A CHANGE IN CONTROL

Vivendi's by-laws do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the company.

2.1.7. PROVISIONS GOVERNING THE THRESHOLD ABOVE WHICH SHAREHOLDER OWNERSHIP MUST BE DISCLOSED

Pursuant to Article 5 of Vivendi's by-laws, the company may, at any time and in accordance with applicable laws and regulations, request that the relevant central depository for financial instruments provide it with information in relation to any of the company's securities that confer a right to vote (either immediately or in the future) at Shareholders' Meetings.

Any personal data or information obtained are used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of the French Law of January 6, 1978, owners of securities have the right to access, amend and delete any personal information about themselves. To do so, a request must be submitted to Vivendi's legal department or to the following e-mail address: tpi@vivendi.com.

Failure by shareholders or their intermediaries to disclose such information may, under the conditions stipulated by law, lead to the suspension or forfeiture of dividends or voting rights attached to such shares.

Any person, acting alone or in concert, who becomes the direct or indirect holder of a fraction of the share capital, voting rights or securities giving rights to the share capital of the company which are equivalent to or in excess of 0.5%, or a multiple thereof, shall send a notice to the company, by registered letter with acknowledgment of receipt, within 15 calendar days of crossing any of these thresholds. This notice shall specify the aggregate number of shares, voting rights or securities giving rights to the share capital of the company that said person holds, whether directly or indirectly and alone or in concert.

Any person who fails to comply with this notification requirement is, upon request by one or more shareholders holding at least 0.5% of the company's share capital, subject to penalties in accordance with applicable law.

Any person, acting alone or in concert, is also required to inform the company within 15 calendar days if the percentage of share capital or voting rights that such person holds falls below any of the above-mentioned thresholds.

2.1.8. PROVISIONS GOVERNING CHANGES IN SHARE CAPITAL WHERE SUCH CONDITIONS ARE MORE STRINGENT THAN REQUIRED BY LAW

None.

2.2. Share Capital

2.2.1. AMOUNT OF ISSUED SHARE CAPITAL

As of December 31, 2016, the company's share capital amounted to €7,078,983,142.00 divided into 1,287,087,844 shares with a nominal value of €5.50 per share.

All shares may be held in registered or bearer form and are transferable. The shares are traded on Euronext Paris (Compartment A) (ISIN code: FR0000127771).

2.2.2. SHARES NOT REPRESENTING CAPITAL

None.

2.2.3. AUTHORIZED BUT NON-ISSUED SHARE CAPITAL

The details of the delegations of authority and authorizations approved by the Shareholders' Meetings of April 17, 2015 and April 21, 2016, and submitted for approval by the Shareholders' Meeting of April 25, 2017 are presented below.

Issues of securities with preferential subscription rights

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and marketable securities giving right to the share capital)	**21 – 2017**	**26 months (June 2019)**	(a) **750 million, i.e. ≈ 10.6% of the share capital**
	* 17 – 2016	26 months (June 2018)	(a) 750 million, i.e. ≈ 10% of the share capital
Capital increase by incorporation of reserves	**22 – 2017**	**26 months (June 2019)**	**375 million, i.e. ≈ 5.3% of the share capital**
	19 – 2015	26 months (June 2017)	375 million, i.e. ≈ 5% of the share capital

Issues of securities without preferential subscription rights

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Contributions in kind to the company	18 – 2016	26 months (June 2018)	(b) 5% of the share capital

Issues reserved for employees of Vivendi

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main Terms
Share capital increase reserved for employees that are members of the Employee Stock Purchase Plan (ESPP)	**23 – 2017**	**26 months (June 2019)**	
	(c) 20 – 2016	26 months (June 2018)	
	24 – 2017	**18 months (Oct. 2018)**	(b) **Maximum of 1% of the share capital on the Management Board's decision date**
	21 – 2016	18 months (Oct. 2017)	
Grant of existing or future performance shares	(d) 19 – 2016	38 months (June 2019)	(b) Maximum of 1% of the share capital on the grant date

(a) Aggregate maximum amount for capital increases, all transactions included.
(b) This amount is applied to the maximum aggregate amount of €750 million set in Resolution 21 of the 2017 Shareholders' Meeting.
(c) Used for 0.38% of the share capital in July 2016.
(d) Used for 0.10% of the share capital in May 2016.
* Resolution rejected by the Shareholders' Meeting held on April 21, 2016.

Share repurchase program

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main Terms
Share repurchases	**19 – 2017** (e) 15 – 2016	**18 months (Oct. 2018)** 18 months (Oct. 2017)	**10% of the share capital** **Maximum purchase price: €20** **(128.7 million shares)** 10% of the share capital Maximum purchase price: €20 (136.9 million shares)
Share cancellations	**20 – 2017** (f) 16 – 2016	**18 months (Oct. 2018)** 18 months (Oct. 2017)	**10% of the share capital over a 24-month period** 10% of the share capital over a 24-month period

(e) Used for 2.13% of the share capital.

(f) Used for 6.30% of the share capital (cancellation of 86.1 million shares on June 17, 2016).

2.2.4. SHARES HELD BY THE COMPANY

2.2.4.1. Summary of the Previous Share Repurchase Program (2015/2016)

Following the decision of the Management Board at its meeting held on August 26, 2015, and pursuant to the authorization granted in Resolution 13 of the Ordinary General Shareholders' Meeting of April 17, 2015, Vivendi launched a share repurchase program on October 6, 2015.

The maximum authorized repurchase price was within the statutory limit of 10% of the share capital, at a maximum price of €20 per share, which is consistent with the upper limit of €20 set by the Shareholders' Meeting.

The objective of the share repurchase program was:

- the acquisition of a maximum of 136.7 million shares under market conditions for cancellation through a capital reduction pursuant to Resolution 14 of the Combined General Shareholders' Meeting of April 17, 2015;
- by decision of the Management Board on March 31, 2016, the scope of this share repurchase program was broadened to cover:
  - the allocation of 634,000 shares to performance share plans; and
  - external growth transactions through the exchange or delivery of 14,366,000 shares.

Aggregate Number of Purchases and Sales/Transfers of Shares from January 1, 2015 to April 21, 2016 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of January 1, 2015: 49,568 (covering performance share plans).

	Number of shares	Average price per share (in euros)	Total value (in euros)
Period from January 1, 2015 to December 31, 2015 (a)			
Purchase (between November 11 and December 31, 2015)	25,978,246	19.515	506,965,819.32
Sale/Transfer	*(42,849)	20.57	*(881,232.53)
Period from January 1, 2016 to April 21, 2016 (b)			
Purchase	73,049,065	18.44	1,346,938,353.50
Sale/Transfer	*(297,982)	18.10	(5,392,377.36)

(a) As of December 31, 2015, Vivendi directly held 25,984,965 treasury shares with a nominal value of €5.50 per share, i.e., 1.90% of its share capital, allocated to covering performance share plans (6,719 shares) and for cancellation (25,978,246 shares).

(b) As of April 21, 2016, Vivendi directly held 98,736,057 treasury shares with a nominal value of €5.50 per share, i.e., 7.06% of its share capital, allocated to covering performance share plans (342,737 shares), external growth transactions (11,518,619 shares), and for cancellation (86,874,701 shares).

(*) Transfer to certain beneficiaries of performance share plans.

Number of shares canceled during the 24 months prior to April 21, 2016: none.

2.2.4.2. Current Share Repurchase Program (2016/2017)

Following the decision of the Management Board at its meeting held on May 23, 2016, and pursuant to the authorization granted in Resolution 15 of the Combined General Shareholders' Meeting of April 21, 2016, Vivendi launched a share repurchase program on June 3, 2016.

The maximum authorized repurchase percentage is 10% of the share capital (statutory limit) at a maximum price of €20 per share, which is consistent with the ceiling of €20 set by the above-mentioned Combined General Shareholders' Meeting.

The objective of the current share repurchase program is:

- the repurchase of 20 million shares under market conditions for their exchange or delivery as part of external growth transactions.

The program was implemented through an irrevocable and independent mandate granted to a bank acting as investment services provider.

Aggregate Number of Purchases and Sales/Transfers of Shares from April 22, 2016 to March 10, 2017 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of April 21, 2016: 98,736,057.

	Number of shares	Average price per share (in euros)	Total value (in euros)
Period from April 22, 2016 to December 31, 2016			
Purchase (between June 7 and December 31, 2016)	15,752,511	16.18	254,846,700.73
Sale/Transfer	-	-	-
Cancellation by way of capital reduction	(86,874,701)	18.78	(1,631,538,150.01)
Period from January 1, 2017 to March 10, 2017			
Purchases	11,680,146	16.64	194,361,735.97
Sale/Transfer	*330,007	18.04	5,953,656

* Transfer to certain beneficiaries of performance share plans.

2.2.4.3. Cancellation of Shares by Reduction of Share Capital during the last 24 months

Under the authorization given in Resolution 16 of the Combined General Shareholders' Meeting held on April 21, 2016, the Management Board, at its meeting held on June 17, 2016, voted to:

- cancel 86,874,701 treasury shares purchased on the market as part of the share repurchase program approved by the Management Board on August 26, 2015 in accordance with the summary terms and conditions of the repurchase program as published on October 5, 2015 and Article L.225-209 of the French Commercial Code; and
- deduct the difference between the nominal value of the canceled shares (€477,810,855.50) and the purchase price of the shares (€1,631,538,150.01), namely €1,153,727,294.51, from additional paid-in capital under liabilities in the statement of financial position.

As a result, on June 17, 2016, the share capital of the company was reduced from €7,527,414,631.00 to €7,049,603,775.50 through the cancellation of 86,874,701 existing shares with a nominal value of €5.50 per share, representing an overall capital reduction of €477,810,855.50.

The Statutory Auditors' Report on the capital reduction presented at the General Shareholders' Meeting held on April 21, 2016 is reproduced in Appendix 1 to this section.

The supplementary report of the Management Board on the capital reduction through the cancellation of treasury shares drawn up on June 17, 2016 pursuant to Article L.225-209 of the French Commercial Code is reproduced in Appendix 2 to this section.

2.2.4.4. Treasury Shares (Other than Shares Held Pursuant to the Liquidity Agreement)

Position as of December 31, 2016

As of December 31, 2016, Vivendi directly held 27,613,867 of its own shares with a nominal value of €5.50 each, representing 2.15% of the share capital, including 342,737 shares allocated to performance share plans and 27,271,130 shares held for exchange or delivery as part of external growth transactions.

As of December 31, 2016, the book value of the portfolio totaled €472.0 million, representing a market value of €498.5 million as of that date.

Position as of March 10, 2017

As of March 10, 2017, Vivendi held 38,964,006 of its own shares representing 3.02% of its share capital, including 38,951,276 shares held for exchange or delivery as part of external growth transactions, and 12,730 shares allocated to covering performance share plans.

2.2.4.5. Liquidity Agreement

Since January 3, 2005, Vivendi has entered into a liquidity agreement which complies with the AMAFI Code of Ethics. The term of this agreement is one year, renewable by tacit agreement.

The liquidity agreement was suspended in 2016.

As of December 31, 2016, the following sources were held in a liquidity account: 0 shares and €53.138 million.

No management fees were paid for the liquidity agreement in 2016.

2.2.4.6. Treasury Shares held by the Group

As of December 31, 2016, Vivendi's subsidiaries held 465 shares of the company.

2.2.4.7. Open Positions on Derivative Financial Instruments as of December 31, 2016

None.

2.2.5. CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR WARRANT SECURITIES

2.2.5.1. Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (OCEANE)

No OCEANEs are outstanding.

2.2.5.2. Bonds Mandatorily Redeemable in Shares (ORA)

No ORAs are outstanding.

2.2.5.3. Warrants (BSA)

No BSAs are outstanding.

2.2.6. STOCK PURCHASE OR SUBSCRIPTION PLANS (STOCK OPTIONS)

Vivendi has not granted any stock options since 2013.

2.2.6.1. Grant Criteria

Between 2002 and 2012, only stock subscription plans were established by the company. These plans have a ten-year term.

Stock options were granted according to three criteria: (i) level of responsibility; (ii) individual performance; and (iii) to reward the loyalty of high-potential managers. They were granted at the same time each year prior to the distribution of dividends, in order to avoid windfall effects.

The strike price of the stock options was set, without discount, to reflect the average share price over the 20 trading days prior to the grant date.

As of December 31, 2016, 24,620,359 options were outstanding under all existing stock subscription plans (after deducting the number of stock options exercised or canceled, in application of the partial fulfillment of the performance conditions governing the plans, where appropriate, or pursuant to the termination of employment of certain beneficiaries). These options represent a maximum nominal share capital increase of €135.41 million, or 1.91% of the company's share capital.

As a result of the termination of Vivendi's ADR (American Depositary Receipt) program on the New York Stock Exchange in 2006, any stock options that were exercisable into ADRs and had been granted to a number of officers and employees of the group residing in the United States were converted into Stock Appreciation Rights (SARs). SARs are instruments that settle in cash only and therefore have no dilutive effect. The trading value of the SARs is the average of the high and low prices of Vivendi's ordinary shares as quoted on Euronext Paris on that trading day, multiplied by the euro/US dollar exchange rate as published by the European Central Bank on the date of exercise of the SAR. As of December 31, 2016, there were 1,482,353 SARs (formerly ADRs) outstanding (maturing in 2017).

2.2.6.2. Key Features of the Plans Granted up to 2012

Rights resulting from the grant of stock options are fully acquired after a three-year vesting period, and may be exercised on one or more occasions. Shares received upon exercise of the options can be freely transferred, subject to, for beneficiaries who are French tax residents, the expiration of the beneficial holding period applicable under French tax law (currently four years). In the event of a tender offer for Vivendi shares, the options under any of the plans will immediately vest and become exercisable.

For Corporate Officers and all beneficiaries, the definitive grant of stock subscription options was subject to the same performance criteria and quantitative methods of grant as those set for the grant of performance shares, which were assessed once (until 2014) at the end of a consecutive two-year period following the grant (see Section 3.5).

2.2.7. PERFORMANCE SHARE GRANTS

Grants of performance shares are subject to the achievement of internal financial targets (weighting 80%) and the performance of Vivendi shares against two trading indices (weighting 20%) (see Section 3.5).

In 2016, 394,119 shares were definitively granted to beneficiaries under the 2012 and 2014 plans. Taking into account the rate of partial fulfillment of performance conditions for these plans assessed over the 2014 and 2015 fiscal years, the final grant was consequently reduced, ranging from 59% to 75% depending on the operating entity in question. 77,524 rights were therefore canceled. In addition, 177,790 rights were canceled upon the termination of employment of certain beneficiaries. 255,314 rights were canceled in total. Under the 2012 plans (UK, US and Brazilian beneficiaries), 291,263 shares were definitively granted to beneficiaries,

For more details, please refer to the Appendix of this Section.

2.2.8. ACQUISITION RIGHTS OR OBLIGATIONS IN RESPECT OF AUTHORIZED BUT NON-ISSUED CAPITAL

None.

2.2.9. CONDITIONAL OR UNCONDITIONAL OPTIONS OR AGREEMENTS ON A GROUP MEMBER

None.

2.2.10. CHANGES IN SHARE CAPITAL OVER THE LAST FIVE YEARS

		Amount			Share capital amounts	
Transactions	Date	Nominal value (in euros)	Premium (*) (in euros)	Number of issued shares	In shares	In euros
Share capital as of December 31, 2011					1,247,263,060	6,859,946,830.00
Bonus share award (1 for 30)	05/09/2012	5.50	na	41,575,435	1,288,838,495	7,088,611,722.50
2012 Employee stock purchase plan	07/19/2012	5.50	4.81	12,288,690	1,301,127,185	7,156,199,517.50
Stock option exercise	07/31/2012	5.50	7.46	2,000	1,301,129,185	7,156,210,517.50
Bolloré Média contributions	09/27/2012	5.50	9.55	22,356,075	1,323,485,260	7,279,168,930.00
Stock option exercise	09/30/2012	5.50	7.46	8,333	1,323,493,593	7,279,214,761.50
Stock option exercise	10/31/2012	5.50	7.46	43,334	1,323,536,927	7,279,453,098.50
Stock option exercise	11/30/2012	5.50	7.46	59,411	1,323,596,338	7,279,779,859.00
Stock option exercise	12/31/2012	5.50	7.46	366,078	1,323,962,416	7,281,793,288.00
Stock option exercise	01/31/2013	5.50	7.46	144,662	1,324,107,078	7,282,588,929.00
Stock option exercise	02/28/2013	5.50	7.46	14,264	1,324,121,342	7,282,667,381.00
Stock option exercise	03/31/2013	5.50	7.46	286,362	1,324,407,704	7,284,242,372.00
Stock option exercise	04/23/2013	5.50	7.46	566,370	1,324,974,074	7,287,357,407.00
Stock option exercise	04/30/2013	5.50	7.46	27,467	1,325,001,541	7,287,508,475.50
Stock option exercise	05/31/2013	5.50	6.68	1,733,628	1,326,735,169	7,297,043,429.50
2013 Employee stock purchase plan	07/25/2013	5.50	6.602	12,285,542	1,339,020,711	7,364,613,910.50
Stock option exercise	10/31/2013	5.50	11.91	6,861	1,339,027,572	7,364,651,646.00
Stock option exercise	11/30/2013	5.50	11.75	416,063	1,339,443,635	7,366,939,992.50
Stock option exercise	12/31/2013	5.50	11.58	166,296	1,339,609,931	7,367,854,620.50
Stock option exercise	01/31/2014	5.50	11.90	1,623,713	1,341,233,644	7,376,785,042.00
Stock option exercise	02/28/2014	5.50	11.76	733,446	1,341,967,090	7,380,818,995.00
Stock option exercise	03/31/2014	5.50	11.92	1,806,245	1,343,773,335	7,390,753,342.50
Stock option exercise	04/30/2014	5.50	12.00	937,756	1,344,711,091	7,395,911,000.50
Stock option exercise	05/31/2014	5.50	11.97	3,082,646	1,347,793,737	7,412,865,553.50
Stock option exercise	06/30/2014	5.50	11.33	57,915	1,347,851,652	7,413,184,086.00
AGA 50 – July 17, 2014	07/17/2014	5.50	na	727,118	1,348,578,770	7,417,183,235.00
Stock option exercise	07/31/2014	5.50	10.47	34,357	1,348,613,127	7,417,372,198.50
Stock option exercise	08/31/2014	5.50	12.91	54,328	1,348,667,455	7,417,671,002.50
Stock option exercise	09/30/2014	5.50	10.61	829,272	1,349,496,727	7,422,231,998.50
Stock option exercise	11/30/2014	5.50	12.75	1,255,310	1,350,752,037	7,429,136,203.50
Stock option exercise	12/31/2014	5.50	12.63	848,601	1,351,600,638	7,433,803,509.00
Stock option exercise	01/31/2015	5.50	12.59	2,838,894	1,354,439,532	7,449,417,426.00
Performance share plans 2013-02	03/03/2015	5.50	na	1,481,884	1,355,921,416	7,457,567,788.00
Stock option exercise	03/31/2015	5.50	12.95	4,737,259	1,360,658,675	7,483,622,712.50
Stock option exercise	04/15/2015	5.50	13.55	1,638,138	1,362,296,813	7,492,632,471.50
Performance share plans (United States, Great Britain, Brazil) 2011-04	04/14/2015	5.50	na	270,925	1,362,567,738	7,494,122,559.00
Performance share plan 2011-04-03	04/22/2015	5.50	na	77,514	1,362,645,252	7,494,548,886.00
Stock option exercise	04/30/2015	5.50	13.45	66,124	1,362,711,376	7,494,912,568.00
Stock option exercise	05/31/2015	5.50	13.03	407,926	1,363,119,302	7,497,156,161.00
Stock option exercise	06/19/2015	5.50	11.24	641,484	1,363,760,786	7,500,684,323.00
Stock option exercise	06/30/2015	5.50	6.26	1,021	1,363,761,807	7,500,689,938.50
2015 Employee stock purchase plan	07/16/2015	5.50	13.707	3,914,166	1,367,675,973	7,522,217,851.50
Stock option exercise	07/31/2015	5.50	13.82	487,112	1,368,163,085	7,524,896,967.50
Stock option exercise	08/31/2015	5.50	10.30	260	1,368,163,345	7,524,898,397.50

na: not applicable.

(*) Weighted average premium in euros.

		Amount			Share capital amounts	
Transactions	Date	Nominal value (in euros)	Premium (*) (in euros)	Number of issued shares	In shares	In euros
Stock option exercise	09/30/2015	5.50	9.57	37,638	1,368,200,983	7,525,105,406.50
Performance share plan 2013-10	10/22/2015	5.50	na	39,577	1,368,240,560	7,525,323,080.00
Stock option exercise	10/31/2015	5.50	7.20	5,378	1,368,245,938	7,525,352,659.00
Stock option exercise	11/30/2015	5.50	10.50	20,523	1,368,266,461	7,525,465,535.50
Performance share plan 2013-12-1	12/14/2015	5.50	na	56,109	1,368,322,570	7,525,774,135.00
Stock option exercise	01/31/2016	5.50	10.07	188,410	1,368,510,980	7,526,810,390.00
Performance share plans 2014/02-1 and 2 of February 22, 2016	02/22/2016	5.50	na	96,137	1,368,607,117	7,527,339,143.50
Stock option exercise	02/29/2016	5.50	9.44	4,754	1,368,611,871	7,527,365,290.50
Stock option exercise	03/31/2016	5.50	10.69	8,971	1,368,620,842	7,527,414,631.00
Stock option exercise	04/30/2016	5.50	6.26	1,021	1,368,621,863	7,527,420,246.50
Stock option exercise	05/31/2016	5.50	9.06	24,279	1,368,646,142	7,527,553,781.00
Cancellation of treasury shares – June 17, 2016	06/17/2016	5.50	na	86,874,701	1,281,771,441	7,049,742,925.50
Stock option exercise	06/30/2016	5.50	6.26	112,514	1,281,883,955	7,050,361,752.50
2016 Employee stock purchase plan	07/28/2016	5.50	9.076	4,869,781	1,286,753,736	7,077,145,548.00
Stock option exercise	07/31/2016	5.50	6.26	100	1,286,753,836	7,077,146,098.00
Stock option exercise	08/31/2016	5.50	6.26	2,075	1,286,755,911	7,077,157,510.50
Stock option exercise	09/30/2016	5.50	9.19	213,861	1,286,969,772	7,078,333,746.00
Stock option exercise	10/31/2016	5.50	8.53	7,554	1,286,977,326	7,078,375,293.00
Stock option exercise	11/30/2016	5.50	6.76	98,923	1,287,076,249	7,078,919,369.50
Stock option exercise	12/31/2016	5.50	9.52	11,595	1,287,087,844	7,078,983,142.00

na: not applicable.

(*) Weighted average premium in euros.

As of December 31, 2016, the potential share capital of the company totaled €7,214,395,116.50, divided into 1,311,708,203 shares after taking into account 24,620,359 stock options which may give rise to the issuance of 24,620,359 shares.

2.2.11. MARKET INFORMATION

2.2.11.1. Places of Listing – Stock Exchange Price

Source: Euronext Paris.

Stock exchange price for Vivendi ordinary shares – Euronext Paris

Compartment A (code FR0000127771) (in euros)	Average price	High	Low	Number of shares traded	Transactions
2015					
January	20.6295	21.4300	19.7300	118,717,877	2,448,092,393
February	21.0613	21.8650	20.3350	87,936,967	1,851,966,331
March	22.1034	23.1900	20.3200	231,070,768	5,062,543,984
April	23.3635	24.4200	22.0700	125,370,247	2,926,392,460
May	22.7040	23.7200	21.6200	108,962,126	2,482,120,080
June	23.6357	24.7450	22.6000	158,583,599	3,750,836,090
July	23.6200	24.8300	21.7650	108,017,671	2,539,485,019
August	23.1467	24.6450	20.2000	112,133,625	2,548,684,591
September	21.2320	22.1700	20.2700	127,529,434	2,719,977,174
October	21.7091	22.7250	20.3250	108,098,696	2,339,122,201
November	20.6345	22.0000	19.3700	108,731,003	2,224,476,280
December	19.4543	20.3800	18.8050	108,782,658	2,120,835,932
2016					
January	19.1733	20.3150	18.0950	130,534,174	2,500,928,304
February	17.9924	19.1900	16.2950	155,903,010	2,797,896,313
March	19.0026	19.6800	18.3950	91,026,515	1,732,575,480
April	18.2079	18.9400	16.7050	100,935,949	1,823,546,720
May	17.1368	17.9900	16.3750	93,612,385	1,602,979,892
June	16.2893	17.8800	14.8700	166,944,966	2,704,764,904
July	17.1552	18.0850	16.3250	86,137,466	1,471,786,732
August	17.6407	18.1550	16.5100	64,264,867	1,126,136,544
September	17.6611	18.1400	16.9250	88,142,924	1,545,343,088
October	18.2598	18.8350	17.6350	74,655,666	1,361,383,244
November	18.4130	20.0900	17.4250	93,345,839	1,729,868,158
December	18.0702	18.9600	17.4700	86,417,052	1,564,775,679
2017					
January	17.8148	18.3800	16.9400	73,600,229	1,308,266,113
February	16.9395	17.4550	15.9600	72,386,174	1,218,917,397

2.2.11.2. Financial securities intermediary

BNP Paribas Securities Services
GCT – Service Émetteurs
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex

2.2.12. ADR (AMERICAN DEPOSITARY RECEIPT) PROGRAM

Vivendi does not sponsor any American Depositary Receipt (ADR) program for its shares. Any currently existing ADR program is "unsponsored" and is not linked in any way to Vivendi. Vivendi denies any responsibility or liability in relation to any such program.

2.3. Major Shareholders

2.3.1. SHARE OWNERSHIP AND VOTING RIGHTS

As of December 31, 2016, the company's share capital amounted to €7,078,983,142, divided into 1,287,087,844 shares, and the number of gross voting rights **(1)** totaled 1,384,761,809 and the number of net voting rights **(2)** totaled 1,357,147,477 taking into consideration the number of treasury shares held on that date.

As of March 10, 2017, the company's share capital totaled €7,078,983,142. The number of gross voting rights totaled 1,427,285,613 and the number of net voting rights amounted to 1,388,321,142.

As of March 7, 2017, to the Management Board's knowledge, the major shareholders who held shares in registered form or had sent a share ownership notice to the company were as follows:

Groups	% of share capital	% of gross voting rights	Number of shares	Gross number of voting rights
Groupe Bolloré **(1)**	20.65	26.34	**(*)** 265,832,839	375,994,292
BlackRock, Inc.	4.37	3.94	56,260,515	56,260,515
PEG Vivendi	3.26	4.42	42,007,936	63,047,152
CDC-Bpifrance	3.01	2.77	38,726,199	39,575,649
Amundi	2.70	2.44	34,756,638	34,756,638
State Street Corporation	2.35	2.12	30,283,853	30,283,853
Newton	2.18	1.97	28,077,803	28,077,803
NBIM (Norges Bank Investment Management)	1.61	1.45	20,672,783	20,672,783
UBS Investment Bank	1.34	1.21	17,253,929	17,253,929
Lansdowne Partners LLP	1.14	1.03	14,734,462	14,734,462
Mason Capital Management LLC	1.14	1.03	14,653,671	14,653,671
DNCA Finance	1.09	0.98	13,985,000	13,985,000
Natixis Asset Management	1.06	0.95	13,610,809	13,610,809
Artisan Partners Limited Partnership	1.03	0.93	13,246,118	13,246,118
CNP Assurances	1.00	0.90	12,836,828	12,836,828
Treasury shares	3.03	(2.73)	38,964,471	(38,964,471)
Other shareholders	49.04	44.79	631,183,990	639,331,640
TOTAL	**100.00**	**100.00**	**1,287,087,844**	**1,427,285,613**

(*) Including (i) 34,700,000 Vivendi shares held temporarily by Compagnie de Cornouaille pursuant to the execution of a temporary share sale agreement in respect of an equal number of Vivendi shares for its benefit which may be returned, in whole or in part, at any time until June 25, 2019, and (ii) 34,700,000 Vivendi shares classified as assimilated shares by Compagnie de Cornouaille pursuant to Article L.233-9 I, 4° of the French Commercial Code as a result of the off-market acquisition of physically-settled call options that are exercisable at any time until June 25, 2019.

(1) On March 6, 2017, the Bolloré Group exceeded the threshold of 25% of Vivendi's voting rights following the grant of double voting rights and held, directly and indirectly, 265,832,839 Vivendi shares, representing 375,994,292 voting rights, i.e., 20.65% of the share capital and 26.37% of the voting rights. "Upon crossing the 25% threshold of Vivendi's voting rights on March 6, 2017, and in accordance with Article L.233-7, paragraph VII of the French Commercial Code and Article 223-17 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), Mr. Vincent Bolloré both for himself and for Compagnie de Cornouaille, which he controls and with whom he is legally deemed to be acting in concert, made the following statement of intent with respect to Vivendi for the next six months:

- on March 6, 2017, Compagnie de Cornouaille acquired 40,548,020 additional double voting rights pursuant to Article L.225-123, paragraph 3 of the French Commercial Code, the issue of the financing of the transaction giving rise to the crossing of the threshold is therefore irrelevant;
- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- without the intent of gaining control, the foreseeable change in its voting rights, all of which are expected to double on April 20, 2017 (except for those on borrowed shares), could put the declarant in a position to determine decisions at General Shareholders' Meetings;
- the investment in Vivendi reflects Bolloré Group's confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- with regard to the transactions referred to in Article 223-17 I, 6° of the AMF's General Regulations (*Règlement Général*), the declarant, together with Vivendi, plans to explore synergies or possible combination transactions between their respective activities in the field of media and communication;
- the declarant holds 34,700,000 call options that enable it to acquire 34,700,000 Vivendi shares, at any time until June 25, 2019, and it plans to exercise them depending, in particular, on market conditions;
- the declarant is party to a temporary sale agreement, as borrower, in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional supervisory directorships on the company's Supervisory Board." (see AMF notice No. 217C0619 dated March 8, 2017).

(1) After taking into account the number of shares with double voting rights and the number of treasury shares held on these dates.

(2) Total number of voting rights attached to the total number of shares less shares deprived of voting rights.

2.3.2. PLEDGE OF COMPANY SHARES HELD IN REGISTERED FORM

As of December 31, 2016, 200,107,258 shares held in registered form were pledged, representing 15.55% of the share capital of the company as of that date.

2.3.3. CONTROL OF THE COMPANY – SHAREHOLDERS' AGREEMENTS

As of December 31, 2016, to the company's knowledge, no shareholder other than those listed in the table above held 5% or more of the company's share capital or voting rights, and there were no Shareholders' agreements, whether publicly disclosed or not, which related to Vivendi's securities.

2.3.4. NOTICES MADE TO THE COMPANY IN RELATION TO THE CROSSING OF LEGAL THRESHOLDS

In 2016, the company received several notices in relation to the crossing of legal thresholds (upwards) from the Bolloré Group and (upwards and downwards) from BlackRock, Inc. In line with its by-laws, the company also received notices in relation to the crossing of shareholding thresholds (namely 0.5% or any multiple of this percentage), both upwards and downwards, including notices from Allianz Global Investors, American Century Investments, Amundi AM, Artisan Partners Limited Partnership, AXA SA, AXA Investment Managers, BNP Paribas Asset Management, Citigroup Global Markets Ltd, Crédit Suisse Securities (Europe) Limited, CDC-Bpifrance, DNCA Finance, Jo Hambro, Landsdowne Partners (UK) LLP, Marshall Wace LLP, Newton, NBIM (Norges Bank Investment Management), ORBIS Investment Management Ltd, Rothschild – Asset Management, Standard Life Investments and Thunderbird Partners LLP.

2.3.5. CHANGES IN SHARE OWNERSHIP OVER THE LAST THREE YEARS (AS OF DECEMBER 31)

	2016			2015			2014		
	Number of shares	% of capital	% of voting rights (gross)	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Bolloré Group	265,832,839	20.65	24.70	196,426,839	14.36	14.63	69,448,825	5.14	5.14
BlackRock, Inc.	59,279,286	4.61	4.37	66,041,345	4.83	4.92	66,612,364	4.93	4.93
Vivendi employees	42,061,381	3.27	4.65	45,161,226	3.30	3.36	41,998,171	3.11	3.11
Amundi	39,072,755	3.04	2.88	40,759,304	2.98	3.04	46,527,497	3.44	3.44
CDC-Bpifrance	38,726,199	3.01	2.92	46,624,217	3.41	3.47	46,636,819	3.45	3.45
Newton	28,077,803	2.18	2.07	26,914,447	1.97	2.01	20,935,571	1.55	1.55
NBIM (Norges Bank Investment Management)	20,672,783	1.61	1.52	13,786,664	1.01	1.03	26,754,689	1.98	1.98
State Street Corporation (SSC)	14,954,691	1.16	1.10	30,283,853	2.21	2.26	30,283,853	2.24	2.24
Mason Capital Management LLC	14,653,671	1.14	1.08	14,653,671	1.07	1.09			
Natixis Asset Management	13,610,809	1.06	1.00	13,610,809	0.99	1.01			
Artisan Partners Limited Partnership	13,246,118	1.03	0.98						
Standard Life Investments	12,707,913	0.99	0.94						
Treasury shares	27,614,332	2.15	2.15	25,985,430	1.90	0.00	50,033	0.00	0.00
Other shareholders	684,647,264	53.19	48.78	802,972,888	58.69	59.82	885,546,415	65.52	65.52
TOTAL	**1,287,087,844**	**100**	**100**	**1,368,322,570**	**100**	**100**	**1,351,600,638**	**100**	**100**

Appendix 1: Statutory Auditors' report on the capital reduction

Combined General Shareholders' Meeting held on April 21, 2016 (Resolution 16)

In compliance with the assignment entrusted to us pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*) in the event of a capital reduction through cancellation of shares purchased, we hereby report to you on the grounds and conditions of the proposed capital reduction.

Your Management Board requests that you assign it, for a period of eighteen months from the date of this meeting, all powers to cancel, within the limit of 10% of the share capital and per period of twenty-four months, the shares purchased under the authorization given to the company to purchase its own shares in accordance with the aforementioned Article L.225-209.

We conducted our audit in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this assignment. Our audit consisted in verifying that the grounds and terms of the proposed capital reduction are not of a nature to undermine shareholder equality.

We have no matters to report on the grounds and terms of the proposed capital reduction.

Paris-La Défense, March 11, 2016

The Statutory Auditors

French original signed by

KPMG Audit	ERNST & YOUNG et Autres
Département de KPMG S.A.	
Baudouin Griton *Partner*	Jacques Pierres *Partner*

Appendix 2: Supplementary Management Board report on the Capital Reduction pursuant to the Cancellation of Treasury Shares

Under the authorization given pursuant to Resolution 16 of the Combined General Shareholders' Meeting held on April 21, 2016, the Management Board decided to:

- cancel 86,874,701 treasury shares purchased on the market pursuant to the share repurchase program of November 11, 2015, approved by the Management Board on August 26, 2015, and in accordance with the summary terms and conditions of such program as published on October 5, 2015 and Article L.225-209 of the French Commercial Code; and
- deduct the difference between the nominal value of the canceled shares (i.e., €477,810,855.50) and the purchase price of the shares (i.e., €1,631,538,150.01), namely €1,153,727,294.51, from Additional paid-in capital under liabilities in the statement of financial position.

Accordingly:

- the resulting reduction in the share capital of the company, effective as of the date hereof, represents a nominal amount of €477,810,855.50; and
- on June 17, 2016, the share capital of the company was reduced from €7,527,414,631.00 to €7,049,603,775.50 pursuant to the cancellation of 86,874,701 existing shares with a nominal value of €5.50 per share.

The impact of the capital reduction resulting from the cancellation of 86,874,701 treasury shares on the interest in the capital of a shareholder holding 1% of Vivendi's share capital is as follows:

Shareholder's interest as a %	
Before the capital reduction	1.00%
After the capital reduction	1.07%

In addition, the impact of the capital reduction on shareholders' equity, taken on December 31, 2015 **(1)** for a shareholder holding one Vivendi share is as follows:

Equity capital per share as of December 31, 2015	
Before the capital reduction	€15.750
After cancellation of 86,874,701 shares	€15.545

Given its size, the transaction is unlikely to have a material impact on the market price of the share.

Paris, June 17, 2016

Management Board

(1) As of December 31, 2015, the value of treasury shares held was €701.6 million, the amount of shareholders' equity after elimination of treasury shares was €20,854.3 million.

Appendix 3: Stock Subscription Option Plans and Performance Share Plans

Details of Stock Subscription Option Plans and Performance Share Plans

Stock option plans (in euros)

			Number of options granted							Number of options		
			Total number		of which, number granted to members of governing bodies							
Date of the Share-holders' Meeting	Date of the Supervisory Board's or the Manage-ment Board's Meeting	Grant date	of benefi-ciaries	of options	Number of benefi-ciaries	Number of options	Vesting date for options	Expiration date	Adjusted exercise price	exercised in 2016 (*)	canceled in 2016 (*)	outstanding as of Dec 31, 2016 (*)
04/28/2005	02/28/2006	04/13/2006	11	2,008,000	10	1,880,000	04/14/2008	04/13/2016	22.88		2,504,759	0
04/28/2005	03/21/2006	04/13/2006	495	3,473,520	0	0	04/14/2008	04/13/2016	22.88		3,475,730	0
04/28/2005	09/22/2006	09/22/2006	33	58,400	0	0	09/23/2008	09/22/2016	22.88		36,630	0
04/28/2005	12/12/2006	12/12/2006	3	24,000	0	0	12/13/2008	12/12/2016	23.59		19,954	0
04/28/2005	03/06/2007	04/23/2007	6	1,304,000	6	1,304,000	04/24/2010	04/23/2017	24.70			1,625,525
04/28/2005	02/27/2007	04/23/2007	570	4,414,220	5	528,000	04/24/2010	04/23/2017	24.70			4,830,352
04/28/2005	09/17/2007	09/17/2007	7	42,400	0	0	09/18/2010	09/17/2017	24.70			42,893
04/28/2005	10/25/2007	10/25/2007	4	63,200	0	0	10/26/2010	10/25/2017	24.70			58,844
04/28/2005	02/26/2008	04/16/2008	646	4,839,200	3	304,000	04/17/2011	04/16/2018	20.15			4,414,427
04/28/2005	02/28/2008	04/16/2008	7	732,000	7	732,000	04/17/2011	04/16/2018	20.15			603,626
04/28/2005	02/28/2008	04/16/2008	7	732,000	7	732,000	04/17/2011	04/16/2018	20.15			643,534
04/24/2008	02/26/2009	04/16/2009	6	1,240,000	6	1,240,000	04/17/2012	04/16/2019	16.06	80,000		787,623
04/24/2008	02/24/2009	04/16/2009	707	5,321,120	4	368,000	04/17/2012	04/16/2019	16.06	88,975		3,657,611
04/24/2008	10/23/2009	10/23/2009	12	40,000	0	0	10/24/2012	10/23/2019	16.60			36,679
04/24/2008	02/25/2010	04/15/2010	5	1,148,000	5	1,148,000	04/16/2013	04/15/2020	15.80			728,525
04/24/2008	02/24/2010	04/15/2010	775	4,149,200	4	368,000	04/16/2013	04/15/2020	15.80	51,160		3,012,078
04/24/2008	04/28/2010	06/04/2010	11	40,000	0	0	06/05/2013	06/04/2020	16.99			34,231
04/24/2008	09/21/2010	09/21/2010	1	5,000	0	0	09/22/2013	09/21/2020	16.34			5,800
04/24/2008	02/28/2011	04/13/2011	5	717,500	5	717,500	04/14/2014	04/13/2021	17.19			701,439
04/24/2008	02/22/2011	04/13/2011	556	1,809,200	5	270,000	04/14/2014	04/13/2021	17.19	48,585		1,582,751
04/21/2011	08/30/2011	08/30/2011	3	36,600	0	0	08/31/2014	08/30/2021	17.19	40,580		1,859
04/21/2011	10/25/2011	10/25/2011	2	2,000	0	0	10/26/2014	10/25/2021	17.19			1,162
04/21/2011	02/29/2012	04/17/2012	5	633,625	5	633,625	04/18/2015	04/17/2022	11.76	109,008		440,363
04/21/2011	02/28/2012	04/17/2012	544	1,880,259	5	270,000	04/18/2015	04/17/2022	11.76	181,711		1,350,224
04/21/2011	07/16/2012	07/16/2012	1	1,600	0	0	07/17/2015	07/16/2022	12.80			1,580
04/21/2011	09/27/2012	09/27/2012	4	135,000	4	135,000	09/28/2015	09/27/2022	13.88	74,038		59,233
									TOTAL	**674,057**	**6,037,073**	**24,620,359**

(*) Adjustment following payment in 2010 of the dividend for fiscal year 2009 by withholding from reserves, the granting of one new share for 30 old shares in 2012, the payment in 2013 of the dividend for fiscal year 2012 by withholding from reserves, and the ordinary distribution of €1 per share in 2014 from additional paid-in capital.

Performance share plans

Date of the Share-holders' Meeting	Date of the Supervisory Board's or the Mana-gement Board's Meeting	Grant date	Number of rights to performance shares: Total number of benefi-ciaries	Total number of performance shares	of which, number granted to members of governing bodies: Number of benefi-ciaries	of which, number granted to members of governing bodies: Number of rights to performance shares	Vesting date (*)	Date of availability of shares	Number of rights to performance shares: Number of rights canceled in 2016	Number of issued shares at the end of the acquisition period in 2016	Number of rights outstanding as of Dec. 31, 2016, after adjustments
04/21/2011	02/29/2012	04/17/2012	6	201,007	6	201,007	04/18/2014	04/19/2016		47,004	0
04/21/2011	02/28/2012	04/17/2012	793	1,617,470	5	75,000	04/18/2014	04/19/2016		244,259	0
04/21/2011	02/18/2013	02/22/2013	773	2,413,444	6	200,000	02/23/2015	02/24/2017			(a) 330,007
04/21/2011	07/22/2013	07/22/2013	4	17,816	0	0	07/23/2015	07/24/2017			(b) 12,018
04/21/2011	01/29/2014	01/29/2014	1	100,000	0	0	01/01/2017	01/31/2018			(c) 105,462
04/21/2011	01/29/2014	01/29/2014	1	50,000	0	0	01/02/2019	01/03/2019			(d) 52,731
04/21/2011	01/29/2014	01/29/2014	1	100,000	0	0	01/30/2016	01/31/2018	43,239		(e) 62,223
04/21/2011	02/19/2014	02/19/2014	1	30,000	0	0	02/22/2016	02/23/2018	7,911	23,733	0
04/21/2011	02/21/2014	02/21/2014	1	100,000	1	100,000	02/22/2016	02/23/2018	26,374	79,123	0
06/24/2014	02/27/2015	02/27/2015	3	170,000	3	170,000	02/28/2018	03/02/2020			170,000
06/24/2014	02/11/2015	02/27/2015	245	857,680	2	75,000	02/28/2018	03/02/2020	133,540		684,610
06/24/2014	02/11/2015	02/27/2015	86	319,040	0	0	02/28/2018	03/02/2020	20,140		(f) 283,410
06/24/2014	02/11/2015	02/27/2015	2	102,080	0	0	02/28/2018	03/02/2020	2,080		(g) 100,000
06/24/2014	05/05/2015	05/05/2015	1	100,000	0	0	05/06/2018	05/07/2020			(h) 100,000
06/24/2014	07/06/2015	07/06/2015	9	12,000	0	0	07/09/2018	07/10/2020			12,000
06/24/2014	07/06/2015	07/06/2015	1	2,080	0	0	07/07/2018	07/08/2020			(i) 2,080
06/24/2014	08/26/2015	08/26/2015	1	3,000	0	0	08/27/2018	08/28/2020			3,000
04/21/2016	05/11/2016	05/11/2016	5	295,000	5	295,000	05/13/2019	05/14/2021			295,000
04/21/2016	05/09/2016	05/11/2016	252	695,410	0	0	05/13/2019	05/14/2021	19,450		675,960
04/21/2016	05/09/2016	05/11/2016	81	322,030	0	0	05/13/2019	05/13/2021	2,580		(j) 319,450
04/21/2016	11/07/2016	11/07/2016	1	8,000	0	0	11/08/2019	11/09/2021			8,000
								TOTAL	**255,314**	**394,119**	**3,215,951**

(*) The first day following the end of the vesting period of two years (three years from 2015).
(a) Granted to US-, UK- and Brazil-resident beneficiaries to be registered in an account in their respective names in 2017.
(b) Granted to UK- and Brazil-resident beneficiaries to be registered in an account in their respective names in 2017.
(c) Granted to a Brazil-resident beneficiary to be registered in an account in his or her name in 2018.
(d) Granted to a Brazil-resident beneficiary to be registered in an account in his or her name in 2019.
(e) Granted to a US-resident beneficiary to be registered in an account in his or her name in 2018.
(f) Granted to US- and UK-resident beneficiaries to be registered in an account in their respective names in 2020.
(g) Granted to a Brazil-resident beneficiary to be registered in an account in his or her name in 2020.
(h) Granted to a Brazil-resident beneficiary to be registered in an account in his or her name in 2020.
(i) Granted to a US-resident beneficiary to be registered in an account in his or her name in 2020.
(j) Granted to US- and UK-resident beneficiaries to be registered in an account in their respective names in 2021.

SAR and ex-ADS plans converted into SAR plans (in US dollars)

			Number of SAR granted							Number of SAR		
			Total number		of which, number granted to members of governing bodies							
Date of the Share-holders' Meeting	Date of the Supervisory Board's or the Management Board's Meeting	Grant date	of benefi-ciaries	of SAR	Number of beneficiaries	Number of SAR	Vesting date of SAR	Expiration date	Adjusted exercise price	exercised in 2016 (adjusted)	rights canceled in 2016 (adjusted)	outstanding as of Dec. 31, 2016 (adjusted)
04/28/2005	02/28/2006	04/13/2006	2	192,000	1	112,000	04/14/2008	04/13/2016	27.74		239,345	0
04/28/2005	03/21/2006	04/13/2006	154	1,058,320	0	0	04/14/2008	04/13/2016	27.74		1,126,312	0
04/28/2005	09/22/2006	09/22/2006	1	24,000	0	0	09/23/2008	09/22/2016	27.74		29,920	0
04/28/2005	03/06/2007	04/23/2007	1	112,000	1	112,000	04/24/2010	04/23/2017	33.17			139,588
04/28/2005	02/27/2007	04/23/2007	177	1,168,660	0	0	04/24/2010	04/23/2017	33.17			1,342,765
									TOTAL	**0**	**1,395,577**	**1,482,353**

SECTION 3
CORPORATE GOVERNANCE

Since 2005, Vivendi has opted for a two-tier governance structure consisting of a Supervisory Board and a Management Board. This structure allows Vivendi to separate the management functions from the controlling functions.

Since 2008, Vivendi has referred to and applied the AFEP/MEDEF Corporate Governance Code of Listed Corporations, as amended in November 2016 (hereinafter the "AFEP/MEDEF Code").

3.1. Directors, Senior Management and Supervisory Bodies

3.1.1. SUPERVISORY BOARD

The Supervisory Board is a collegiate body. All of its members participate in its deliberations and must keep them confidential.

The Supervisory Board, taken as a whole, may make any public statement on its own behalf in the form of press releases to inform the market.

3.1.1.1. General Provisions

The Supervisory Board is made up of a maximum of 18 members. Each member serves a four-year term (Article 7 of Vivendi's by-laws). The Supervisory Board may appoint one or two non-voting members (*censeurs*) (Article 10-6 of Vivendi's by-laws). Non-voting members participate in an advisory capacity at meetings of the Supervisory Board and may attend meetings of the committees set up by the Supervisory Board. They are appointed for a maximum term of four years.

Each member of the Supervisory Board must own a minimum of 1,000 shares for his or her term of office (Article 7-2 of Vivendi's by-laws).

Each member of the Supervisory Board undertakes to regularly attend Supervisory Board meetings and Shareholders' Meetings. Members of the Supervisory Board may attend meetings in person or via video conference or other forms of telecommunication (Article 10 of Vivendi's by-laws).

At the end of each Annual Shareholders' Meeting, the number of members of the Supervisory Board over the age of 70, as of the closing date of the previous fiscal year, must not exceed one-third of the members. If this limit is exceeded, the oldest members are deemed to have resigned at the end of the Annual Shareholders' Meeting (Article 7-3 of Vivendi's by-laws).

The majority of members on the Supervisory Board are independent. A member is independent if he or she has no direct or indirect relationship of any kind (other than a non-substantial shareholding in the company) with the company, its group or its management that could affect his or her independent judgment (as defined in the AFEP/MEDEF Code).

Classifications of independent members, and the criteria used to determine whether a Director meets such classification, are reviewed by the Corporate Governance, Nominations and Remuneration Committee when considering and discussing the appointment of new members to the Supervisory Board. The Corporate Governance, Nominations and Remuneration Committee also reviews the situation of the Supervisory Board members regularly throughout their term of office and may change their classification if there is any doubt as to their continued independence.

Following its review of the independence of Tarak Ben Ammar, Chairman and Chief Executive Officer of Quinta Communications, which has a video and television rights license agreement with Studiocanal (an indirectly, wholly controlled subsidiary of Vivendi), the Corporate Governance, Nominations and Remuneration Committee concluded that this business relationship was not material. In 2015, it represented €169,000, i.e., less than 0.03% of Studiocanal's revenue over the period. In 2016, the amount was zero. Furthermore, the five-year term of this agreement, made in 2015, is typical for this type of business.

3.1.1.2. Composition of the Supervisory Board

As of the date of publication of this Annual Report, the Supervisory Board has 14 members, including one member representing employee shareholders and one member representing employees. Other than these two members, the Supervisory Board has 12 members, including nine independent Directors (75%). One member of the Supervisory Board is a foreign national and six members are women (46%) (the employee representative is not counted in calculating this percentage, pursuant to Law No. 2011-103 of January 27, 2011 concerning gender parity on Boards of Directors and Supervisory Boards, and professional equality).

Vincent Bolloré's term of office as member of the Supervisory Board will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017. He will be nominated for re-election for a further term of four years i.e., until the General Shareholders' Meeting held to approve the financial statements for 2020.

The terms of office of Nathalie Bricault (Director representing employee shareholders), Yseulys Costes, Pascal Cagni and Alexandre de Juniac as members of the Supervisory Board will expire on the same date. The General Shareholders' Meeting of April 25, 2017 will be invited to ratify the cooptation of Yannick Bolloré as member of the Supervisory Board (coopted by the Supervisory Board on May 11, 2016 to replace Philippe Donnet, who resigned) and to elect two new members, Véronique Driot-Argentin and Sandrine Le Bihan, the latter as the Director representing employee shareholders (appointed as representative on February 9, 2017 following the elections organized pursuant to Article L.225-71 of the French Commercial Code (*Code de commerce*) and Article 8-1 of Vivendi's by-laws).

For detailed information about the current members of the Supervisory Board and those to be nominated for election at the General Shareholders' Meeting of April 25, 2017, please refer to the sections "Main Activities of the Current Members of the Supervisory Board" and "Information about the nominees for the Supervisory Board submitted for the approval of the General Shareholders' Meeting to be held on April 25, 2017".

At the close of the General Shareholders' Meeting to be held on April 25, 2017 and subject to approval of the relevant resolutions, the Supervisory Board will have 12 members including six women, one member representing employee shareholders appointed pursuant to Article L.225-71 of the French Commercial Code, and one member representing employees, appointed pursuant to Article L.225-79-2 of the French Commercial Code, the other members having been appointed pursuant to Article L.225-75 of the French Commercial Code. The Supervisory Board will have six independent members, three members of the Bolloré Group and three Vivendi employees.

Supervisory Board Members: Dates of Appointment and Number of Shares Held

Supervisory Board members	Position	Age	Date of initial nomination and most recent re-election to the Supervisory Board	Committee member	End of term	Number of shares held
Vincent Bolloré **(1)**	Chairman of the Supervisory Board Member of the Supervisory Board	64	SB 06/24/2014 SB 12/13/2012 AGM 04/30/2013		AGM 2017	6,000
Philippe Bénacin	**(a)** Vice Chairman Member of the Supervisory Board	58	SB 06/24/2014 AGM 06/24/2014	B	AGM 2018	14,100
Tarak Ben Ammar (*)	**(a)** Member of the Supervisory Board	67	AGM 04/17/2015	B	AGM 2019	-
Yannick Bolloré **(2)**	Member of the Supervisory Board	37	SB 05/11/2016	A, B	AGM 2020	3,616
Nathalie Bricault **(3)**	**(c)** Member of the Supervisory Board	51	AGM 04/30/2013	A	AGM 2017	12,835
Pascal Cagni **(3)**	**(a)** Member of the Supervisory Board	55	AGM 04/30/2013	A	AGM 2017	12,200
Paulo Cardoso	**(d)** Member of the Supervisory Board	43	WC 10/16/2014	B	10/15/2017	na
Yseulys Costes **(3)**	**(a)** Member of the Supervisory Board	44	AGM 04/30/2013		AGM 2017	3,500
Dominique Delport (*)	Member of the Supervisory Board	49	AGM 04/17/2015	B	AGM 2019	-
Aliza Jabès	**(a)** Member of the Supervisory Board	54	AGM 04/29/2010 AGM 06/24/2014	B	AGM 2018	7,833
Alexandre de Juniac **(3)**	**(a)** Member of the Supervisory Board	54	AGM 04/30/2013	A	AGM 2017	1,000
Cathia Lawson-Hall	**(a)** Member of the Supervisory Board	45	SB 09/02/2015	A	AGM 2018	1,000
Virginie Morgon	**(a)** Member of the Supervisory Board	47	AGM 06/24/2014	B	AGM 2018	2,000
Katie Stanton	**(a) (b)** Member of the Supervisory Board	47	AGM 06/24/2014	A	AGM 2018	1,000

na: not applicable.

(*) Since their appointment to the Supervisory Board, these members have been unable to acquire on the market the number of shares required to be held by each of them under Article 7-2 of the company's by-laws due to the application of blackout periods which prohibits them from trading in Vivendi shares over the period. Each of them will comply with the shareholding requirement once they are permitted to trade in company shares.

(1) Member whose re-election will be proposed to the General Shareholders' Meeting to be held on April 25, 2017.

(2) Member whose approval of appointment by cooptation by the Supervisory Board of May 11, 2016 will be proposed to the General Shareholders' Meeting to be held on April 25, 2017.

(3) Member whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017 (not standing for re-election).

(a) Independent member.

(b) Foreign member.

(c) Employee shareholder representative.

(d) Employee representative.

A: Audit Committee.

B: Corporate Governance, Nominations and Remuneration Committee.

Main Activities of the Current Members of the Supervisory Board

VINCENT BOLLORÉ

Chairman of the Supervisory Board

French citizen.

Vivendi - 42, avenue de Friedland
75008 Paris - France

EXPERTISE AND EXPERIENCE

Vincent Bolloré holds a Master's degree in Law and is the Chairman and Chief Executive Officer of the Bolloré Group. In 1970, he began his career as a representative at *Banque de l'Union Européenne* before joining Compagnie Financière Edmond de Rothschild in 1976.

In 1981, he became Chairman and Chief Executive Officer of the Bolloré Group and its paper business. Under Vincent Bolloré's management, the group became one of the world's 500 largest companies. As a listed company, the Bolloré Group holds a strong position in each of its businesses, which are organized into three divisions: Transport and Logistics, Communication and Media, and Electricity Storage. The group also manages a long-term investment portfolio.

POSITIONS CURRENTLY HELD

Vivendi group

- Canal+ Group, Chairman of the Supervisory Board
- Studiocanal, Member of the Supervisory Board

Bolloré Group (in France)

- Bolloré (*), Chairman and Chief Executive Officer
- Bolloré Participations, Chairman and Chief Executive Officer
- Financière de l'Odet (*), Chairman of the Board of Directors (separate management)
- Blue Solutions (*), Chairman of the Board of Directors (separate management)
- Somabol, Chairman
- Omnium Bolloré, Chief Executive Officer and Director
- Financière V, Chief Executive Officer and Director
- Financière Moncey (*), Director
- Société Industrielle et Financière de l'Artois (*), permanent representative of Bolloré Participations on the Board of Directors
- Compagnie du Cambodge (*), permanent representative of Bolloré Participations on the Supervisory Board

Bolloré Group (outside France)

- Nord-Sumatra Investissements, Chairman and Deputy Director
- Financière du Champ de Mars, Chairman and Deputy Director
- BB Groupe, Chairman of the Board of Directors
- Plantations des Terres Rouges, Director
- Bolloré Transport & Logistics Congo, permanent representative of Bolloré Participations on the Board of Directors

OTHER POSITIONS AND FUNCTIONS

- SAFA Cameroun (*), permanent Representative of Bolloré Participations on the Board of Directors
- Fred & Farid Group, permanent representative of Bolloré
- Société des Caoutchoucs de Grand Bereby (SOGB) (*), Vice Chairman
- Bereby Finances, Vice Chairman
- Socfinaf (*) (formerly Intercultures), Director
- Liberian Agricultural Company (LAC), Director
- Plantations Nord-Sumatra Ltd, Director
- Socfin (*) (formerly Socfinal), Director
- Socfinasia (*), Director
- Socfindo, Director
- Socfin KCD, Director
- Bereby Finances, permanent representative of Bolloré Participations on the Board of Directors
- Société Camerounaise de Palmeraies (Socapalm) (*), permanent representative of Bolloré Participations on the Board of Directors
- Société des Caoutchoucs de Grand Bereby (SOGB) (*), permanent representative of Bolloré Participations on the Board of Directors
- Brabanta, permanent representative of Bolloré Participations on the Board of Directors
- SOGB, Vice Chairman
- COVIPHAMA, Director
- Plantations Socfinaf Ghana, Director
- Socfin Agricultural Company, Director
- Socfinco FR, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Generali, Vice Chairman
- Havas, Chairman of the Board of Directors (separate management)
- Natixis, Director
- Sofibol, Chief Executive Officer
- Socfinco, Director
- Direct 8, Director
- Direct Soir, Director
- Palmeraies du Cameroun (Palmcam), permanent representative of Bolloré Participations on the Board of Directors
- Bolloré Média, permanent representative of Bolloré on the Board of Directors
- Matin Plus, Director
- Mediobanca, Director
- Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Director
- Société des Chemins de Fer et Tramways du Var et du Gard, permanent representative of Bolloré Participations on the Board of Directors
- Société Bordelaise Africaine, permanent representative of Bolloré Participations on the Board of Directors
- Compagnie des Tramways de Rouen, permanent representative of Bolloré Participations on the Board of Directors
- Fred & Farid Paris, France, permanent representative of Bolloré
- Havas Media France, Director
- Champ de Mars Investissements, Chairman of the Board of Directors
- Financière Nord-Sumatra, Chairman of the Board of Directors
- Bolloré Africa Logistics Gabon (formerly SDV Gabon), Director
- Bolloré Africa Logistics Sénégal (formerly SDV Sénégal), Director
- Bolloré Africa Logistics Cameroun (formerly Saga Cameroun), permanent representative of Bolloré Participations on the Board of Directors
- Société Anonyme Forestière et Agricole (SAFA), permanent representative of Bolloré Participations on the Board of Directors
- Brabanta, Co-Manager
- Centrages, Director

(*) Listed on a regulated market.

Pursuant to Recommendation 18 of the AFEP/MEDEF Code of November 2016, "an executive officer should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group."

The AFEP/MEDEF Code Application Guide of November 2016 further provides that "the limit above does not apply to directorships held by an executive officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings."

All positions held by Vincent Bolloré within listed companies are:

- firstly, within the Bolloré Group, which is controlled by Vincent Bolloré **(1)** (Financière de l'Odet, Bolloré SA, Blue Solutions, Financière Moncey, Société Industrielle et Financière de l'Artois and Compagnie du Cambodge); and
- secondly, within equity interests **(2)** of Bolloré SA (Vivendi, Socfin and its subsidiaries), the main activity of which is to acquire or manage its subsidiaries and interests and where Vincent Bolloré serves as Corporate Officer (Chairman-CEO of Bolloré SA).

These positions, held outside the Bolloré Group but in interests held by Bolloré SA, meet the required conditions to benefit from the exemption and therefore need not be subject to application of the rules governing more than one directorship.

Thus Vincent Bolloré's situation is consistent with the provisions of the AFEP/MEDEF Code concerning the accumulation of positions, since the positions he holds in listed companies are either within his group, or are subject to the exemption provided for in the AFEP/MEDEF Code.

(1) Through the group company Bolloré Participations, of which Vincent Bolloré is Chairman and Chief Executive Officer.

(2) Pursuant to Article L.233-2 of the French Commercial Code, an "equity interest" is defined as an ownership interest of between 10% and 50% of the share capital.

PHILIPPE BÉNACIN

Vice Chairman of the Supervisory Board and Chairman of the Corporate Governance Nominations and Remuneration Committee

French citizen.

Interparfums - 4, rond-point des Champs-Élysées
75008 Paris - France

EXPERTISE AND EXPERIENCE

Philippe Bénacin graduated from Essec in 1983, the year in which he founded Interparfums with Jean Madar. As Chairman and Chief Executive Officer of the company, Philippe Bénacin developed the company's portfolio of licensed brands, supply chain, international distribution and, more generally, developed the company's strategy and growth, including its IPO in 1995.

Interparfums is a major player in the Perfume and Cosmetics market and manages, among others, the brands Lanvin, Montblanc, Jimmy Choo, Karl Lagerfeld, Boucheron, Van Cleef & Arpels, Repetto, and Balmain.

Regularly recognized for the quality of its Financial Reporting, the Interparfums Group has earned a number of awards and prizes, including the prestigious *Prix Cristal de la transparence de l'information financière* and the *Prix de l'Audace Créatrice* for creativity, awarded to Philippe Bénacin by French Prime Minister François Fillon.

POSITIONS CURRENTLY HELD

- Interparfums SA, Co-Founder and Chairman and Chief Executive Officer
- Interparfums Holding, Chairman of the Board of Directors
- Interparfums Inc. (United States), President (non-executive) and Vice Chairman of the Board of Directors
- Interparfums Luxury Brands (United States), President (non-executive) and Vice Chairman of the Board of Directors
- Inter España Parfums & Cosmetiques SL (Spain), Director
- Interparfums Srl (Italy), Director
- Interparfums Switzerland, Director and Manager
- Interparfums Singapore Pte Ltd, Director
- Parfums Rochas Spain S.L., Chairman of the Board of Directors

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Interparfums Ltd (Great Britain), Director

TARAK BEN AMMAR

Member of the Supervisory Board

French citizen.

Quinta Communications - 32-34, rue Poussin - 75016 Paris - France

EXPERTISE AND EXPERIENCE

Tarak Ben Ammar is an entrepreneur in audiovisual media both within Europe and worldwide.

He began his career in 1974 by convincing a number of American producers to produce parts of their films in Tunisia. As a result, he participated in the production of a number of international films, including the blockbusters *Star Wars* (George Lucas) and *Raiders of the Lost Ark* (Steven Spielberg). He has co-produced and distributed more than 70 movies, including the prestigious *La Traviata* (Franco Zeffirelli), *Pirates* (Roman Polanski), *The Passion of Christ* (Mel Gibson) and *L'Or Noir* (Jean-Jacques Annaud).

Simultaneously, he developed a group present in several countries, including:

- in France, through his company Quinta Communications, he participated in the development of the French film industry, and, as an investor, he partnered with Luc Besson to found Cité du Cinéma, set to become a first-class international film studio;
- in Italy, his subsidiary Prima TV has rapidly established its position as the fourth-largest multimedia group, behind Mediaset, RAI and Sky, primarily through the company Eagle, the largest independent distributor in the country. In 2013, the telecommunications group Nabil Sawiris purchased a stake in Prima;
- in North Africa, he is committed to promoting the values of tolerance and freedom in his country of birth. He co-founded the TV channel Nessma, which has become the leading television channel in Tunisia, Algeria and Libya and the second biggest channel in Morocco. On account of its democratic positioning and independence, this channel played a central role in the Arab Spring and the fight against radical Islam; and
- in the United States, with the Weinstein brothers and Goldman Sachs, he co-founded the independent studio The Weinstein Company which has produced, among other films, *The King's Speech* and two major French films which won a number of Oscar awards, *The Artist* and *La Môme*.

Tarak Ben Ammar is a Director of several companies, including The Weinstein Company in the United States and Mediobanca in Italy where he serves as an independent Director.

He graduated from Georgetown University in Washington, D.C. with a degree in international economics.

POSITIONS CURRENTLY HELD

- Quinta Communications SA (France), Chairman of the Board of Directors and Managing Director
- A Prime Group SAS (France), member of the Supervisory Board
- Téléclair SARL (France), Manager
- Holland Coordinator & Service Company B.V. (Netherlands), shareholder and Managing Director
- A1 International Investment B.V. (Netherlands), Supervisory Director
- Nessma SA (Luxembourg), Director
- Andromeda Tunisie SA (Tunisia), Chairman and Chief Executive Officer
- Quinta Communications Distribution Tunisie SARL (Tunisia), Manager
- Quinta Communications LTC Gammarth SARL (Tunisia), Manager
- Carthago Films Services SARL (Tunisia), Manager
- Empire Productions SARL (Tunisia), Manager
- Holland Coordinator & Service Company Italia SpA (Italy), Chairman of the Board of Directors and Director
- Eagle Pictures SpA (Italy), Chairman of the Board of Directors and Director
- Europa Network Srl (Italy), Director
- Prima TV SpA (Italy), Chairman of the Board of Directors and Director
- Delta Films Limited (UK), Managing Director
- Delta (The Last Legion) Limited (UK), Managing Director
- Delta (Young Hannibal) Limited (UK), Managing Director
- The Weinstein Company Holdings LLC (USA), Board Member

OTHER POSITIONS AND OFFICES

- Telecom Italia SpA (*) (Italy), Director
- Mediobanca SpA (*) (Italy), member of the Supervisory Board

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Ex Machina SAS (France), Chairman
- Promotions et Participations International SA (Luxembourg), Chairman of the Board of Directors and Director
- Lux Vide Finanziaria per iniziative audiovisive e telematiche SpA (Italy), Director
- Europa TV SpA (Italy), Chairman of the Board of Directors and Director
- Quinta Communications USA, Inc. (USA), Director
- Quinta Communications Italia Srl (Italy), Chairman of the Board of Directors and Director
- Imperium SpA (Italy), Chairman of the Board of Directors and Director
- Edison SAS (France), member of the Board of Directors
- La Centrale Finanziare Generale SpA (Italy), Vice Chairman of the Board of Directors and Director

(*) Listed on a regulated market.

YANNICK BOLLORÉ

Member of the Supervisory Board

French citizen.

Havas - 29/30, quai de Dion-Bouton - 92800 Puteaux - France

EXPERTISE AND EXPERIENCE

Yannick Bolloré is a graduate of Paris Dauphine University. He is Chairman and Chief Executive Officer of the Havas Group, one of the world's largest communications groups with revenue of $2 billion and more than 18,000 employees in 100 countries.

He co-founded the production company WY Productions in 2002 (*Hell*, *Yves Saint Laurent*). In 2006, he joined his family group, Bolloré Group, to launch and develop its media division. Within five years, Bolloré Média (D8, D17) became the leading independent French TV group and was subsequently sold to Canal+, making the Bolloré Group a shareholder in Vivendi.

He then joined the Havas Group in 2011 and became Chairman and Chief Executive Officer in 2013. He initiated a major restructuring of the group to make it the most integrated and forward-thinking in its industry. In 2015, the Bolloré Group obtained majority control of the Havas Group.

Yannick Bolloré was named Young Global Leader in 2008 by the World Economic Forum. He has received numerous distinctions and awards from international associations and the business press. He was also named a *Chevalier de l'Ordre des Arts et des Lettres*.

POSITIONS CURRENTLY HELD

Havas Group

- Havas (*), Chairman and Chief Executive Officer
- HA Pôle Ressources Humaines, Chairman and Chief Executive Officer
- Havas Media France and HA Pôle Ressources Humaines, Director
- Mediamétrie, permanent representative of Havas on the Board of Directors
- W & Cie, permanent representative of Havas on the Board of Directors
- Havas Paris, permanent representative of Havas on the Board of Directors
- Havas Life Paris, permanent representative of Havas on the Board of Directors
- MFG R&D, member of the Supervisory Board
- Havas Media Africa, member of the Executive Board
- Havas North America, Inc., President
- Havas Worldwide LLC, President and Executive Vice President
- Havas Worldwide Middle East FZ, LLC, Director
- Havas Worldwide Brussels (Belgium), permanent representative of Havas on the Board of Directors

OTHER POSITIONS AND OFFICES

- Bolloré SA (*), Vice Chairman and Director
- Financière de l'Odet (*), Director
- Bolloré Participations, Director
- Financière V, Director
- Omnium Bolloré, Director
- JC Decaux Bolloré Holding, member of the Executive Board
- Sofibol, member of the Supervisory Board

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Havas 360, Chairman
- Havas Media Group Spain, SA (Spain), Director
- Arena Communications Network SL (Spain), Director

(*) *Listed on a regulated market.*

NATHALIE BRICAULT

Member of the Supervisory Board representing employee shareholders whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Nathalie Bricault is a graduate of EDHEC.

From 1988 to 1998, she worked for Sodexo, first as a budget controller, then as a business manager, and subsequently as a management controller of subsidiaries. In 1998, she joined 9 Telecom as Network Management Controller and took part in the Boucle Locale Radio (BLR) project. From 2002 to 2006, she was appointed Chief Controller for the consumer and corporate business units following which she was put in charge of cross-product lines at Neuf Cegetel. In 2006, she was involved in the IPO of Neuf Cegetel and, as part of a natural progression, joined the Investor Relations department which was created after the IPO. Since mid-2008, following the acquisition of Neuf Cegetel by SFR, she has been Marketing and Logistics Manager in Vivendi's Investor Relations department. She is a member of the Supervisory Board of the group's collective investment fund "Groupe Vivendi Épargne", and is an associate member of the French Federation of Associations of Employee and Former Employee Shareholders (FAS). She is an employee of Vivendi SA.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

- FAS, Associate Member

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Collective investment fund "Groupe Vivendi Épargne", member of the Supervisory Board

PASCAL CAGNI

Member of the Supervisory Board whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017

French citizen.

C4 Ventures - 9 Queen's Gate Place Mews - London SW7 5BG - United Kingdom

EXPERTISE AND EXPERIENCE

Pascal Cagni is a specialist in the European digital economy. He advises and invests in startups and growth companies and contributes to their international development. Recruited by Steve Jobs in the early 2000s as General Manager and Vice Chairman of Apple Europe, Middle East, India and Africa (EMEIA), he was responsible for a region comprising 130 countries for 12 years, in which revenues grew from $1.2 billion to over $37 billion. After starting his career as a consultant at Booz & Co, he joined Compaq Computers, established Software Publishing France (SPC), and then led Packard Bell NEC to the number one home PC manufacturer in Europe. Pascal Cagni holds a Master's degree in Business Law and is a graduate of the *Institut d'Études Politiques* (IEP) in Paris. He also holds an MBA from the HEC Group and is a graduate of the Executive Program of Stanford University (EPGC). He is also auditor for the 63rd national session of IHEDN.

POSITIONS CURRENTLY HELD

- Kingfisher plc (*), Non-executive Director
- Banque Transatlantique, Independent Director
- Style.com (Conde Nast eCommerce), Independent Director
- C4 Ventures, Chairman and Chief Executive Office and Founder

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Apple EMEIA, Chief Executive Officer and Vice Chairman
- Vivendi, Non-Voting Director
- Institut Aspen, member of the Supervisory Board

(*) Listed on a regulated market.

PAULO CARDOSO

Employee representative on the Supervisory Board

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Paulo Cardoso, a trained accountant, joined Compagnie Générale des Eaux in 1997 as administrative manager in the Communications department.

In 2001, he joined the Finance department's accounting unit. In 2002, he moved to the Treasury department, where he is responsible for the Canal+ Group's cash management and the group's network systems.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Member and Treasurer of Vivendi's Works Council

YSEULYS COSTES

Member of the Supervisory Board whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017

French citizen.

1000mercis - 28, rue de Châteaudun - 75009 Paris - France

EXPERTISE AND EXPERIENCE

Yseulys Costes holds a Master's degree in Management Science and a postgraduate degree in Marketing and Strategy from Paris IX Dauphine University. Yseulys Costes attended Harvard Business School (United States) as a guest researcher in interactive marketing and teaches interactive marketing at several institutions (HEC, ESSEC and Paris IX Dauphine University).

In February 2000, Yseulys Costes founded 1000mercis and has since been its Chairwoman and Chief Executive Officer.

Yseulys Costes is the author of numerous books and articles about online marketing and database management. For two years, she was the coordinator of the Interactive Advertising Bureau France (IAB) before founding 1000mercis in February 2000. 1000mercis, which specializes in advertising and interactive marketing, has offices in Paris, London, San Francisco, New York and Dubai.

1000mercis is listed on Alternext by Euronext Paris.

Yseulys Costes, who, in 2001, was voted "Internet Woman of the Year", was a member of the Entrepreneurs Council (*Conseil des Entrepreneurs*), which reports to the French Secretary of State for Business and Foreign Trade (*Secrétariat d'État aux Entreprises et au Commerce Extérieur*). She is a member of the Council for the Development of Economic Literacy (*Conseil pour la Diffusion de la Culture Économique*), of the Digital Relations Experts Group (*Groupe d'Experts de la Relation Numérique*) and of the Steering Committee of France's Strategic Investment Fund (*Fonds Stratégique d'Investissement*), and is a member of the City of Paris Strategic Council.

She was formerly a member of the French Council for the Simplification of the State (*Conseil de simplification de l'État*).

POSITIONS CURRENTLY HELD

- 1000mercis, Chairwoman and Chief Executive Officer

OTHER POSITIONS AND OFFICES

- Kering (*), Director and Member of the Audit Committee, Compensation Committee, and Strategy and Development Committee
- SEB (*), Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Numergy, member of the Supervisory Board

(*) *Listed on a regulated market.*

DOMINIQUE DELPORT

Member of the Supervisory Board

French citizen.

Havas - 29/30, Quai de Dion-Bouton - 92800 Puteaux - France

EXPERTISE AND EXPERIENCE

Dominique Delport is a graduate of the EM Lyon (*École Supérieure de Commerce de Lyon*) and a winner of the MBA Moot Corp International Challenge hosted by the University of Texas, Austin. He is also the recipient of an Emmy Award.

He has had three distinct professional careers: television journalist, Internet entrepreneur, and head of a media agency, all of which give him expertise in content, digital and media at an international level.

Dominique Delport began his career as Deputy Chief Editor for the television channel M6 Lyon, and then became Chief Editor at M6 Lille. In 1996, he was appointed Chief Editor at M6, the second largest private television channel in France.

From 1996 to 2000, he directed the news program "6 Minutes" (4 million daily viewers) and news reports including "Zone Interdite" and "Capital".

In April 2000, he gave up his career in television to move into the world of startups, forming the streaming multimedia company "Streampower", where he served as Chairman and Chief Executive Officer.

In October 2001, Streampower became a 75% subsidiary of the Rivaud Media group (Bolloré Group).

In 2003, Dominique Delport launched a daily program on Canal+, "Merci pour l'info", and in 2004, for France 5, he created and produced the program "C.U.L.T.", an interactive televised broadcast on urban cultures featuring live videos from bloggers.

After participating in the launch of Direct 8 (TNT), Dominique Delport hosted the weekly show titled "8-Fi", a live broadcast devoted to new media and technologies.

Dominique Delport joined Media Planning Group (MPG) on February 1, 2006 as Managing Director, while retaining his position as Chairman and Chief Executive Officer at Streampower. He was appointed Chief Executive of MPG France in June 2006 and then, in February 2007, Managing Director of Havas Media France.

In February 2008, he was promoted to the position of Chairman-Managing Director of Havas Media France, a position he held until the end of 2015.

In February 2009, he was elected to a two-year term as President of the Union of Media Consulting and Purchasing (UDECAM), the organization for all French media agencies.

Following the success of the integrated organization of Havas Media France, he was named Chief Executive Officer of the Havas Media Group global network.

As a member of the Executive Committee of Havas Media Group, he now supervises all brands, customers, commercial activities, research and business intelligence for the group's 126 markets, under the direction of Yannick Bolloré, Chairman and Chief Executive Officer of Havas.

In November 2013, he was given direct responsibility for Havas Media Group in the United Kingdom as Chairman.

On March 9, 2017, Dominique Delport was appointed Global Managing Director and Chief Client Officer of the Havas Group.

He is also a member of the Facebook Client Council.

"Campaign" magazine ranked him in the "Top 3 UK Media Suit" in 2013, and according to the barometer TweetBosses he is one of the most followed Chairman and Chief Executive Officer on social media in France.

POSITIONS CURRENTLY HELD

Vivendi group

- Vivendi content SAS, President
- Studio+, Chairman

Havas Group

- Havas (*): Global Managing Director and Chief Client Officer
- Havas Media Africa, Chairman and member of the Executive Board
- MFG R&D SA, Chairman of the Management Board
- Havas Productions SNC, Manager
- Arena Media Communications, Co-Manager
- Havas Media Belgium, Director

OTHER POSITIONS AND OFFICES

- Ze Cake Group Ltd., Chairman
- Ze Ais Group Ltd., Chairman
- Havas Sports Limited, Chairman
- Arena Blm Ltd, Chairman
- Arena Quantum Ltd, Chairman
- Cake Group Ltd, Chairman
- Elisa Interactive Ltd, Chairman
- Cake Media Ltd, Chairman
- Media Planning Ltd, Chairman
- Ais Group Ltd, Chairman
- Arena Blm Holdings Ltd (United Kingdom), Chairman
- BLM Cliverd Ltd, Director
- Forward 1 UK Ltd, Director
- BLM Two Ltd, Director
- BLM Azure Ltd, Director
- BLM Red Ltd (United Kingdom), Director
- Forward Holding Spain, Sole Director
- S.L.U. (Spain), Sole Director
- Forward Média Peru, Director
- SAC, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Havas Media France, Chairman and Chief Executive Officer
- Udecam, Chairman

(*) Listed on a regulated market.

ALIZA JABÈS

Member of the Supervisory Board

French citizen.

Groupe NUXE - 19, rue Péclet - 75015 Paris - France

EXPERTISE AND EXPERIENCE

Aliza Jabès is a graduate of the Paris *Institut d'Études Politiques*. She holds an MBA from New York University (NYU). Between 1986 and 1988, she was a financial analyst for the Eli Lilly laboratory in Indianapolis, USA. At the start of the 1990s, she decided to move into entrepreneurship and took over NUXE, then a small cosmetics laboratory in Paris, with the ambitious goal of developing a major natural beauty brand. In the space of just a few years, NUXE became a leading global cosmetics group. It also has a strong position in the wellbeing industry, with more than 40 deluxe spa centers in France and elsewhere.

In 2007 and 2011, NUXE's strategy in innovation and industrial property was recognized and rewarded twice by the *Institut National de la Propriété Industrielle* (INPI).

Aliza Jabès has regularly won awards and distinctions for her exceptional career.

In 2011, she received the prestigious Entrepreneur of the Year award (*Prix de l'Entrepreneur de l'Année*), given by EY-l'Express at national level. In 2012, Cosmetique Executive Women (CEW) gave her the Achiever Award for her exceptional career in the cosmetics industry, and in 2014 she won the *Trophée Femmes en Or* (Havas International) in the category "Women in Business", which rewarded her for her creativity and entrepreneurial spirit.

After being promoted to the rank of "Knight of the Legion of Honor" in 2008, she was named "Officer of the National Order of Merit" in 2015.

POSITIONS CURRENTLY HELD

NUXE Group (in France)

- NUXE Développement, Chairwoman

NUXE Group (outside France)

- NUXE Inc. (United States), Chairwoman
- NUXE Hong Kong Limited, Managing Director
- NUXE Australia Pty Ltd., Managing Director
- NUXE GmbH (Germany), Manager
- NUXE Polska sp. Zoo (Poland), Chairwoman
- NUXE UK Ltd, Managing Director
- NUXE Istanbul Kozmetik Ürünleri Ticaret Limited Sirketi (Turkey), Chairman
- Laboratoire NUXE Portugal Unipessoal Lda, Manager
- Laboratoire NUXE España S.L., Manager
- NUXE Suisse SA, Director
- NUXE Belgium SA, Director
- Laboratoire NUXE Italia S.r.l., Director
- NUXE Dubai Middle East FZE, Chairwoman
- NUXE Shangai Cosmetic Co Ltd, Chairwoman

OTHER POSITIONS AND OFFICES

- Fédération des entreprises de la beauté (FEBEA), Director
- Pharmaceutical Council of the French Syndicate of Cosmetic Products (SFCP), Chairwoman
- Commission for the award of the French "Palace Prize" (distinction Palace), Member

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- NUXE Spa, Chairwoman
- Fondation PlaNet Finance, Ambassador

ALEXANDRE DE JUNIAC

Member of the Supervisory Board whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 25, 2017

French citizen.

IATA (International Air Transport Association) - 33, route de l'Aéroport - 1215 Geneva 15 Airport - Switzerland

EXPERTISE AND EXPERIENCE

Alexandre de Juniac is a graduate of the *École Polytechnique de Paris* and the *École Nationale d'Administration*. From 1990 to 1993, he served as Counsel (*maître des requêtes*) and then as Under-Secretary of the French Council of State (*Conseil d'État*). From 1994 to 1995, he was Deputy Principal Private Secretary to Nicolas Sarkozy, who was at that time the Minister for the Budget, and government spokesman, following which he was in charge of communications and the audiovisual sector. Until 1997, he was Director of Planning and Development at Thomson SA, until he joined Sextant Avionique, where he served as Sales Director for civil aircraft until 1998. He continued his career at Thalès as Company Secretary until 2009, then as Senior Executive Vice President in charge of aviation systems, and Managing Director for Asia, Africa, the Middle East and Latin America.

In 2009, he was named Principal Private Secretary to Christine Lagarde (Minister of the Economy, Industry and Employment), where he remained until 2011. He was Chairman and Chief Executive Officer of Air France from 2011 to 2013 and then Chairman and Chief Executive Officer of Air France-KLM from 2013 to 2016. He has been Director General of the International Air Transport Association (IATA) since September 1, 2016.

POSITIONS CURRENTLY HELD

- IATA (Switzerland), Director General

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Air France-KLM (*), Chairman and Chief Executive Officer
- Air France, Chairman and Chief Executive Officer

(*) Listed on a regulated market.

CATHIA LAWSON-HALL

Member of the Supervisory Board and Chairwoman of the Audit Committee

French citizen.

Société Générale - 17, Cours Valmy - 92800 Paris La Défense 7 - France

EXPERTISE AND EXPERIENCE

Cathia Lawson-Hall holds a postgraduate degree (DEA) in Finance from Paris Dauphine University in France. She is a Senior Banker at Société Générale, in charge of the overall relationship and strategic consulting with governments, large corporates and financial institutions in Africa. Cathia Lawson-Hall is also Head of Financial Institutions Group for Africa at Société Générale.

Previously she was Managing Director, Co-Head of Debt Capital Markets for large corporates in France, Belgium and Luxembourg. Cathia Lawson-Hall joined Société Générale in 1999 as a sales-side credit analyst covering the telecommunications and media sectors before moving into financial consulting. She has over 20 years' experience in Corporate and Investment Banking.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

- Société Générale, Senior Banker and Head of Financial Institutions Group for Africa

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

VIRGINIE MORGON

Member of the Supervisory Board

French citizen.

Eurazeo - 1, rue Georges Berger - 75017 Paris - France

EXPERTISE AND EXPERIENCE

Virginie Morgon is a graduate of the *Institut d'Études Politiques de Paris* and holds a Master's degree from the Bocconi University in Italy. From 1991 to 2008, she served as a senior banker with Lazard in New York, London and then Paris, where she was appointed Managing Partner in 2001. In 2006, she was promoted to Consumer Business Manager for Europe. In January 2008, she joined Eurazeo as a member of the Management Board, before becoming Deputy Chief Executive Officer in March 2014. She defines the group's investment strategy and is responsible for monitoring investments made by Eurazeo. She is also President of Eurazeo North America Inc.

POSITIONS CURRENTLY HELD

- Eurazeo (*), Deputy Chief Executive Officer and member of the Management Board

OTHER POSITIONS AND OFFICES

- Eurazeo North America Inc. (USA), President
- Eurazeo PME, Chairwoman of the Supervisory Board
- Asmodee Holding, Chairwoman of the Supervisory Board
- Moncler SpA (*) (Italy), Vice-Chairwoman of the Board of Directors
- Grandir, member of the Supervisory Board
- L'Oréal (*), Director
- Abasic SI (Spain), Director
- Legendre Holding 43, Chairwoman
- Legendre Holding 44, Chairwoman
- Legendre Holding 47, Chairwoman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Accor (*), Director
- Broletto 1 Srl (Italy), Chairwoman of the Board of Directors
- Euraleo (Italy), Manager
- Elis (*), Chairwoman and member of the Supervisory Board
- APCOA Parking AG (Germany), Chairwoman of the Supervisory Board
- APCOA Parking Holdings GmbH (Germany), Chairwoman of the Advisory Board
- APCOA Group GmbH (Germany), Managing Director
- LH APCOA, Managing Director
- Holdelis, Chairwoman of the Board of Directors
- Legendre Holding 33, Chairwoman of the Supervisory Board
- Legendre Holding 45, Chairwoman
- Legendre Holding 46, Chairwoman
- Intercos SpA (Italy), Manager
- Women's Forum (WEFCOS), Director
- Edenred, Director
- Sportswear Industries Srl (Italy), Director
- OFI Private Equity Capital (which became Eurazeo PME Capital), Chairwoman of the Supervisory Board

(*) *Listed on a regulated market.*

KATIE STANTON

Member of the Supervisory Board

American citizen.

Color Genomics - 1801 Murchison Dr # 128,
Burlingame CA 94010 - United States

EXPERTISE AND EXPERIENCE

In June 2016, Katie Stanton joined Color Genomics as Chief Marketing Officer. She is a graduate of Rhodes College (1991) and holds a Master's degree from the School of International Public Affairs (SIPA) at Columbia University.

Katie Stanton is the founding partner of #Angels, a Silicon Valley-based investment group. Until 2016, she was Global Media Vice President for Twitter. Previously, she served as Vice President for International Market Development with Twitter, responsible for partnerships, user growth and key operations in the strategic markets of Europe, Latin America, the Middle East and Africa. She participated in the setting up of a number of international offices, including in the United Kingdom, Japan, France, Spain, Brazil and Germany. Before joining Twitter, she worked at the White House, the US State Department, Google and Yahoo.

POSITIONS CURRENTLY HELD

Color Genomics, Chief Marketing Officer

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Twitter, Global Media Vice President

Information about the nominees for the Supervisory Board submitted for the approval of the General Shareholders' Meeting to be held on April 25, 2017

VÉRONIQUE DRIOT-ARGENTIN

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Véronique Driot-Argentin, 54, joined Compagnie Générale des Eaux in 1989 where she began her career in the press services group of the Corporate Communications department. In 1991, she joined the Ile de France Regional Water Authority and then, in 1995, moved to the Human Resources department of Générale des Eaux as special assistant to the Group Head of Human Resources working in employee relations, a position she continues to hold at Vivendi.

In 2011, she began working with Vivendi's Head of Training, and has been a Training Manager in the Human Resources department since 2016.

Véronique Driot-Argentin has been the CFTC trade union delegate since 2006.

She sat on the Employment Tribunal in Paris from 2008 to 2015. Since 2014, she has been a town councillor in Villecresnes (Val-de-Marne *département*) and Vice President of the Social Housing and Action Management Committee.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND FUNCTIONS

Vivendi group

- Group Works Council, member
- IDSE, member of the *bureau*

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

SANDRINE LE BIHAN

French citizen.

Vivendi - 42, avenue de Friedland
75008 Paris - France

EXPERTISE AND EXPERIENCE

Sandrine Le Bihan, 46, a trained accountant, joined Compagnie Générale des Eaux in 1992 as manager in the Securities department.

In 2003, she became Group Company Directory and Database Manager within Vivendi's legal department. She works in corporate law, securities law and employee share ownership.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND FUNCTIONS

Vivendi group

- "Vivendi Groupe Épargne" collective investment fund, Chairman and member of the Supervisory Board
- "Opus Vivendi" collective investment fund, alternate member of the Supervisory Board representing the fund's unit holders
- Vivendi's Single Staff Delegation (DUP), representative
- Group Works Council, member
- IDSE, member of the *bureau*

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Vivendi Works Council, Deputy Secretary and Treasurer

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3.1.1.3. Family Relationships

Vincent Bolloré is the father of Yannick Bolloré, both of whom are members of the Supervisory Board.

To the company's knowledge, there are no other family ties between any members of the Supervisory Board, or between any of them and any member of the Management Board.

3.1.1.4. Absence of Conflicts of Interest

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Supervisory Board with regard to their personal interests or other responsibilities.

Pursuant to the internal rules of the Supervisory Board, its members have a duty to inform the Supervisory Board of any actual or potential conflict of interest they have encountered, or might encounter in the future. When the Supervisory Board discusses any matter relating, directly or indirectly, to one of its members, the member concerned may be asked to leave the Supervisory Board meeting during voting and deliberations.

Any business relationships between: the Havas Group, of which Yannick Bolloré is Chairman and Chief Executive Officer, the Bolloré Group of which Vincent Bolloré is Chairman and Chief Executive Officer and certain Vivendi subsidiaries are ordinary business relationships entered into on an arm's-length basis and are unlikely to create actual or potential conflicts of interest between Vivendi and Vincent and Yannick Bolloré. A description and quantification of these business relationships is provided in Note 21.2 "Other Related Parties" in the Notes to the 2016 Consolidated Financial Statements presented in Section 4 of this Annual Report.

3.1.1.5. Absence of Any Conviction for Fraud, Liability Associated with a Business Failure, Public Accusation and/or Sanction

Over the past five years, to the company's knowledge:

- no member of the Supervisory Board has been convicted of any fraud-related matter;
- no member of the Supervisory Board has been associated with bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body;
- no official public accusation or sanction has been brought against or imposed on any member of the Supervisory Board; and
- no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

On January 22, 2014, pursuant to Articles 187 ter and 187 quinquies of Italian Legislative Decree No. 58/1998 (*Testo Unico della Finanza*), Financière du Perguet and Financière de l'Odet as well as Vincent Bolloré, were jointly and severally ordered to pay an administrative fine of €1 million each in relation to the companies' acquisition of 3% of the capital of the Italian company Premafin (excluding any personal acquisition), and obligated not to hold Corporate Officer positions in Italy for a period of 18 months, which had no effect as the latter held no such officer positions on that date.

3.1.1.6. Agreements between the Company and Members of the Supervisory Board – Service Agreements

At its meeting held on September 2, 2015, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board authorized a service agreement between Vivendi and Dominique Delport (non-independent member) for five years starting October 1, 2015.

Under the terms of this service agreement, Dominique Delport will provide services and advice in the field of creating and use of new digital content tools as part of the development of Vivendi Content and Dailymotion.

In the context of digital strategy development, which requires both internal Vivendi group resources and external services, particularly with regard to original and unique digital content formats, the Supervisory Board determined that it was in the company's interest to use Dominique Delport's services considering his vast experience in these fields.

Total annual fees were set at a fixed amount of €300,000, which may be increased, if applicable, by a variable amount of up to €200,000.

In 2016, €300,000 was paid in respect of the fixed component and nothing was paid in respect of the variable component. In addition, under this agreement, Dominique Delport benefits from a long-term incentive plan open to executives of the group who are most involved in the development of Dailymotion, which is indexed on the growth of Dailymotion's enterprise value as it will stand as of June 30, 2020, based on a third-party appraisal, compared to its acquisition value (€271.25 million). In the event of an increase in the value of Dailymotion, the amount of his compensation under the incentive plan would be capped at 1% of the increase (see the Statutory Auditors' special report on related-party agreements and commitments in Chapter 4, Section IV.7 of this Annual Report.) This service agreement was approved by the General Shareholders' Meeting held on April 21, 2016.

3.1.1.7. Loans and Guarantees Granted to Members of the Supervisory Board

The company has not granted any loans or issued any guarantees to any member of the Supervisory Board.

3.1.1.8. Internal Regulations and Jurisdiction of the Supervisory Board

Authority and Functions of the Supervisory Board pursuant to French Law and the Company's By-Laws

Upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board appoints the members of the Management Board and sets the policy and criteria for determining, allocating and granting the fixed, variable and extraordinary components comprising their total compensation. The members may be revoked at any time.

The Supervisory Board reviews and determines the company's strategic guidelines, strategic partnerships and major internal restructuring operations. Once a year, it reviews the company's corporate social responsibility (CSR) policy.

The Supervisory Board oversees the Management Board's management of the company, in compliance with the law and the company's by-laws.

It may proceed with any verification or control checks it deems appropriate and is provided with all documents it deems useful to the fulfillment of its purpose and functions.

Internal Regulations

The Internal Regulations of the Supervisory Board is a purely internal document intended to supplement the company's by-laws by setting out the Supervisory Board's operational procedures and the rights and duties of its members. It is not enforceable against third parties and may not be invoked by them against members of the Supervisory Board.

Functions and Powers of the Supervisory Board under the Internal Regulations

In accordance with the opinion of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board issues its opinions on the candidacies of Vivendi's Corporate Officers for positions as Director or member of the Supervisory Board in third-party companies.

The following transactions require the prior approval of the Supervisory Board:

- disposals of real estate property or the sale of all or a portion of investments in companies, where any individual transaction exceeds €300 million;
- issues of securities that, directly or indirectly, give rights to the share capital of the company or issues of convertible bonds, in excess of €100 million;
- issues of non-convertible bonds in excess of €500 million, except for transactions for purposes of renewing debt obligations on more favorable terms than those initially granted to the company;
- share repurchase programs proposed to the Ordinary Shareholders' Meeting, and financing transactions that are material or that may substantially alter the financial structure of the company, with the exception of financing to optimize the company's debt structure within previously approved thresholds;
- acquisitions, in any form, over €300 million;
- granting of sureties, endorsements and guarantees by the Management Board in favor of third parties, provided that each individual obligation does not exceed €300 million and that together all obligations do not exceed €1 billion. This authorization, which is given to the Management Board for 12 months, is reviewed every year;
- substantial internal restructuring transactions together with transactions falling outside the company's publicly disclosed strategy and strategic partnership agreements;
- setting up stock option plans or performance share plans or any other mechanisms with a similar purpose or effect;
- granting stock options or performance shares to members of the Management Board, and determining the number of shares they must own during their terms of office; and
- submitting proposals to the General Shareholders' Meeting to amend the company's by-laws, allocating profits and setting the amount of the dividend.

Having determined the principles of the compensation policy for members of the Management Board, the Supervisory Board draws up the resolutions to be submitted to the General Shareholders' Meeting to approve the compensation policy.

3.1.1.9. Information Provided to the Supervisory Board

Members of the Supervisory Board receive all the information necessary to perform their duties. Before any meeting, they may request any documents which they consider useful. Members of the Supervisory Board have the right to obtain information under the procedures set forth below.

Information Provided Prior to Meetings of the Supervisory Board

The Chairman of the Supervisory Board, with the assistance of the General Counsel, must send the appropriate information to the other members of the Supervisory Board, depending on the matters on the agenda.

Information Provided to the Supervisory Board on a Regular Basis

Members of the Supervisory Board are kept informed on a regular basis by either the Management Board or its Chairman of the company's financial position, cash flow and obligations, as well as any significant events and transactions relating to the company.

The Management Board must provide a quarterly report to the Supervisory Board on its activities and the group's operations.

In addition, on a monthly basis, the Management Board must provide information to the Supervisory Board on the company's operations and significant events.

Requests for information from members of the Supervisory Board relating to specific matters are sent to the Chairman and General Counsel who, along with the Chairman of the Management Board, are responsible for responding to such requests as soon as reasonably practicable. To supplement the information provided to them, members of the Supervisory Board are entitled to meet with the Management Board and the senior managers of the company, with or without the presence of members of the Management Board, after notice has been given to the Chairman of the Supervisory Board.

Collective Nature of the Supervisory Board's Decisions and Confidentiality of Information

The Supervisory Board acts as a body with collective responsibility. Its decisions are the responsibility of all of its members. Members of the Supervisory Board and any person attending meetings of the Supervisory Board are bound by strict confidentiality obligations with respect to any company information they receive in the context of meetings of the Supervisory Board and any of its committees, or confidential information presented by the Chairman of the Supervisory Board or Management Board and identified as such.

If the Supervisory Board is aware of specific confidential information that, if made public, could have a material impact on the share price of the company or the companies under its control, as defined under Article L.233-3 of the French Commercial Code, members of the Supervisory Board must refrain from both disclosing such information to any third party and dealing in the company's securities until such information has been made public.

3.1.1.10. Activities of the Supervisory Board in 2016

In 2016, the Supervisory Board met six times. The average rate of attendance at meetings was 93%.

Its work primarily focused on the following:

- review of the consolidated and statutory financial statements for fiscal year 2015, the 2016 budget, and information contained in the 2016 half-yearly and quarterly consolidated financial statements approved by the Management Board;
- review and approval of the proposals and work of the Audit Committee;
- review of the resolutions approved by the Management Board and submitted to the General Shareholders' Meeting held on April 21, 2016;
- the group's cash position;
- implementation of an EMTN program;
- bond issuance;
- implementation of a share repurchase program;
- review of the quarterly business reports prepared by the Management Board;
- assessment of the quality and structure of the group's balance sheet;
- operational progress of the group's main business activities;
- the group's internal and external growth prospects, principal strategic initiatives and opportunities;
- follow-up of the "Co-Founders" seminar for the group's senior management;
- regular review of acquisition and disposal projects;
- cash tender offer for Gameloft shares;
- acquisition of an increased interest in Ubisoft;
- acquisition of an interest in Fnac as part of a strategic partnership;
- proposed exclusive distribution agreement between the Canal+ Group and beIN Sports;
- a strategic and industrial partnership with Mediaset;
- acquisition of an interest in Mediaset;
- review of the various development axes and initiatives in Africa;
- monitoring of ongoing investigations and legal proceedings, in particular the Securities class action and the agreement resolving the Liberty Media dispute in the United States, the legal proceedings brought by shareholders in France and the disputes between Vivendi and Mediaset, and Vivendi and Fininvest in Italy;
- the composition of the Supervisory Board and its committees;
- review and approval of the proposals and work of the Corporate Governance, Nominations and Remuneration Committee, as applicable;
- review of succession plans within the group;
- evaluation of the performance of the Supervisory Board and its committees;
- compensation of the Chairman of the Supervisory Board;
- setting the compensation of the Chairman and members of the Management Board;
- the grant of performance shares to members of the Management Board;
- review of the company's equal opportunities policy;
- the employee shareholding policy and status;
- share capital increases reserved to employees in 2016 and 2017;
- election of the employee shareholder representative; and
- review of the company's corporate social responsibility (CSR) policy.

3.1.1.11. Assessment of the Supervisory Board's Performance

On a regular basis, and at least once every three years, the Supervisory Board undertakes a formal assessment of its performance alongside the Corporate Governance, Nominations and Remuneration Committee. In February 2015, this assessment was completed on the basis of a questionnaire given to each member of the Supervisory Board and through individual interviews led by Vivendi's General Counsel. In addition, every year, one item on the agenda is dedicated to a discussion of the performance of the Supervisory Board.

In 2016, the annual assessment of the Supervisory Board was based on the Board members' answers to a questionnaire covering the following themes: composition of the Board, Board practices and procedures, role and responsibilities of the Board, reporting to the Board, and practices and procedures of the Board Committees. The results of the assessment were presented and reviewed at the Corporate Governance, Nominations and Remuneration Committee meeting held on February 23, 2017.

The review highlighted the following points:

- the majority of Supervisory Board members were satisfied with the current size of the Board and its composition in terms of age, nationality and diversity of skills, culture and experience. Some members indicated areas that could be explored in order to bolster the Supervisory Board;
- the majority of Supervisory Board members were satisfied with the length of notice given for Board meetings, the way in which Board meetings are conducted, the consideration given to their requests, and the allocation of work between the Board and its Committees. Some members expressed the wish for a more in-depth review of the company's CSR policy. The Supervisory Board members broadly felt that they received sufficient information to fulfill their role and were satisfied with the practices and procedures of the Board committees; and
- the majority of Supervisory Board members believed that the Board dealt with issues and subjects within the scope of its authority, and that the involvement of the Board or its committees in the company's major decisions was satisfactory.

Lastly, the vast majority of Supervisory Board members were satisfied with the Board's relationship with the Management Board, and in particular the system of advisors introduced at the end of 2015, whereby each member of the Management Board acts as advisor to one or more Supervisory Board members.

3.1.1.12. Committees of the Supervisory Board

Organization and Operating Procedures of the Committees

The Supervisory Board has established two specialized committees and has decided on their composition and functions: the Audit Committee and the Corporate Governance, Nominations and Remuneration Committee. The members of these committees are indicated in the respective Composition sections below. The functions of the committees may not include delegated powers granted to the Supervisory Board by law or pursuant to the company's by-laws, or reduce or limit the powers of the Management Board. Within the scope of the powers granted to it, each committee issues proposals, recommendations or advice, as required.

The Supervisory Board has appointed a Chairman for each committee. The two committees are comprised of Supervisory Board members, appointed by the Supervisory Board. The members are appointed on a personal basis and cannot be represented by a delegate. Each committee determines the frequency of its meetings, which are held at the registered office of the company or in any other place that may be agreed by the Chairman of the committee. Committee meetings can also be held using video conferencing or other telecommunications technology.

The Chairman of each committee sets the agenda for meetings after consultation with the Chairman of the Supervisory Board. Minutes of each committee meeting are taken by the General Counsel, under the authority of the Chairman of the relevant committee, and are sent to the members of the relevant committee and to all other members of the Supervisory Board. Information about the committees' work is included below.

Each committee may request from the Management Board any document it deems necessary to fulfill its role and carry out its function. The committee may carry out or commission surveys to provide information for the Supervisory Board's discussions, and may request external consulting expertise as required.

The Chairman of each committee may invite all members of the Supervisory Board to attend a committee meeting. However, only committee members can take part in its deliberations. Each committee may decide to invite any individual of its choice to its meetings, as needed.

In addition to permanent committees, the Supervisory Board may establish ad hoc committees comprised of all or some of its members, each for a limited term, for transactions or assignments that are exceptional in terms of their importance or nature.

Audit Committee

Composition

The Audit Committee is currently composed of six members, four of whom are independent and all of whom have finance or accounting expertise. Its members are: Cathia Lawson-Hall (Chairwoman), Yannick Bolloré, Nathalie Bricault, Pascal Cagni, Alexandre de Juniac and Katie Stanton.

Functions

Following their appointment, members of the committee are informed as required of the accounting, financial and operational standards used within the company and the group.

In 2016, the Audit Committee met four times, in the presence of the company's Statutory Auditors. The attendance rate was 91%. The Audit Committee received information from, among other sources, the company's Statutory Auditors, the Chief Financial Officer, the General Counsel, the Deputy Chief Financial Officers, the Senior Vice President of Taxes and the Senior Vice President of Audit and Risks.

Its work primarily consisted of a review of:

- the financial statements for fiscal year 2015, the 2016 quarterly and half-yearly financial statements and the Statutory Auditors' reports;
- the 2016 budget;
- the group's financial policy and financial position;
- asset impairment tests;
- the process for monitoring return on capital employed (ROCE);
- the process for monitoring changes in accounting standards;
- reform of the legal audit engagement;
- the impacts of Brexit on the group's financial management;
- the internal audit of the headquarters and subsidiaries, and internal control procedures within the group;
- creation of a Risk Committee;
- analysis of risks and associated key audits;
- the report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures;
- tax risks and changes in France's tax laws and regulations;
- the insurance program;
- pension commitments;
- non-audit services provided by the Statutory Auditors and their fees;
- the competitive bidding procedure for the reappointment of one of the Statutory Auditors;

- implementation and follow-up of compliance procedures within the subsidiaries;
- the company's corporate social responsibility (CSR) program; and
- the main ongoing disputes and legal proceedings, in particular the Securities class action and the agreement resolving the Liberty Media dispute in the United States, the legal proceedings brought by shareholders in France and the disputes between Vivendi and Mediaset and Vivendi and Fininvest in Italy.

Corporate Governance, Nominations and Remuneration Committee

Composition

The Corporate Governance, Nomination and Remunerations Committee currently comprises seven members, four of whom are independent. Its members are: Philippe Bénacin (Chairman), Tarak Ben Ammar, Yannick Bolloré, Paulo Cardoso, Dominique Delport, Aliza Jabès and Virginie Morgon.

Functions

In 2016, the Corporate Governance, Nominations and Remuneration Committee met four times. The attendance rate was 100%.

Its work primarily focused on the following matters:

- compensation of the Chairman of the Supervisory Board;
- the fixed and variable compensation of members of the Management Board and its Chairman;
- 2015 bonuses paid in 2016;
- the expenses of the Corporate Officers;
- compensation policy for 2016;
- implementation in 2016 of an annual performance share plan;
- implementation in 2016 of a capital increase reserved for employees;
- the main features of the capital increase and the leveraged plan reserved for group employees for 2017;
- the composition of the Supervisory Board and its committees, and the appointment of a new member;
- review of the independence of Supervisory Board members;
- assessment of the functioning of the Supervisory Board, the Management Board, and its Chairman;
- review of the employment contracts of several executives of the group and its subsidiaries;
- review of the succession plans within the group and the retention of key employees;
- review of the company's policy on equal opportunity and gender equality; and
- follow-up of the "Co-Founders" seminar for the group's senior management.

3.2. Management Board

Arnaud de Puyfontaine, *Chairman of the Management Board*
Member of the Management Board

Frédéric Crépin, *Member of the Management Board and Group General Counsel*

Simon Gillham, *Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi*

Hervé Philippe, *Member of the Management Board and Chief Financial Officer*

Stéphane Roussel, *Member of the Management Board and Chief Operating Officer and Chairman and Chief Executive Officer of Gameloft*

3.2.1. GENERAL PROVISIONS

Pursuant to Article 12 of Vivendi's by-laws, the Management Board may be composed of a minimum of two and a maximum of seven members. Members of the Management Board are appointed by the Supervisory Board to serve four-year terms. The terms of office of members of the Management Board expire no later than at the close of the General Shareholders' Meeting held to approve the financial statements for the fiscal year during which the member reaches the age of 68. However, the Supervisory Board may extend that member's term, on one or more occasions, for a period not exceeding two years in total (Article 12 of Vivendi's by-laws).

Pursuant to Article 14 of Vivendi's by-laws, each member of the Management Board may choose to attend meetings by videoconferencing or other telecommunications technology.

As of 2015, each member of the Management Board acts as an advisor to one or more members of the Supervisory Board. This system encourages greater dialog and exchange between Supervisory Board and Management Board members.

3.2.2. COMPOSITION OF THE MANAGEMENT BOARD

The Management Board currently has five members, whose terms of office are due to expire on June 23, 2018. Detailed information about the Management Board members is provided below in the section "Main Activities of the Current Members of the Management Board".

Management Board Members

Name	Primary position	Age	Date of first nomination	Individual attendance rate of Management Board members	Number of shares held directly or through the PEG*
Arnaud de Puyfontaine	Chairman of the Management Board Member of the Management Board	52	06/24/2014 11/26/2013	100%	114,997
Frédéric Crépin	Member of the Management Board and Group General Counsel	47	11/10/2015	100%	119,603
Simon Gillham	Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi	61	11/10/2015	100%	103,519
Hervé Philippe	Member of the Management Board and Chief Financial Officer	58	06/24/2014	100%	18,133
Stéphane Roussel	Member of the Management Board and Chief Operating Officer and Chairman and Chief Executive Officer of Gameloft	55	06/24/2014	100%	97,800

* Units held in the Group Savings Plan (PEG) are valued based on Vivendi's share price at the close of business on December 31, 2016, i.e. €18.055.

Main Activities of the Current Members of the Management Board

ARNAUD DE PUYFONTAINE

Chairman of the Management Board

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Arnaud de Puyfontaine is a graduate of the ESCP (1988), the Multimedia Institute (1992) and Harvard Business School (2000).

He started his career as a consultant at Arthur Andersen and then in 1989 worked as a project manager at Rhône-Poulenc Pharma in Indonesia.

In 1990, he joined Figaro as Executive Director.

In 1995, as a member of the founding team of the Emap group in France, he headed Télé Poche and Studio Magazine, managed the acquisition of Télé Star and Télé Star Jeux, and launched the Emap Star Division, before becoming Chief Executive Officer of Emap France in 1998.

In 1999, he was appointed Chairman and Chief Executive Officer of Emap France, and, in 2000, joined the Executive Board of Emap plc. He has led several M&A deals, and concomitantly, from 2000 to 2005, served as Chairman of EMW, the Emap/Wanadoo digital subsidiary.

In August 2006, he was appointed Chairman and Chief Executive Officer of Editions Mondadori France. In June 2007, he became General Manager of all digital business for the Mondadori group.

In April 2009, Arnaud de Puyfontaine joined the US media group Hearst as Chief Executive Officer of its UK subsidiary, Hearst UK.

In 2011, on behalf of the Hearst group, he led the acquisition of 102 magazines published abroad from the Lagardère group, and, in June 2011, was appointed Executive Vice President of Hearst Magazines International. In May 2012, he joined the Board of Directors of Schibsted and in August 2013, was appointed Managing Director for Western Europe. He has also been Chairman of ESCP Europe Alumni.

From January to June 2014, Arnaud de Puyfontaine was a member of the Vivendi Management Board and Senior Executive Vice President in charge of its media and content operations. Since June 24, 2014, he has been Chairman of the Management Board.

POSITIONS CURRENTLY HELD

Vivendi group

- Universal Music France (SAS), Chairman of the Supervisory Board
- Canal+ Group, member of the Supervisory Board
- Banijay Group (SAS), permanent representative of Vivendi on the Supervisory Committee

OTHER POSITIONS AND OFFICES

- Telecom Italia SpA (*) (Italy), Director and Vice Chairman of the Board of Directors
- Gloo Networks plc. (*) (United Kingdom), Non-Executive Chairman
- Schibsted Media group, Independent Director
- Innit, member of the Advisory Committee
- French-American Foundation, Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Studiocanal, member of the Supervisory Board
- Canal+ Group, Chairman of the Supervisory Board
- GVT Participaçoes SA (Brazil), Chairman of the Board of Directors
- Canal+ Group, Vice Chairman of the Supervisory Board
- Kepler, Independent Director
- ESCP Europe Alumni, Chairman
- The National Magazine Company Limited (United Kingdom), Director
- Hearst-Rodale UK Limited (United Kingdom), Director
- Handbag.com Limited (United Kingdom), Director
- Hearst Magazines UK 2012-1 (United Kingdom), Director
- F.E.P. (UK) Limited (United Kingdom), Director
- COMAG (Condé Nast Magazine Distributors Limited) (United Kingdom), Director
- PPA (Professional Publishers Association) (United Kingdom), Director
- Compagnie Internationale de Presse and de Publicité (Monaco), Director
- Hearts Magazines, S.L. (Spain), Director
- Hearts Magazines Italia S.p.A (Italy), Director
- Melty group, Director
- Iceberg lux, member of the Advisory Committee

(*) Listed on a regulated market.

FRÉDÉRIC CRÉPIN

Member of the Management Board

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Frédéric Crépin is a graduate of the *Institut d'Études Politiques de Paris* (Sciences-Po), and holds a master's degree in European business law from the *Université Panthéon-Assas* (Paris II), a master's degree in labor and employment law from the *Université Paris Ouest Nanterre La Défense* (Paris X Nanterre), and an LLM degree (Master of Laws) from New York University School of Law.

Admitted to the bars of both Paris and New York, Frédéric Crépin began his career working as an attorney at several law firms. From 1995 to 1998, he was an attorney at Siméon & Associés in Paris and then, from 1999 to 2000, he was an associate at Weil Gotshal & Manges LLP in New York.

From July 2000 to August 2005, Frédéric Crépin served as a Special Advisor to the General Counsel and as a member of the legal department of Vivendi Universal before being appointed Senior Vice President and Head of the legal department of Vivendi in August 2005. In June 2014, he was named General Counsel and Company Secretary of the Vivendi group. In September 2015, he became General Counsel and Company Secretary of Canal+ Group,

He was appointed to the Vivendi Management Board on November 10, 2015.

POSITIONS CURRENTLY HELD

Vivendi group

- Canal+ Group, member of the Supervisory Board
- Studiocanal, member of the Supervisory Board
- Universal Music France (SAS), member of the Supervisory Board
- Dailymotion, Director
- Wengo, Director
- Canal Olympia, Director
- L'Olympia (SAS), Director
- SIG 116 SAS, Chairman
- SIG 117 SAS, Chairman
- SIG 119 SAS, Chairman
- SIG 120 SAS, Chairman
- Vivendi Holding I LLC. United States, Director

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Activision Blizzard, Inc. (United States), Director, Chairman of the Governance and Nominations Committee and member of the Human Resources Committee
- Canal+ France, member of the Supervisory Board
- SFR, Director
- SFR, Permanent Vivendi Representative on the Board of Directors
- SIG 50, Chairman and Chief Executive Officer and Director
- SIG 73, Chairman and Chief Executive Officer and Director
- SIG 108 SAS, Chairman
- SIG 114 SAS, Chairman
- SIG 115 SAS, Chairman

SIMON GILLHAM

Member of the Management Board

British citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Simon Gillham holds degrees from the Universities of Sussex and Bristol. In 1981, Simon Gillham began his career at Thomson where he was responsible for language and management training. In 1985 he formed his own training and communication company York Consultants. In 1991 he was appointed Vice President, Communications of Thomson Consumer Electronics and subsequently joined the CarnaudMetalbox group in 1994. In early 1999, Simon Gillham became Vice President, Global Communications of the Valeo group before assuming the position of Vice President, Communications at Havas in April 2001. He joined Vivendi in 2007, serving as Senior Executive Vice President, Communications & CSR.

Simon Gillham is Chairman of Vivendi Village. In this role, he oversees the activities of Vivendi Ticketing (Digitik and See Tickets), MyBestPro (connecting individual consumers with professional service providers), Watchever (subscription video on demand), Radionomy (radio platform) and the legendary Paris theater, L'Olympia, of which he is the Chairman, as well as the Théâtre de l'Œuvre. He is also responsible for the Talent Management and Live Events activities at Vivendi Village.

He was appointed to the Vivendi Management Board on November 10, 2015

He is Vice President of CA Brive Rugby Club.

POSITIONS CURRENTLY HELD

Vivendi group

- Vivendi Village (SAS), Chairman
- Digitick, Director
- L'Olympia (SAS), Chairman
- See Group Limited (UK), Chairman of the Board of Directors
- The Way Ahead Group (UK), Chairman of the Board of Directors
- Watchever, Chairman of the Board of Directors
- UK Ticketing Ltd (UK), Chairman of the Board of Directors
- UBU Productions (SAS), Chairman
- MyBestPro (SAS), Chairman
- Canal+ Group, member of the Supervisory Board
- Vivendi Ticketing US LLC (USA), Director
- Dailymotion, Director
- Universal Music France (SAS), member of the Supervisory Board

OTHER POSITIONS AND OFFICES

- Groupe Fnac (*), permanent representative of Compagnie Financière du 42 avenue de Friedland on the Board of Directors
- CA Brive Rugby Club, Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Digitick, Chairman of the Board of Directors
- Wengo, Chairman of the Board of Directors
- Studiocanal, member of the Supervisory Board
- Canal+ France, member of the Supervisory Board
- SIG 100 SAS, Chairman
- The Franco-British Chamber of Commerce, Director

(*) Listed on a regulated market.

HERVÉ PHILIPPE

Member of the Management Board

French citizen.

Vivendi - 42, avenue de Friedland -
75008 Paris - France

EXPERTISE AND EXPERIENCE

Hervé Philippe is a graduate of the *Institut d'Études Politiques de Paris* and holds a degree in Economic Sciences. He began his career with Crédit National in 1982 as an account manager for business financing in the Île-de-France region.

In 1989, he joined the French market authority, the *Commission des opérations de bourse* (COB) as manager for the sector of French companies listed for trading. From 1992 to 1998, he served as Head of the Transactions and Financial Information department.

In 1998, he joined the Sagem group, where he held the positions of Director of Legal and Administrative Affairs at Sagem SA (1998-2000), Chief Administrative and Financial Officer at Sfim (1999-2000), and Director of Communication at Sagem SA (2000-2001). In 2001, he assumed the position of Chief Financial Officer and became a member of the Sagem SA Management Board in 2003.

Hervé Philippe was appointed Chief Financial Officer of the Havas Group in November 2005 and, in May 2010, was named deputy Chief Executive Officer (*Directeur Général Délégué*) until December 31, 2013.

He has served as Vivendi's Chief Financial Officer since January 1, 2014 and as a member of its Management Board since June 24, 2014.

POSITIONS CURRENTLY HELD

Vivendi group

- Canal+ Group, Vice Chairman of the Supervisory Board
- Compagnie Financière du 42 avenue de Friedland (SAS), Chairman
- Dailymotion, Director and member of the Audit Committee
- Universal Music France (SAS), member of the Supervisory Board
- Banijay Group (SAS), permanent representative of Vivendi Content on the Supervisory Committee

OTHER POSITIONS AND OFFICES

- Telecom Italia SpA (Italy) (*), Director
- Harvest (**), Director
- Sifraba, Director
- Jean Bal, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Studiocanal, member of the Supervisory Board
- GVT Participações S.A. (Brazil), Director
- SFR, Director
- Maroc Telecom, member of the Supervisory Board
- Havas (*), permanent representative of Financière de Longchamp on the Board of Directors
- Havas Life Paris, permanent representative of Havas on the Board of Directors
- Havas Media France, permanent representative of Havas on the Board of Directors
- Providence, permanent representative of Havas on the Board of Directors
- BETC, permanent representative of Havas on the Supervisory Board
- OPCI de la Seine et de l'Ourcq, Chairman of the Board of Directors
- LNE, Chairman of the Board of Directors
- HA Pôle Ressources Humaines, Chairman and Chief Executive Officer and Director
- Havas 04, Chairman and member of the Supervisory Board
- Havas 08, Chairman
- Rosapark (formerly Havas 11), Chairman
- Havas 12, Chairman
- Havas 14, Chairman
- Havas 16, Chairman
- Havas Immobilier, Chairman
- Havas Participations, Chairman
- Financière de Longchamp, Chairman
- Havas RH, Chairman
- Havas Worldwide Paris, Director
- W & Cie, Director
- Havas Finances Services, Joint Manager
- Havas Publishing Services, Joint Manager
- Havas IT, Manager
- Havas, Legal Representative
- MFG Leg, Chairman
- R&D, Vice Chairman and member of the Supervisory Board
- GR.PO SA (Belgium), Director
- HR Gardens SA (Belgium), Director
- HR Gardens Belgium SA (Belgium), Director
- EMDS Group SA (Belgium), Director
- Banner Hills Systems Sprl (Belgium), Manager
- Field Research Corporation (United States), Chairman
- Havas Creative Inc. (United States), Senior Vice President and Director
- Havas North America Inc. (United States), Executive Vice President and Director
- Data Communique Inc. (United States), Director
- Havas Middle East FZ LLC (United Arab Emirates), Director
- Havas Management Portugal Unipessoal Lda (Portugal), Manager
- Havas Worldwide LLC (United States), Manager
- Washington Printing LLC (United States), Manager
- Havas Worldwide Brussels (Belgium), permanent representative of Havas on the Board of Directors.

(*) Listed on a regulated market.

(**) Listed on a non-regulated market.

STÉPHANE ROUSSEL

Member of the Management Board

French citizen.

Vivendi - 42, avenue de Friedland - 75008 Paris - France

EXPERTISE AND EXPERIENCE

Stéphane Roussel is a graduate of the *École des Psychologues Praticiens de Paris*.

Stéphane Roussel began his career working for the Xerox group from 1985 to 1997.

From 1997 to 2004, he held positions within the Carrefour group. He was first appointed Director of Human Resources for hypermarkets in France, before becoming Director of Human Resources Development for international business and then Director of Human Resources France for the entire Carrefour group.

From 2004 to 2009, he served as SFR's Vice President of Human Resources. From 2009 to 2012, Stéphane Roussel held the position of Executive Vice President of Human Resources at Vivendi before being appointed Chairman and Chief Executive Officer of SFR in June 2012, a position he held until May 2013, at which time he joined Vivendi's General Management.

Stéphane Roussel was appointed to the Vivendi Management Board on June 24, 2014. Since November 2015, he has been Vivendi's Chief Operating Officer, after serving as its Senior Executive Vice President, Development and Organization since October 2014.

In June 2016, he was appointed Chairman and Chief Executive Officer of Gameloft SE.

POSITIONS CURRENTLY HELD

Vivendi group

- Gameloft SE, Chairman and Chief Executive Officer
- Canal+ Group, member of the Supervisory Board
- Dailymotion, Director
- Universal Music France (SAS), member of the Supervisory Board
- Vivendi group Africa (SAS), Chairman
- Vivendi group Africa Bénin (SAS), Chairman
- Banijay Group (SAS), member of the Supervisory Committee

OTHER POSITIONS AND OFFICES

- Telecom Italia SpA (Italy) (*), Director
- IMS, Director
- Groupe Fnac (*), permanent representative of Vivendi on the Board of Directors

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Studiocanal, member of the Supervisory Board
- GVT Participações S.A. (Brazil), Director
- Numericable-SFR, permanent representative of Compagnie Financière du 42 avenue de Friedland on the Management Board
- Fondation SFR, member of the Board of Directors
- SFR, Chairman and Chief Executive Officer
- Fondation SFR, Chairman of the Board of Directors
- Activision Blizzard, Director
- Digitick S.A., Chairman of the Board of Directors
- See Group Limited (United Kingdom), Director
- UK Ticketing Ltd (United Kingdom), Director
- Arpejeh, President

3.2.3. FAMILY RELATIONSHIPS

To the company's knowledge, no family relationships exist between any members of the Management Board, or between any of them and any member of the Supervisory Board.

3.2.4. ABSENCE OF CONFLICTS OF INTEREST

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Management Board with regard to their personal interests or other responsibilities.

3.2.5. ABSENCE OF ANY CONVICTION FOR FRAUD, LIABILITY ASSOCIATED WITH A BUSINESS FAILURE OR PUBLIC PROSECUTION AND/OR SANCTION

Over the past five years, to the company's knowledge, no member of the Management Board has been convicted of any fraud-related matter, no official public accusation or sanction has been brought against any member of the Management Board, no member of the Management Board has been associated with bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body, or has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

(*) Listed on a regulated market.

3.2.6. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD – SERVICE AGREEMENTS

As Corporate Officers, members of the Management Board are bound by an employment contract with the company, with the exception of Arnaud de Puyfontaine, who waived the benefit of his employment contract, in compliance with the recommendations of the AFEP/MEDEF Code, following his appointment as Chairman of the Management Board by the Supervisory Board, at its meeting held on June 24, 2014.

No member of the Management Board is party to a service agreement entered into with Vivendi or any of its subsidiaries, pursuant to which that member may be entitled to receive any benefits.

3.2.7. LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any loans or issued any guarantees to any member of the Management Board.

3.2.8. JURISDICTION AND INTERNAL REGULATIONS OF THE MANAGEMENT BOARD

Authority and Functions of the Management Board pursuant to French Law and the Company's By-Laws

With respect to third parties, the Management Board is granted the broadest powers to act in any circumstance on behalf of the company, subject to the scope of the company's corporate purpose and to those situations where such power is expressly granted by law to the Supervisory Board or the Shareholders' Meetings, and to matters that require the prior approval of the Supervisory Board.

Internal Regulations

The Internal Regulations of the Management Board is a purely internal document intended to ensure that the company's Management Board functions properly and adheres to the most recent rules and regulations in furtherance of good corporate governance. It is not enforceable against third parties and may not be invoked by them against members of the Supervisory Board.

The Management Board is responsible for the day-to-day management of the company and for the conduct of its business. Pursuant to applicable law, the company's by-laws and the Supervisory Board's internal rules, the Management Board must obtain prior authorization from the Supervisory Board for certain transactions and initiatives.

3.2.9. ACTIVITIES OF THE MANAGEMENT BOARD IN 2016

In 2016, the Management Board met a total of 22 times. The attendance rate was 100%. It considered, among others, the following matters:

- review and approval of the statutory and consolidated financial statements for fiscal year 2015, the 2016 and 2017 budgets, and the 2016 quarterly and half-yearly financial statements;
- the notice of the General Shareholders' Meeting held on April 21, 2016;
- the group's financial communications;
- the group's financial position;
- assessment of the quality and structure of the group's balance sheet;
- the group's cash position;
- implementation of an EMTN program;
- bond issuance;
- implementation of a share repurchase program;
- capital reduction by canceling treasury shares;
- preparation of quarterly Activity Reports for the Supervisory Board;
- the work of the group's Internal Audit department;
- the group's internal and external growth prospects;
- the principal strategic opportunities and initiatives;
- activities of the group's main business units;
- review of the various development priorities and initiatives in Africa;
- cash tender offer for Gameloft shares;
- acquisition of an increased interest in Ubisoft;
- acquisition of an interest in Fnac as part of a strategic partnership;
- proposed exclusive distribution agreement between the Canal+ Group and beIN Sports;
- a strategic and industrial partnership with Mediaset;
- acquisition of an interest in Mediaset;
- finalization of the acquisition of an interest in the Banijay Zodiak group;
- monitoring of ongoing investigations and legal proceedings, in particular the securities class action and the agreement resolving the Liberty Media dispute in the United States, the legal proceedings brought by shareholders in France and the disputes between Vivendi and Mediaset and Vivendi and Fininvest in Italy;
- the group's compensation policy;
- implementation in 2016 of an annual performance share plan and a capital increase reserved for group employees;
- implementation of a long-term incentive plan indexed to growth in the value of Dailymotion;
- the main features of the capital increase and the leveraged plan reserved for group employees for 2017;
- development and retention of key employees;
- gender equality within the group;
- review of the business report and the corporate social responsibility ("CSR") report; and
- review of the Compliance Program.

3.3. Compensation of Directors and Officers

This Section constitutes the report on the principles and criteria for determining, allocating and granting the compensation of Corporate Officers, required by Article L.225-82-2 of the French Commercial Code.

The elements illustrating the implementation of the compensation policy applied to the Chairman and members of the Supervisory Board and to the Chairman and members of the Management Board are set out in Sections 3.4.1 and 3.4.2, respectively, of this Annual Report.

3.3.1. COMPENSATION POLICY FOR THE CHAIRMAN AND MEMBERS OF THE SUPERVISORY BOARD

3.3.1.1. Compensation policy for the Chairman of the Supervisory Board

Since the company became a *société anonyme* with a Management Board and Supervisory Board, the Chairman of the Supervisory Board has been awarded compensation based on his level of involvement in defining and developing the group's strategy and, more recently, in refocusing the group on its core business of content and media and his role in the review of proposed acquisitions of controlling or minority stakes. His compensation is set by the Supervisory Board upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. The Chairman of the Supervisory Board also receives directors' fees.

On June 24, 2014, when Vincent Bolloré was appointed Chairman of the Supervisory Board, his annual variable compensation was set at €400,000, subject, until 2015, to the same performance conditions as those applicable to members of the Management Board.

At its meeting held on February 18, 2016, the Supervisory Board decided that the annual amount of directors' fees received by the Chairman of the Supervisory Board (€60,000) would be deducted from the amount of his compensation.

At its meeting held on May 11, 2016, the Supervisory Board decided that, as of 2016, the Chairman's compensation would no longer be contingent on the achievement of performance conditions, thereby anticipating the November 2016 amendments to the AFEP/MEDEF Code. In 2016, the Chairman of the Supervisory Board received fixed compensation of €340,000 and directors' fees of €60,000. His compensation will remain unchanged in 2017.

3.3.1.2. Compensation of the Members of the Supervisory Board

Directors' fees

Within the overall limit of €1.5 million per year, unchanged since it was set by the Combined Shareholders' Meeting held on April 24, 2008, the payment of directors' fees to members of the Supervisory Board is based on attendance at meetings and the number of meetings held by the Supervisory Board and its committees. Payment of directors' fees is made on a half-yearly basis, in arrears.

At its meeting held on June 24, 2014, the Supervisory Board decided to distribute directors' fees, subject to an attendance condition and calculated on a pro-rata basis, as follows: each member of the Supervisory Board receives a fixed annual director's fee of €60,000; each member of the Audit Committee receives an annual attendance fee of €40,000 (€55,000 for its Chairman); and each member of the Corporate Governance, Nominations and Remuneration Committee receives an annual attendance fee of €30,000 (€45,000 for its Chairman).

The gross amount of directors' fees (before tax and deduction at source) for 2016 was €1,207,500. This figure is itemized in Section 3.4.1.2 below.

Apart from directors' fees, members of the Supervisory Board may receive compensation from the company for special assignments or services (see Section 3.1.1.6).

The Director representing employee shareholders and the Director representing employees both have employment contracts with Vivendi SA under the terms of which they receive compensation commensurate with their position in the company (salary, incentive plans and performance shares, as applicable).

3.3.2. COMPENSATION POLICY RELATING TO PRINCIPLES AND CRITERIA FOR SETTING THE COMPENSATION OF THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD

3.3.2.1. General

The compensation policy for the Chairman and members of the Management Board is set by the Corporate Governance, Nominations and Remuneration Committee and approved by the Supervisory Board.

Its purpose, in both the short-and long-term, is to better align the compensation of Corporate Officers and executives with shareholder interests. With this in mind, close attention has been paid to three major elements:

- the quantitative balance of the compensation, with particular attention paid to variable and long-term factors to contribute to the group's development and growth;
- the quality of the criteria attached to setting the annual variable portion. These criteria are based on both quantitative and qualitative targets proposed by the Corporate Governance, Nominations and Remuneration Committee and set by the Supervisory Board, giving special consideration to the issues defined in the company's corporate social responsibility (CSR) policy; and
- the group's long-term development, through the grant of performance shares subject to internal criteria that differ from those applied to the variable portion of compensation, and external criteria to strengthen the alignment of management interests with those of shareholders.

This policy is rolled out to the setting of compensation for the executive management of the major subsidiaries, with distinct weightings and criteria according to their business operations.

3.3.2.2. Compensation of the Members of the Management Board

Fixed Portion

Each year, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board sets the compensation of the members of the Management Board based on the level of responsibility of each member and benchmark studies of practices in a sample of French and international companies in the same business sectors **(1)** conducted by independent firms.

Annual Variable Portion

This is based on precise and adjusted quantitative and qualitative criteria. In order to provide dynamic support to the group's efforts, the weighting assigned to the quantitative and qualitative criteria used in calculating the annual variable portion of compensation is set by the Corporate Governance, Nominations and Remuneration Committee, and reflects the importance of and progress made in strategic efforts.

Quantitative Criteria

These are based on the financial indicators that the Corporate Governance, Nominations and Remuneration Committee has deemed most relevant to the assessment of the financial performance of the group and its major subsidiaries, whose businesses are based on a very similar economic model: the sale of content and services. These financial indicators are the adjusted net income of the group and its operating cash flow. They allow for the accurate measurement of the performance and income recorded by each business unit.

Qualitative Criteria

These are based on a series of priority actions assigned to corporate management. They are defined according to the strategy at group level and the action plans approved for each business unit.

These criteria allow for assessment of the officers' ability to implement and complete planned sales or acquisitions, undertake the necessary strategic realignments in an increasingly competitive environment, and identify new directions with regard to offerings of content and services.

For information purposes, the priority actions for 2016 are described in Section 3.4.2.1. below.

Criteria for 2017

At its meeting held on February 23, 2017 and upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set the following weightings and targets:

- financial targets (60% weighting):
  - 40%: (EBIT/Group),
  - 20%: cash flow after interest and tax (CFAIT); and
- priority actions (40% weighting):
  - 20%: initiate external growth opportunities and integrate new entities,
  - 20%: assure the group's organic growth, of which:
    - 8%: reduce the group's exposure to risk (legal and tax disputes),
    - 7%: continue to encourage activity between business units and develop revenue and cost synergies,
    - 5%: develop and obtain certification for CSR-related initiatives.

These qualitative criteria take into account the extent of the group's commitments to corporate social responsibility (CSR). Those commitments are based on developing and certifying initiatives taken in relation to the group's social challenges: promoting cultural diversity, encouraging knowledge sharing, protecting and empowering young people, and reconciling the use of personal data with its protection. CSR activities are certified by an independent specialized agency.

Weighting of the Variable Portion

For 2017, the variable portion is equal to 80% of the fixed compensation if the targets are achieved, with a maximum of 100% if the targets are substantially exceeded (compared with 100% and 150% in 2015) and a threshold of 50%.

Calculation of the variable portion is based on the fulfillment of precise, demanding and verifiable criteria. These include financial targets and the implementation of priority actions. For 2017, the financial criteria were given a 60% weighting (40% linked to EBIT and 20% to cash flow after interest and tax – CFAIT), and priority actions were given a 40% weighting, broken down into several qualitative criteria (see above) at different percentages, including 5% that is linked to corporate social responsibility (CSR).

Extraordinary compensation

In the event of extraordinary circumstances or transactions, the Supervisory Board may, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, award extraordinary compensation or make a special award of performance shares to members of the Management Board.

Grant of Performance Shares

Purpose

Annual compensation is supplemented by deferred compensation that reflects the company's longer-term challenges: the granting of performance shares, which vest subject to internal and external performance criteria applicable to both corporate management as well as all other employee beneficiaries.

The Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, approves criteria for the final grant of performance shares and sets the limits (threshold, target and maximum) for calculating the level of performance to be achieved, in order to determine whether the shares are to vest completely or partially.

To better assess long-term performance, internal financial criteria, different from those used in setting the variable portion of the compensation of corporate management, and external criteria, to take into account the alignment of the interests of management with those of the shareholders, are applied.

In 2016, the internal indicators (80% weighting) were growth of adjusted earnings per share (40%), EBITA growth (30%) and EBITA margin growth of each entity for the beneficiaries of the relevant subsidiaries (10%). The external indicator (20% weighting) was linked to the change in Vivendi's share price relative to the STOXX® Europe Media index (15%) and the CAC 40 (5%).

Achievement of the targets is assessed over a three-year period.

(1) Lagardère, Publicis (France), Pearson, Reed Elsevier, Sky plc, WPP (United Kingdom) and Rogers (Canada).

Beginning with the 2017 grant, the following conditions must be met for the performance shares to vest:

Weighting	Indicators
70%	**Financial targets**
35%	Growth in Group EBIT
35%	Growth in operating cash flow after interest and tax (Group CFAIT)
30%	**Average stock market indices performance (1)**
20%	STOXX® Europe Media
10%	CAC 40

(1) Dividends reinvested.

Calculation

All performance shares vest after three years, provided the beneficiary is present at the end of that period, if the weighted sum of internal and external indicators meets or exceeds 100%. 50% of shares and options vest if the weighted sum of the indicators meets the value for the thresholds (50%). An arithmetic calculation is performed for interim results. For a calculation of the achievement rate of performance criteria set for the performance share plans granted in 2014, see Section 3.5.4. below.

Benefits in kind in addition to compensation

Benefits in kind granted to the Chairman and members of the Management Board may include the use of a company car without a driver, profit share (under Vivendi's collective agreement), a time saving account (CET) and GSC coverage (job loss insurance for the Chairman of the Management Board who has waived the benefit of his employment contract).

Directors' fees

The Chairman and members of the Management Board may receive directors' fees in respect of a directorship or Supervisory Board membership in a Vivendi majority controlled subsidiary.

Signing bonus – deferred compensation

Signing bonus

When Management Board members are hired from outside the company, the Supervisory Board may, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, award them a signing bonus in cash or in performance shares to compensate for the loss of deferred compensation in their previous functions outside the Vivendi group.

Long-Term Cash Incentive

No long-term cash incentive plan has been granted to members of the Management Board.

Non-compete Payments

The members of the Management Board are not entitled to non-compete benefits.

Severance Payments

Members of the Management Board who also have an employment contract are not entitled to any type of severance payment due to the termination of their office. Except for the Chairman of Vivendi SA's Management Board (see Section 3.4.2.1), Corporate Officers are contractually entitled to a severance payment in the event of termination of their employment contract at Vivendi's initiative. These payments are limited to 18 months' salary (fixed plus target variable).

Supplemental Pension Plan

As is the case for a number of other senior executives of the Vivendi group, the Chairman and members of the Management Board are eligible for the supplemental defined-benefit pension plan, as implemented in December 2005 and approved by the Combined Shareholders' Meeting held on April 20, 2006.

The main terms of this pension plan, approved by the General Shareholders' Meeting of April 20, 2006 include: (i) a minimum of three years' seniority with the company, (ii) progressive maximum acquisition of seniority rights, limited to 20 years, which, according to a sliding scale, is not to exceed 2.5% per year and is progressively reduced to 1%, (iii) a reference salary for calculating pension payments equal to the average of the last three years with a dual upper limit (the reference salary is capped at 60 times the social security limit (€2,316,960 in 2016) and the acquisition of rights is limited to 30% of the reference salary), (iv) reversion to 60% in the event of death, (v) rights maintained in the event of retirement on the initiative of the company after the age of 55, and (vi) loss of the benefits in the event of a departure from the company, for any reason, before the age of 55.

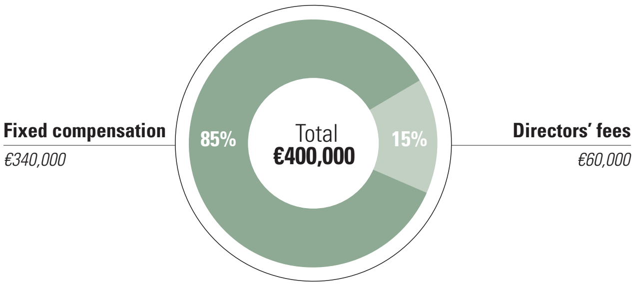
Pursuant to Article L.225-90-1 of the French Commercial Code, as amended by the Law of August 6, 2015 on Growth, Activity and Equal Economic Opportunity, known as the "Macron Law", the Supervisory Board resolved to submit the increase in the conditional rights of members of the Management Board under the group supplemental defined-benefit pension plan, for which they are eligible, to the following criteria, assessed each year: no increase in income shall apply if, for the year under consideration, the group's financial results (adjusted net income and operating cash flow) amount to less than 80% of the budget and if Vivendi's share performance is less than 80% of the average performance of a composite index (50% CAC 40 and 50% Euro STOXX Media).

The information required by Article R.225-104-1 of the French Commercial Code, deriving from Decree No. 2016-182 of February 23, 2016, is shown in Section 3.4.2.5. below.

3.4. Elements of Compensation of Directors and Officers

3.4.1. ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND ITS CHAIRMAN

3.4.1.1. Compensation of Vincent Bolloré, Chairman of the Supervisory Board, in 2016



At its meeting held on February 23, 2017 and upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided not to change Vincent Bolloré's compensation for 2017.

The Chairman of the Supervisory Board does not benefit from any other compensation or benefits of any kind for his service within the Vivendi group.

3.4.1.2. Directors' fees

Individual Amounts of Directors' Fees and Other Compensation Received by Members of the Supervisory Board (in euros – rounded to the nearest Euro) and Compensation of Non-Voting Directors (in euros – rounded to the nearest Euro)

			Individual attendance rate at Supervisory Board and Committee meetings in 2016		
Members of the Supervisory Board	Amounts paid for 2015	Amounts paid for 2016	Supervisory Board	Audit Committee	Corporate Governance, Nominations and Remuneration Committee
Vincent Bolloré, Chairman	60,000	60,000	100%	-	-
Philippe Bénacin, Deputy Chairman	105,000	105,000	100%	-	100%
Tarak Ben Ammar (a)	55,000	90,000	100%	-	100%
Yannick Bolloré (b)	na	47,500	100%	100%	-
Nathalie Bricault	100,000	100,000	100%	100%	-
Pascal Cagni	100,000	100,000	100%	100%	-
Daniel Camus (c)	57,500	na	na	-	-
Paulo Cardoso	90,000	90,000	100%	-	100%
Yseulys Costes	60,000	50,000	83.3%	-	-
Dominique Delport (a)	47,500	90,000	100%	-	100%
Philippe Donnet (d)	65,833	30,000	66.6%	75%	-
Aliza Jabès	90,000	80,000	83.3%	-	100%
Alexandre de Juniac	90,000	70,000	66.6%	75%	-
Cathia Lawson-Hall (e)	48,333	115,000	100%	100%	-
Henri Lachmann (f)	30,000	na	na	-	-
Virginie Morgon	82,500	90,000	100%	-	100%
Pierre Rodocanachi (f)	37,500	na	na	-	-
Katie Stanton	72,500	90,000	83.3%	100%	
TOTAL	**1,191,666**	**1,207,500**			

na: not applicable.

(a) Member of the Supervisory Board since April 17, 2015.
(b) Member of the Supervisory Board since May 11, 2016.
(c) Member of the Supervisory Board until September 2, 2015.
(d) Member of the Supervisory Board until May 11, 2016.
(e) Member of the Supervisory Board since September 2, 2015.
(f) Member of the Supervisory Board until April 17, 2015.

Non-voting Directors	Amounts paid for 2015 (in euros)	Amounts paid for 2016 (in euros)
Claude Bébéar (a)	80,000	23,956
Pierre Rodocanachi (a)	56,575	23,956
TOTAL	**136,575**	**47,912**

(a) Non-voting Director until April 18, 2016.

3.4.2. ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND ITS CHAIRMAN

3.4.2.1. Status and compensation of the Chairman of the Management Board

In compliance with the recommendations of the AFEP/MEDEF Code of Corporate Governance, Arnaud de Puyfontaine waived the benefit of his employment contract following his appointment as Chairman of the Management Board by the Supervisory Board, at its meeting held on June 24, 2014.

At its meetings held on February 18, 2016 and August 25, 2016, the Supervisory Board determined the elements of Arnaud de Puyfontaine's compensation and benefits in kind for 2016:

- fixed compensation: €1,200,000;
- variable compensation: 80% of the target and a maximum of 100% (50% threshold);
- eligibility for performance share grants subject to achievement of the conditions set by the Supervisory Board, which will vest and be transferable pursuant to the regulations of the performance share plan;
- use of a company car;
- payment of travel and other expenses incurred in the performance of his duties;
- eligibility for the Social Security, AGIRC and ARRCO pension plans, as well as accident insurance (mutual, disability and life insurance) under identical conditions as those subscribed to by other company employees; and
- a supplemental defined-benefit pension plan under identical conditions as those subscribed to by other company employees set up in December 2005, as approved by the Combined Shareholders' Meeting held on April 20, 2006.

At its meeting held on February 23, 2017, the Supervisory Board, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, reviewed the achievement rate of the financial objectives and the priority actions set out in the table below to calculate the variable portion for fiscal year 2016.

Determination of variable compensation for 2016

Weighting (in points)			2016 targets (in € millions) (*)				
Targets met	Maximum	Indicators	Threshold 50%	Target 80%	Maximum 100%	2016	Points obtained
40	**50**	**Group financial targets**					**50**
24	30	Adjusted net income (1)	351	**369**	406	**540**	30
16	20	Operating cash flow	249	**262**	288	**728**	20
40	**50**	**Priority actions of the Vivendi Management team**					**25**
12	15	Accelerate organic growth within each business unit and between units					6
12	15	Capture growth opportunities at the core or at the periphery of the business units					5
8	10	Successfully integrate new entities					6
4	5	Find solutions to resolve ongoing disputes					4
4	5	Develop and obtain certification for CSR-related initiatives: promote cultural diversity, protect and empower young people, encourage knowledge sharing, reconcile the use of personal data with its protection					4
80	**100**						**75**

(*) At constant exchange rates.
(1) Adjusted net income, excluding income from equity affiliates due to its unpredictability.

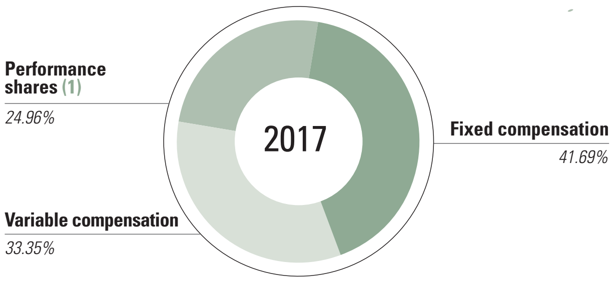
At its meeting held on February 23, 2017, the Supervisory Board set the variable compensation for the Chairman of the Management Board in respect of 2016 at 75% of his fixed compensation based on the points obtained for each criterion. His variable compensation for 2016, payable in 2017, therefore amounted to €900,000 before taxes and social security contributions.

At its meeting held on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board granted 95,000 performance shares to Arnaud de Puyfontaine. Vesting of these performance shares is subject to the fulfillment, over three consecutive fiscal years (2016, 2017 and 2018) of performance conditions, assessed at the completion of each period and based on criteria involving the following weighting: internal criteria (80% weighting), including adjusted earnings per share (40%), EBITA growth (30%) Group EBITA margin growth (10%), and an external criterion (20% weighting) linked to the change in Vivendi's share price relative to the STOXX® Europe Media index (15%) and the CAC 40 (5%).

At its meeting held on February 23, 2017 and upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set his compensation for 2017 as follows:

- fixed compensation: €1,200,000 (unchanged); and
- variable compensation: target 80% – maximum 100%.

At the same meeting, the Supervisory Board also awarded the Chairman of the Management Board 50,000 performance shares **(1)** fully subject to performance conditions over a period of three years (see Section 3.3.2.2.).



Conditional Severance Package for the Chairman of the Management Board upon Termination of his Position

At its meeting held on February 27, 2015, the Supervisory Board noted that Arnaud de Puyfontaine no longer benefited from his employment contract, which was waived following his appointment as Chairman of the Management Board, or from any termination benefits in the event of dismissal. As a result, it decided, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, that in the event of termination of his duties at the initiative of the company, he would be entitled to compensation, subject to performance conditions as recommended in the AFEP/MEDEF Code. This severance compensation would be capped at a gross amount equal to 18 months of the target compensation (on the basis of the last fixed compensation and the last annual bonus earned over a full year).

If the bonus paid during the reference period (the 12-month period preceding notification of departure) is:

- greater than the target bonus, the calculation of the compensation will only take into account the amount of the target bonus; or
- less than the target bonus, the amount of the compensation will be capped in any event at two years of the compensation actually received (in compliance with the AFEP/MEDEF Code), and may not exceed 18 months of the target compensation.

This indemnity would not be payable if the group's financial results (adjusted net income and operating cash flow) were less than 80% of the budget over the two years prior to the departure, and if Vivendi's share performance was less than 80% of the average performance of a composite index (50% CAC 40 and 50% Euro STOXX Media) over the past 24 months. At the same meeting, the Supervisory Board decided that, in the event of departure under the conditions defined above (giving a right to the indemnity), all rights to performance shares not yet vested on the departure date would be maintained, subject to the relevant performance conditions. This severance payment would not be payable in the event of resignation or retirement. This conditional commitment referred to in Article L.225-90-1 of the French Commercial Code was approved by the General Shareholders' Meeting held on April 17, 2015 (Resolution 10).

3.4.2.2. Status and Compensation of Members of the Management Board

With the exception of the Chairman, the members of the Management Board hold employment contracts. At its meeting held on February 23, 2017, the Supervisory Board, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, reviewed the achievement of the financial objectives and priority actions in order to calculate the variable portion of the compensation for members of the Management Board (50% threshold, 80% target, capped at 100%) for fiscal year 2016.

Based on the points obtained for each criterion, variable compensation of the Management Board members for 2016 was set at 75% of fixed compensation.

The amount of variable compensation due to each member of the Management Board in respect of 2016, payable in 2017, is provided in Section 3.4.2.2.2. below.

At its meeting held on February 23, 2017, the Supervisory Board, upon the proposal of the Governance, Nominations and Remuneration Committee, set the fixed and variable compensation and the number of performance shares to be awarded to members of the Management Board in 2017.

Fixed and variable compensation of Members of the Management Board for 2017 – Number of performance shares to be awarded in 2017

		Variable compensation		
	Fixed compensation (in euros)	Target	Maximum	Performance shares (1)
Frédéric Crépin	750,000	80%	100%	40,000
Simon Gillham	675,000	80%	100%	30,000
Hervé Philippe	940,000	80%	100%	40,000
Stéphane Roussel	1,000,000	80%	100%	40,000

(1) The value of the benefit for each performance share awarded in 2017 is €14.37. This estimated value per share is given for indicative purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date in 2020 and on the date of sale of the shares (as of 2022).

3.4.2.2.1. Summary of gross compensation paid (before taxes and social security contributions) and the value of performance shares granted to each member of the Management Board during fiscal year 2016 (AMF Recommendations, Table 1)

(in euros)	2015	2016
Arnaud de Puyfontaine Chairman of the Management Board		
Gross compensation paid	2,204,366	2,349,359
Book value of stock options granted	na	na
Book value of performance shares granted (a)	1,188,600	1,394,600
Total	**3,392,966**	**3,743,959**
Frédéric Crépin (2) **Member of the Management Board and Group General Counsel**		
Gross compensation paid	(1) 110,441	921,066
Book value of stock options granted	na	na
Book value of performance shares granted (a)	na	734,000
Total	**110,441**	**1,655,066**
Simon Gillham (2) **Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi**		
Gross compensation paid	(1) 97,286	743,228
Book value of stock options granted	na	na
Book value of performance shares granted (a)	na	734,000
Total	**97,296**	**1,477,228**
Hervé Philippe (3) **Member of the Management Board and Chief Financial Officer**		
Gross compensation paid	(1) 1,161,441	1,841,128
Book value of stock options granted	na	na
Book value of performance shares granted (a)	849,000	734,000
Total	**2,010,441**	**2,575,128**
Stéphane Roussel (3) **Member of the Management Board and Chief Operating Officer**		
Gross compensation paid	(1) 1,169,645	2,096,411
Book value of stock options granted	na	na
Book value of performance shares granted (a)	849,000	734,000
Total	**2,018,645**	**2,830,411**

na: not applicable.

(1) Amounts prorated.

(2) Member of the Management Board since November 10, 2015.

(3) Member of the Management Board since June 24, 2014.

(a) The book value is calculated based on the adjusted number of stock options and performance shares. The retained value of the unit right is shown in the financial statements pursuant to IFRS standards (Note 22 to the Consolidated Financial Statements in Chapter 4 describes the valuation of securities settled through the issuance of shares). The value is €16.98 for each performance share granted in February 2015 and €14.68 for each performance share granted in May 2016.

3.4.2.2.2. Summary table of compensation (before taxes and social security contributions) of each member of the Management Board during fiscal years 2015 and 2016 (AMF Recommendations, Table 2)

	Fiscal year 2015		Fiscal year 2016	
(in euros)	Amounts paid	Amounts owed	Amounts paid	Amounts owed
Arnaud de Puyfontaine – Chairman of the Management Board				
Fixed compensation	900,000	900,000	1,200,000	1,200,000
Variable compensation for 2014	1,282,500	-	-	-
Variable compensation for 2015	-	1,125,000	1,125,000	-
Variable compensation for 2016	-	-	-	900,000
Other compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind (*)	21,866	21,866	24,359	24,359
Total	**2,204,366**	**2,046,866**	**2,349,359**	**2,124,359**
Frédéric Crépin, Member of the Management Board (1)				
Fixed compensation	(2) 91,667	(2) 91,667	750,000	750,000
Variable compensation for 2015	-	114,584	114,584	-
Variable compensation for 2016	-	-	-	560,000
Other compensation	na	na	na	na
Directors' fees	na	na	(4) 17,500	17,500
Benefits in kind (**)	18,774	18,774	38,982	38,982
Total	**110,441**	**225,025**	**921,066**	**1,366,482**
Simon Gillham, Member of the Management Board (1)				
Fixed compensation	(2) 75,000	(2) 75,000	625,000	625,000
Variable compensation for 2015	-	93,750	93,750	-
Variable compensation for 2016	-	-	-	470,000
Other compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind (**)	22,296	22,296	24,478	24,478
Total	**97,296**	**191,046**	**743,228**	**1,119,478**
Hervé Philippe, Member of the Management Board (3)				
Fixed compensation	700,000	700,000	940,000	940,000
Variable compensation for 2014	(2) 437,500	-	-	-
Variable compensation for 2015	-	875,000	875,000	-
Variable compensation for 2016	-	-	-	705,000
Other compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind (**)	23,941	23,941	26,128	26,128
Total	**1,161,441**	**1,598,941**	**1,841,128**	**1,671,128**
Stéphane Roussel, Member of the Management Board (3)				
Fixed compensation	708,333	708,333	1,000,000	1,000,000
Variable compensation for 2014	(2) 437,500	-	-	-
Variable compensation for 2015	-	885,417	885,417	-
Variable compensation for 2016	-	-	-	750,000
Other compensation	na	na	167,500	167,500
Directors' fees	na	na	(4) 17,500	17,500
Benefits in kind (**)	23,812	23,812	(4) 25,994	25,994
Total	**1,169,645**	**1,617,562**	**2,096,411**	**1,775,994**

na: not applicable.

(1) Member of the Management Board since November 10, 2015.
(2) Amounts prorated.
(3) Member of the Management Board since June 24, 2014.
(4) Attendance fees and compensation paid by Gameloft SE (pro rata temporis)
(*) The amount of benefits in kind includes the use of a company car without a driver and GSC coverage (job loss insurance for Corporate Officers).
(**) The amount of benefits in kind includes, depending on the case, the use of a company car without a driver, profit sharing, job loss insurance and the partial liquidation of the time savings account (CET).

3.4.2.2.3. Summary of Commitments Issued in Favor of the Chairman and Members of the Management Board (AMF Recommendations, Table 10)

	Employment contract		Eligibility for supplemental pension plan (1)		Compensation or other benefits due or that may become due at the end of a term in office		Non-compete payment	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud de Puyfontaine Chairman of the Management Board		(2) X	X		(3) X			X
Frédéric Crépin Member of the Management Board	X		X			X		X
Simon Gillham Member of the Management Board	X		X			X		X
Hervé Philippe Member of the Management Board	X		X			X		X
Stéphane Roussel Member of the Management Board	X		X			X		X

(1) Subject to plan terms and conditions and to the criteria governing the annual annuity growth rate (see Section 3.3).

(2) Arnaud de Puyfontaine waived the benefit of his employment contract following his appointment as Chairman of the Management Board by the Supervisory Board on June 24, 2014.

(3) Commitment approved at the General Shareholders' Meeting held on April 17, 2015.

3.4.2.2.4. Elements of Compensation due or granted to Directors and Officers in respect of fiscal year 2016, subject to the opinion of the Combined General Shareholders' Meeting of April 25, 2017

M. Vincent Bolloré – Chairman of the Supervisory Board

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€340,000	Gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016	na	The Chairman of the Supervisory Board does not receive any variable compensation.
2016 variable compensation due in 2017	na	The Chairman of the Supervisory Board does not receive any variable compensation.
Variable deferred compensation	na	The Chairman of the Supervisory Board does not receive any variable deferred compensation.
Multi-year variable compensation	na	The Chairman of the Supervisory Board does not receive any multi-year variable compensation.
Extraordinary compensation	na	The Chairman of the Supervisory Board does not receive any extraordinary compensation.
Stock options	na	The company ceased awarding stock options in 2013. In addition, pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of stock options.
Performance shares	na	Pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of performance shares.
Directors' fees	€60,000	Fixed amount.
Benefits in kind	na	The Chairman of the Supervisory Board does not receive any benefits in kind.

Deferred compensation elements due or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	na	The Chairman of the Supervisory Board will not receive a severance payment.
Non-compete payment	na	The Chairman of the Supervisory Board receives no payment of this kind.
Supplemental pension plan	na	The Chairman of the Supervisory Board is not eligible for Vivendi's defined benefit pension plan.

na: not applicable.

Arnaud de Puyfontaine – Chairman of the Management Board

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€1,200,000	Gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016	€1,125,000	At its meeting held on February 18, 2016, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of the Chairman of the Management Board in respect of 2015. It amounted to 125% of his fixed compensation (see Section 3.3.1.1 of the 2015 Annual Report).
2016 variable compensation due in 2017	€900,000	At its meeting held on February 23, 2017, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of the Chairman of the Management Board in respect of 2016. It amounted to 75% of his fixed compensation (see Section 3.4.2.1 of this Annual Report).
Variable deferred compensation	na	The Chairman of the Management Board does not receive any variable deferred compensation.
Multi-year variable compensation	na	The Chairman of the Management Board does not receive any multi-year variable compensation.
Extraordinary compensation	na	The Chairman of the Management Board does not receive any extraordinary compensation.
Stock options	na	The company ceased awarding stock options in 2013.
Performance shares	€1,394,600 (book value)	Grant of 95,000 performance shares by the Supervisory Board on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2016-2018), which, pursuant to the regulations of the performance share plan, requires satisfaction of three internal indicators (80%): adjusted earnings per share (40%), EBITA growth rate (30%), and the EBITA margin of each entity for beneficiaries of the relevant subsidiaries (10%), to be determined as of December 31, 2018 based on the cumulative fiscal years 2016, 2017 and 2018; and an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018 relative to two indices: the STOXX® Europe Media (15%) and the CAC 40 (5%).
Directors' fees	na	The Chairman of the Management Board does not receive directors' fees from any Vivendi group entities.
Benefits in kind	€24,359	Company car without a driver and GSC job loss insurance.

Deferred compensation elements owed or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Conditional commitment in the event of termination at the initiative of the company, subject to performance conditions (see Section 3.4.2.1. of this Annual Report).
Non-compete payment	None	The Chairman of the Management Board receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, the Chairman of the Management Board is eligible for the defined-benefit supplemental pension plan set up in December 2005, approved by the Combined Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security upper limit as well as a presence condition at the company at the time of retirement. Annuity growth rate in 2015, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2016: €57,924 (see Section 3.4.2.5. of this Annual Report).

na: not applicable.

Frédéric Crépin, Member of the Management Board and Group General Counsel

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€750,000	Annual gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016 (prorated)	€114,584	At its meeting held on February 18, 2016, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Frédéric Crépin in respect of 2015. It amounted to 125% of his fixed compensation (see Section 3.3.1.1 of the 2015 Annual Report).
2016 variable compensation due in 2017	€560,000	At its meeting held on February 23, 2017, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Frédéric Crépin in respect of 2016. It amounted to 75% of his fixed compensation (see Section 3.4.2.1 of this Annual Report).
Variable deferred compensation	na	Frédéric Crépin does not receive any variable deferred compensation.
Multi-year variable compensation	na	Frédéric Crépin does not receive any multi-year variable compensation.
Extraordinary compensation	na	Frédéric Crépin has not received any extraordinary compensation since his appointment as a member of the Management Board.
Stock options	na	The company ceased awarding stock options in 2013.
Performance shares	€734,000	Grant of 50,000 performance shares by the Supervisory Board on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2016-2018), which, pursuant to the regulations of the performance share plan, requires satisfaction of three internal indicators (80%): adjusted earnings per share (40%), EBITA growth rate (30%), and the EBITA margin of each entity for beneficiaries of the relevant subsidiaries (10%), to be determined as of December 31, 2018 based on the cumulative fiscal years 2016, 2017 and 2018; and an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018 relative to two indices: the STOXX® Europe Media (15%) and the CAC 40 (5%).
Directors' fees	€17,500	Directors' fees paid by Gameloft SE (in respect of second-half 2016), of which Frédéric Crépin has been a Director since June 29, 2016.
Benefits in kind	€38,982	No company car, profit share (under Vivendi's collective agreement) and partial liquidation of time saving account (CET).

Deferred compensation elements owed or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Frédéric Crépin does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Frédéric Crépin receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Frédéric Crépin is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security upper limit as well as a presence condition at the company at the time of retirement. Annuity growth rate in 2016, including a seniority-based increase within the group: 1.00% subject to performance criteria. Amount of potential pension acquired in 2016: €13,854 (see Section 3.4.2.5. of this Annual Report).

na: not applicable.

Simon Gillham – Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€625,000	Annual gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016 (prorated)	€93,750	At its meeting held on February 18, 2016, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Simon Gillham in respect of 2015. It amounted to 125% of his fixed compensation (see Section 3.3.1.1 of the 2015 Annual Report).
2016 variable compensation due in 2017	€470,000	At its meeting held on February 23, 2017, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Simon Gillham in respect of 2016. It amounted to 75% of his fixed compensation (see Section 3.4.2.1 of this Annual Report).
Variable deferred compensation	na	Simon Gillham does not receive any variable deferred compensation.
Multi-year variable compensation	na	Simon Gillham does not receive any multi-year variable compensation.
Extraordinary compensation	na	Simon Gillham has not received any extraordinary compensation since his appointment as a member of the Management Board.
Stock options	na	The company ceased awarding stock options in 2013.
Performance shares	€734,000	Grant of 50,000 performance shares by the Supervisory Board on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2016-2018), which, pursuant to the regulations of the performance share plan, requires satisfaction of three internal indicators (80%): adjusted earnings per share (40%), EBITA growth rate (30%), and the EBITA margin of each entity for beneficiaries of the relevant subsidiaries (10%), to be determined as of December 31, 2018 based on the cumulative fiscal years 2016, 2017 and 2018; and an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018 relative to two indices: the STOXX® Europe Media (15%) and the CAC 40 (5%).
Directors' fees	na	Simon Gillham does not receive directors' fees from any Vivendi group entities.
Benefits in kind	€24,478	Company car without a driver and profit share (under Vivendi's collective agreement).

Deferred compensation elements owed or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Simon Gillham does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Simon Gillham receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Simon Gillham is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined Shareholders' Meeting of April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security upper limit as well as a presence condition at the company at the time of retirement. Annuity growth rate in 2016, including a seniority-based increase within the group: 1.25% subject to performance criteria. Amount of potential pension acquired in 2016: €14,193 (see Section 3.4.2.5. of this Annual Report).

na: not applicable.

Hervé Philippe – Member of the Management Board and Chief Financial Officer

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€940,000	Gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016	€875,000	At its meeting held on February 18, 2016, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Hervé Philippe in respect of 2015. It amounted to 125% of his fixed compensation (see Section 3.3.1.1 of the 2015 Annual Report).
2016 variable compensation payable in 2017	€705,000	At its meeting held on February 23, 2017, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Hervé Philippe in respect of 2016. It amounted to 75% of his fixed compensation (see Section 3.4.2.1 of this Annual Report).
Variable deferred compensation	na	Hervé Philippe does not receive any variable deferred compensation.
Multi-year variable compensation	na	Hervé Philippe does not receive any multi-year variable compensation.
Extraordinary compensation	na	Hervé Philippe has not received any extraordinary compensation since his appointment as a member of the Management Board.
Stock options	na	The company ceased awarding stock options in 2013.
Performance shares	€734,000 (book value)	Grant of 50,000 performance shares by the Supervisory Board on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2016-2018), which, pursuant to the regulations of the performance share plan, requires satisfaction of three internal indicators (80%): adjusted earnings per share (40%), EBITA growth rate (30%), and the EBITA margin of each entity for beneficiaries of the relevant subsidiaries (10%), to be determined as of December 31, 2018 based on the cumulative fiscal years 2016, 2017 and 2018; and an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018 relative to two indices: the STOXX® Europe Media (15%) and the CAC 40 (5%).
Directors' fees	na	Hervé Philippe does not receive directors' fees from any Vivendi group entities.
Benefits in kind	€26,128	Company car without a driver and profit share (under Vivendi's collective agreement).

Deferred compensation elements owed or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Hervé Philippe does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Hervé Philippe receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Hervé Philippe is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security upper limit as well as a presence condition at the company at the time of retirement. Annuity growth rate in 2016, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2016: €45,375 (see Section 3.4.2.5. of this Annual Report).

na: not applicable.

Stéphane Roussel – Member of the Management Board and Senior Executive Vice President, Development and Organization

Compensation elements (fiscal year 2016)	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€1,000,000	Gross fixed compensation approved by the Supervisory Board on August 25, 2016 upon the proposal of the Corporate Governance, Nominations and Remuneration Committee.
2015 variable compensation paid in 2016	€885,417	At its meeting held on February 18, 2016, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Stéphane Roussel in respect of 2015. It amounted to 125% of his fixed compensation (see Section 3.3.1.1 of the 2015 Annual Report).
2016 variable compensation due in 2017	€750,000	At its meeting held on February 23, 2017, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the variable elements of the compensation of Stéphane Roussel in respect of 2016. It amounted to 75% of his fixed compensation (see Section 3.4.2.1 of this Annual Report).
Variable deferred compensation	na	Stéphane Roussel does not receive any variable deferred compensation.
Multi-year variable compensation	na	Stéphane Roussel does not receive any multi-year variable compensation.
Extraordinary compensation	na	Stéphane Roussel has not received any extraordinary compensation since his appointment as member of the Management Board.
Stock options	na	The company ceased awarding stock options in 2013.
Performance shares	€734,000 (book value)	Grant of 50,000 performance shares by the Supervisory Board on May 11, 2016, upon the proposal of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2016-2018), which, pursuant to the regulations of the performance share plan, requires satisfaction of three internal indicators (80%): adjusted earnings per share (40%), EBITA growth rate (30%), and the EBITA margin of each entity for beneficiaries of the relevant subsidiaries (10%), to be determined as of December 31, 2018 based on the cumulative fiscal years 2016, 2017 and 2018; and an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018 relative to two indices: the STOXX® Europe Media (15%) and the CAC 40 (5%).
Fixed compensation paid by other group entities	€167,500	Fixed compensation prorated in 2016 paid by Gameloft SE to Stéphane Roussel in his capacity as Chairman and Chief Executive Officer since June 29, 2016.
Directors' fees	€17,500	Directors' fees paid by Gameloft SE (in respect of the second half of 2016), of which Stéphane Roussel is Chairman and Chief Executive Officer.
Benefits in kind	€25,994	Company car without a driver and profit share (under Vivendi's collective agreement).

Deferred compensation elements owed or granted in 2016 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Stéphane Roussel does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Stéphane Roussel receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Stéphane Roussel is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security upper limit as well as a presence condition at the company at the time of retirement. Annuity growth rate in 2016, including a seniority-based increase within the group: 1.25% subject to performance criteria. Amount of potential pension acquired in 2016: €23,568 (see Section 3.4.2.5. of this Annual Report).

na: not applicable.

3.4.2.5. Information required by Article R.225-104-1 of the French Commercial Code, deriving from Decree No. 2016-182 of February 23, 2016

	Seniority within the group as of 2016 (in years)	Annuity growth rate (1) (%)	Total pension acquired in 2016 (in euros)	Estimated pension acquired at the close of 2016 (before tax and contributions – in euros)
Arnaud de Puyfontaine	3	2.5	57,924	173,772
Frédéric Crépin	17	1.00	13,854	405,000
Simon Gillham	10	1.25	14,193	234,375
Hervé Philippe	3	2.5	45,375	141,000
Stéphane Roussel	13	1.25	23,568	450,000

(1) 1 to 5 years: 2.5%; 6 to 15 years: 1.25%; 16 to 20 years: 1%; over 20 years: 0%.

Calculation of the increase in income applicable to the supplemental defined-benefit pension plan – fiscal year 2016

At its meeting held on February 23, 2017, the Supervisory Board noted the satisfaction of one of the criteria that determines the rate of increase in pension income. As the financial targets had been exceeded, the rate for 2016 was approved.

	Fiscal year 2016		
Financial criteria (in € millions)	Targets	Achieved	Success rate
Adjusted net income	563	755	134%
Operating cash flow	253	729	288%
Average stock market indices performance (1)	**+2.50%**	**+1.20%**	**48%**

(1) Composite weighted index – CAC 40 (50%) and STOXX® Europe Media (50%), reinvested dividends.

The provision for 2016 for members of the Management Board under this pension plan structure totaled €6.4 million.

3.4.3. HIGHEST COMPENSATION PAID WITHIN THE GROUP

In fiscal year 2016, the compensation of the ten highest-paid Vivendi SA employees in France totaled €11.88 million, including benefits in kind. In 2016, the total compensation for the ten highest-paid employees in the group as a whole was €52.312 million, including benefits in kind.

Consistent with current rules of ethics within the Vivendi group, Corporate Officers or senior executives have waived their receipt of attendance fees for meetings as Directors or as permanent representatives of company subsidiaries, as defined by Article L.233-16 of the French Commercial Code.

3.5. Performance shares

In 2016, awards made under performance share plans consisted of 1.32 million shares, or 0.10% of the share capital. Performance shares granted to members of the Management Board are presented in the table below. They represent 0.022% of the share capital and 22.34% of the overall grant.

3.5.1. PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD IN 2016: PLAN 2016-05-01 OF MAY 11, 2016 (AMF RECOMMENDATIONS, TABLE 6)

	Number of rights to shares granted during the fiscal year	Value of rights under the method used for Consolidated Financial Statements (in euros) (a)	Vesting date of the rights	Date of availability of shares	Performance conditions (b)
Arnaud de Puyfontaine	95,000	1,394,600	05/13/2019	05/14/2021	Yes
Frédéric Crépin	50,000	734,000	05/13/2019	05/14/2021	Yes
Simon Gillham	50,000	734,000	05/13/2019	05/14/2021	Yes
Hervé Philippe	50,000	734,000	05/13/2019	05/14/2021	Yes
Stéphane Roussel	50,000	734,000	05/13/2019	05/14/2021	Yes
TOTAL	**295,000**	**4,330,600**			

(a) The retained value of the unit right, pursuant to IFRS standards, was €14.68 for the 2016 grant.
Vesting of performance shares granted in 2016 will be reviewed in 2018, pursuant to the regulations of the performance share plan, and these shares will not be available until 2021.

(b) Assessed over three years.

3.5.2. HISTORY OF PERFORMANCE SHARES GRANTED (AMF RECOMMENDATIONS, TABLE 9)

	2016	2015 (adjusted)	2014 (adjusted)	2013 (adjusted)	2012 (adjusted)
Date of the General Shareholders' Meeting approving the share grant	AGM 04/21/2016	AGM 06/24/2014	AGM 04/21/2011	AGM 04/21/2011	AGM 04/21/2011
Date of the Supervisory Board meeting	05/11/2016	02/27/2015	02/21/2014	02/22/2013	02/29/2012
Grant date	05/11/2016	02/27/2015	02/21/2014	02/22/2013	04/17/2012
Maximum number of shares that may be granted pursuant to the authorization of the General Shareholders' Meeting	13,686,208	13,516,006	13,396,099	13,239,624	12,472,630
Maximum number of shares that may be granted during the year based on grants already made	4,516,448	4,460,282	4,420,712	4,369,075	4,115,968
Total number of shares granted	1,320,440	1,565,880	400,796	(a) 3,097,719	1,915,977
Number of rights canceled due to the departure of beneficiaries	22,030	55,020	0	102,378	35,289
Number of Shares Granted to Members of the Management Board					
Arnaud de Puyfontaine, Chairman	95,000	70,000	(b) 105,497	na	na
Frédéric Crépin	50,000	na	na	na	na
Simon Gillham	50,000	na	na	na	na
Hervé Philippe	50,000	50,000	0	na	na
Stéphane Roussel	50,000	50,000	0	na	na
Vesting date	05/13/2019	02/28/2018	02/22/2016	02/23/2015	04/18/2014
Date of availability	05/14/2021	03/02/2020	02/23/2018	02/24/2017	04/19/2016

na: not applicable.

(a) 2,269,592 shares vested in 2015, taking into account the percentage of achievement of the performance criteria linked to these plans (62% to 80% depending on the relevant subsidiaries, 76% for beneficiaries of Vivendi SA).

(b) The performance criteria achievement rate was 75% and, accordingly, 79,123 shares vested in 2016.

3.5.3. PERFORMANCE SHARES THAT BECAME AVAILABLE IN 2016, FOR MEMBERS OF THE MANAGEMENT BOARD DURING THEIR TERM OF OFFICE (AMF RECOMMENDATIONS, TABLE 7)

Performance shares that became available for each member of the Management Board (plans awarded in 2012)	Plan number and date	Number of shares that became available	Vesting conditions
Arnaud de Puyfontaine	na	na	na
	2012/04-2 04/17/2012	6,179	yes
Frédéric Crépin	2012/09-2 09/27/2012	2,747	yes
Simon Gillham	2012/04-2 04/17/2012	10,744	yes
Hervé Philippe	na	na	na
	2012/04-2 04/17/2012	10,744	yes
Stéphane Roussel	2012/09-2 09/27/2012	10,976	yes

na: not applicable.

3.5.4. ASSESSMENT OF PERFORMANCE CRITERIA FOR FISCAL YEARS 2014 AND 2015 FOR VESTING OF SHARES IN 2016 UNDER THE 2014 PERFORMANCE SHARE PLANS

At its meeting held on February 18, 2016, the Supervisory Board, after review by the Corporate Governance, Nominations and Remuneration Committee, approved the level of achievement of objectives for the cumulative fiscal years 2014 and 2015 for the performance share plan granted to the Chairman of the Management Board on February 21, 2014. It confirmed that not all of the criteria that had been set were satisfied for the fiscal year 2015. Shares vested under the 2014 performance share plan represent 75% of the original grant, as adjusted. Consequently, 26,374 rights to performance shares granted in 2014 were canceled. The level of achievement of objectives for the cumulative fiscal years 2014 and 2015 is presented in the table below:

Cumulative objectives for fiscal years 2014 and 2015

Weighting	Criteria	Threshold	Objective (100%)	Achieved	Success rate (%)
70%	**Group objectives**				
	Group EBITA margin (1)	8.7%	10.2%	10.3%	75
30%	**Average stock market performance for the 2013 and 2014 index (2)**		**Vivendi share performance**		
	Performance of the STOXX® Europe Media index (2014 and 2015)	19.5%	27.9%	18.9%	0
TOTAL					**75**

(1) Adjusted for the impact of the classification of the assets sold or held for sale as of December 31, 2014 and 2015, and for some non-recurring items, pursuant to IFRS 5.

(2) Dividends reinvested.

3.5.5. PERFORMANCE SHARE VESTING CONDITIONS

Following the assessment of satisfaction of the performance criteria linked to the plans, performance shares vest at the end of a three-year period (since 2015), subject to the beneficiaries being present in the company at the end of this period (vesting period), and the shares must be held by the beneficiaries for an additional two-year period (holding period). Shares granted to US, UK and Brazilian residents vest five years from the date on which the rights were granted.

In 2016, 291,263 shares were granted to beneficiaries following the vesting period of the 2012 plans for US, UK and Brazilian residents, and 102,856 shares were granted to beneficiaries of the 2014 plans (other than US and Brazilian residents). In 2016, 177,790 rights were canceled following the departure of certain beneficiaries, and 77,524 rights under the 2014 plans were canceled due to the partial achievement of the performance criteria linked to these plans.

3.5.6. LARGEST GRANTS OF PERFORMANCE SHARES AND EXERCISES OF STOCK OPTIONS IN 2016, EXCLUDING CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 9)

The ten largest grants to beneficiaries other than Corporate Officers totaled 207,220 performance shares, representing 15.60% of the total number of performance shares granted in 2016, and 0.016% of the share capital. The ten largest exercises of stock options, other than by Corporate Officers, consisted of a total of 252,574 stock options at an average weighted price of €14.21.

3.5.7. GRANT OF STOCK OPTIONS TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any stock options since 2013.

3.5.8. STOCK OPTIONS EXERCISED IN 2016 BY CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 5)

No stock options were exercised by any Corporate Officers in 2016.

3.5.9. CONDITIONS FOR CORPORATE OFFICERS TO HOLD SHARES RECEIVED FROM THE EXERCISE OF STOCK OPTIONS AND GRANTS OF PERFORMANCE SHARES

Pursuant to Articles L.225-185 and L.225-197-1 of the French Commercial Code, at its meeting held on March 6, 2007, the Supervisory Board approved rules for members of the Management Board in relation to the holding of shares received from the exercise of stock options and performance shares granted since 2007.

Members of the Management Board must hold, until the end of their term of office, and in a registered account, a number of shares, received from the exercise of stock options and the grant of performance shares since the implementation of the 2007 plan, that is equal to at least 20% of the net capital gain recorded each year, if any, from exercise of the stock options or the sale of the performance shares.

3.5.10. CONDITIONS SPECIFIC TO VIVENDI

At its meeting held on February 27, 2015, and upon the recommendation of the Corporate Governance, Nominations and Remuneration committee, the Supervisory Board decided to amend the rules on the obligation for Corporate Officers and senior executives of the group to hold shares of the company as follows:

Within a maximum of five years after they assume their positions:

- the Chairman and the members of the Management Board must retain a number of shares equal to one year of their fixed gross compensation and target bonus in a registered account until they leave their positions; and
- members of General Management and the senior executives of each of the operational subsidiaries must retain a number of shares equal to six months of their fixed gross compensation and target bonus in a registered account until they leave their positions.

3.6. Trading in Company Securities

Stock Trading Ethics

In compliance with the European Market Abuse Regulation No. 596/2014 of April 16, 2014, the recommendations of the AFEP/MEDEF Code and the rules applicable within Vivendi, purchase and sale transactions involving the company's securities are prohibited during the period from the date when a member of the Supervisory Board or Management Board becomes aware of precise information concerning the company's day-to-day business or prospects which, if it were made public, would be likely to have a significant effect on the company's share price, up to the date when this information is made public.

In addition, pursuant to Vivendi's internal rules, such transactions are prohibited for a period of 30 calendar days up to and including the date of publication of the company's quarterly, half-yearly and annual financial statements.

Vivendi prepares and distributes a summary schedule setting out the blackout periods during which transactions involving the company's shares are prohibited. This schedule also makes it clear that the periods indicated do not preclude the existence of other blackout periods that may apply, due to awareness of specific market information concerning developments in Vivendi's business or prospects which, if made public, would be likely to have a significant effect on the company's share price.

At its meeting held on January 24, 2007, Vivendi's Management Board prohibited the use of all hedge transactions on stock options, shares resulting from the exercise of stock options, performance shares, and the company's securities in general, through the hedged purchase or sale of shares or the use of any other option mechanism.

These prohibitions appear in the rules of the stock option and performance share plans, and beneficiaries of these plans are reminded of them in the individual grant letters. This prohibition also appears in the internal rules of the Supervisory Board and Management Board.

3.6.1. TRADING IN SECURITIES BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

Pursuant to Article 223-26 of the General Regulations of the AMF (*Autorité des marchés financiers*), the table below sets out transactions involving the company's securities in 2016 up to the date of registration of this Annual Report that were reported to the company and to the AMF:

	Purchases			Sales		
Name	Date	Quantity	Unit price (in euros)	Date	Quantity	Unit price (in euros)
Cathia Lawson-Hall	04/11/2016	1,000	18.440			

On October 7, 2016, La Compagnie de Cornouaille (Bolloré Group) entered into an agreement to borrow 34.7 million Vivendi shares until June 25, 2019 and purchased 34.7 million call options entitling it to purchase the same number of Vivendi shares (maturing June 25, 2019) – AMF notice No. 216C2355 of April 14, 2016.

3.7. Risk and Compliance Committee

The Risk and Compliance Committee was established in July 2016. Its role is to identify and review risk management systems within business units that are likely to have an influence on the achievement of the group's objectives.

3.7.1. COMPOSITION

The Committee is chaired by the Chairman of Vivendi's Management Board and has the following permanent members: the Chief Operating Officer; the Chief Financial Officer; the General Counsel; the Chairman of Vivendi Village; the Senior Vice President, Audit and Risks; the Senior Vice President, Corporate Social Responsibility; the Chief Competition and Ethics Officer; and the Head of Insurance. Business unit representatives are invited to committee meetings depending on the agenda.

3.7.2. POWERS

The role of the Vivendi Risk and Compliance Committee is to make recommendations to the Management Board in the following areas:

- the identification and assessment of the risks potentially arising from activities carried out within the Vivendi group, such as social and environmental risks, risks related to compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest, and risks related to the security of information systems;
- the examination of the adequacy of the risk coverage and the level of residual risk;
- the review of insurable risks and the insurance program; and
- the identification of risk factors and forward-looking statements in the documents issued by the group.

A report on the work of the Risk and Compliance Committee is made before the Audit Committee of the Vivendi Supervisory Board.

All the documents submitted to the Risk and Compliance Committee were brought to the attention of the Statutory Auditors. The Statutory Auditors also receive, at the meetings of the Audit Committee, a summary of the work of the Risk Committee.

3.7.3. ACTIVITY IN 2016

The Committee met once in the second half of 2016 to review risk mapping at Universal Music Group, Canal+ and Gameloft, the vigilance and compliance programs at Canal+ and UMG, and the group's compliance with the European General Data Protection Regulation (GDPR).

3.8. Compliance Program

The purpose of the Compliance Program is to inform, train and raise the awareness of group employees in relation to their activities, with a view to limiting exposure to liability risks.

The Compliance Program sets rules of conduct based on general principles of international law (including those established by the OECD, ILO and EU) as well as prevailing legislation in various countries (principally France and common law countries) and European legislation.

The Compliance Program sets forth the general ethical rules applicable to all group entities. These rules are applied downstream, in each operational business unit in every country in which Vivendi is present, and are adapted to address the specific features of each subsidiary's business as well as those of national legislation. At its meeting held on March 16, 2004, the Board of Directors of Vivendi, upon the recommendation of its Audit Committee, approved a Financial Code of Ethics. This Code has been maintained following the change in the company's organizational structure. The Code applies to the senior executives of Vivendi SA, particularly those responsible for communications and financial and accounting reporting (approximately 60 people).

The company's General Counsel, based at its headquarters, and the Compliance Officers of each business unit work to ensure overall consistency. An annual progress report is prepared and presented by Vivendi SA's legal department, in conjunction with the various operational divisions, to the Audit Committee, which then reports to the Supervisory Board and delivers the report to the Management Board.

3.8.1. REASONS FOR THE PROGRAM

The Compliance Program addresses the following main issues:

- the new national and international standards requiring companies to report on how they comply with their social responsibilities; and;
- the introduction of new extra-financial rating criteria aimed at assessing the policies that companies have set up to manage this responsibility.

3.8.2. OBJECTIVES

The Compliance Program has two major purposes:

- to raise the awareness of group employees and provide them with a clear and precise reference tool that guides them in determining appropriate courses of action; and
- to reduce the risks of civil and criminal liability by both the group's employees and its companies.

3.8.3. PROJECTS

The end of 2016 was devoted to a study of the impact of new French legislation (the Sapin 2 Act and parent company duty of care) on the group's business. A new action plan is being drawn up in association with the relevant departments (Corporate Social Responsibility (CSR), Internal Audit, and General Counsel).

3.9. Financial Information and Communication Procedures Committee

Set up in 2002, this Committee is responsible for the regular assessment of the company's procedures for preparing and publishing financial data, and for reviewing the financial information published quarterly.

Members of the Committee may appoint additional members who are managers from the above-mentioned departments, or alternates. The Committee currently comprises 15 regular attendees.

3.9.1. COMPOSITION

Committee members are nominated by the Chairman of the Management Board. At a minimum, the Committee is made up of the Vivendi executives holding the following positions:

- Group General Counsel (Chairman of the committee);
- the Chief Financial Officer;
- the Senior Executive Vice President, Communications of Vivendi;
- the Senior Vice President of Consolidation and Financial Reporting;
- the Senior Vice President of Financing and Treasury;
- the Senior Vice President of Audit & Risks; and
- the Executive Vice President of Investor Relations and Corporate Development.

3.9.2. POWERS

The committee assists the Chairman of the Management Board and the group's Chief Financial Officer in ensuring that Vivendi fulfills its disclosure requirements with respect to investors, the public and the regulatory and market authorities, specifically the AMF and Euronext Paris, in France.

In pursuing its duties and objectives, the committee ensures that Vivendi has established adequate controls and procedures so that:

- any financial information that must be disclosed to investors, the public or the regulatory authorities is reported within the deadlines set forth by applicable laws and regulations;

- all corporate communications are subject to appropriate verification pursuant to the procedures set up by the Committee;
- all information requiring disclosure to investors or appearing in the documents recorded or filed with any regulatory authority is communicated to the company's senior management, including the Chairman of the Management Board and the group's Chief Financial Officer, prior to disclosure so that decisions regarding such information can be made in a timely manner;
- assessments of Vivendi's procedures and those of its business units for controlling information as well as internal control procedures, are monitored under the supervision of the Chairman of the Management Board and the group's Chief Financial Officer;
- the Chairman of the Management Board and the group's Chief Financial Officer are advised of any major procedural issues of which the Committee should be informed, and which are likely to affect Vivendi's procedures for controlling information as well as its internal control procedures. The committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The committee monitors the implementation of changes approved by the Chairman of the Management Board and the group's Chief Financial Officer; and
- more generally, the Chairman of the Management Board and the group's Chief Financial Officer are assured that they will receive any information they might request.

3.9.3. ACTIVITY IN 2016

The committee meets at the request of the Chairman of the Management Board, the Chief Financial Officer, the Chairman of the committee or of one of its members. Meetings are held prior to each meeting of the Audit Committee, and are coordinated with the schedule for disclosing financial information on the group's results. In 2016, the committee met six times. Its proceedings primarily consisted of:

- examining the annual and half-yearly financial statement certification letters signed by the Chairman and Chief Financial Officer of each of the group's business units;
- reviewing the financial information published in the annual, half-yearly and quarterly financial statements and information published in the Annual Report – Reference Document; and
- reviewing the business report and the environmental, corporate, and social data report.

The committee reports on its work to the Chairman of the Management Board and informs the Audit Committee, as necessary.

3.10. Investment Committee

An Investment Committee was set up in 2016.

3.10.1. COMPOSITION

The Investment Committee comprises the Chairman of the Supervisory Board, the Chairman and members of the Management Board, and is supplemented, when appropriate, by key directors at headquarters as well as the Chief Operating Officers and Chief Financial Officers of the business units.

3.10.2. POWERS

The Investment Committee reviews all investment and disposal transactions. This procedure applies to all transactions, whatever the amount, including the acquisition of equity interests and the launch of new businesses, and to any other financial commitment such as the purchase of rights or real-estate agreements.

Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively.

3.10.3. ACTIVITY IN 2016

The Investment Committee meets twice a month. Cases are reviewed by the Finance department.

3.11. Management Committees

Every month throughout the year, as part of a rigorous process instituted through review of the monthly closures, all of the group's business units make a presentation to the General Management team of their respective business units. These presentations consist of the results for the month, analysis of their operational and strategic positioning, their financial targets, established in the budget and monitoring of their implementation, their action plans, and other matters of significant interest.

3.12. General Management

3.12.1. COMPOSITION

Alongside Vincent Bolloré, the Chairman of the Supervisory Board, General Management is made up of the following members:

- Arnaud de Puyfontaine, Chairman of the Management Board;
- Frédéric Crépin, Member of the Management Board and Group General Counsel;
- Simon Gillham, Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi;
- Hervé Philippe, Member of the Management Board and Chief Financial Officer; and
- Stéphane Roussel, Member of the Management Board, Chief Operating Officer, and Chairman and Chief Executive Officer of Gameloft SE.

From left to right:
Simon Gillham, Vincent Bolloré, Frédéric Crépin, Arnaud de Puyfontaine, Stéphane Roussel, Hervé Philippe

3.13. Management Committee

Working with General Management, a Management Committee consisting of 16 members, seven of whom are women (44% of the Management Committee), meets every month. Its members, each working within his or her area of competence, assist General Management in implementing strategic activities and contribute to the action plans initiated at headquarters and in the principal business units.

Its members are:

- Bernard Bacci, Group Head of Taxes, Senior Vice President;
- Corinne Bach, Vice Chairman of Vivendi Village and Chairman of CanalOlympia;
- François Bisiaux, Vice President, Securities and Corporate Law;
- Florent de Cournuaud, Vice President, Management and Business Plan Control;
- Laurence Daniel, Senior Vice President, Mergers and Acquisitions;
- Marie-Annick Darmaillac, Vice President, Corporate Social Responsibility (CSR);
- Stéphanie Ferrier, Vice President, Facilities;
- Audrey Jannin, Vice President, Mergers and Acquisitions;
- Laurent Mairot, Executive Vice President, Investor Relations & Corporate Development;
- Caroline Le Masne, Vice President, Head of Legal Affairs, Vivendi Group;
- Ilenia Michelotti, Vice President, Mergers and Acquisitions;
- Mathieu Peyceré, Executive Vice President, Group Human Resources;
- Marc Reichert, Group Financing & Treasury Director;
- Pierre Le Rouzic, Senior Vice President, Group Consolidation and Financial Reporting;
- Bruno Thibaudeau, Vice President, Business Innovation; and
- Vincent Vallejo, Senior Vice President, Audit & Special Projects.

SECTION 4

REPORT BY THE CHAIRMAN OF VIVENDI'S SUPERVISORY BOARD ON CORPORATE GOVERNANCE, INTERNAL AUDITS AND RISK MANAGEMENT – FISCAL YEAR 2016

In accordance with Article L.225-68 of the French Commercial Code, this report will be presented at Vivendi's General Meeting of Shareholders to be held on April 25, 2017. It was prepared with the assistance of General Management, the legal department and the Internal Audit and Risk department. It was presented to the Audit Committee prior to its approval by the Supervisory Board on February 23, 2017, in accordance with the recommendations of the AFEP and MEDEF Corporate Governance Code for Listed Corporations (hereinafter the AFEP/MEDEF Code).

Since 2005, Vivendi has operated as a French corporation (*société anonyme*) with a two-tier governance structure consisting of a Management Board and a Supervisory Board in order to separate the group's management and control functions.

Throughout the year, a strict monthly reporting process requires that all of the group's operational entities present their respective activities to the general management team. Presentations must include their results for the month, an analysis of their operational and strategic positioning, the financial targets set for their budget and its management, their action plans, and other matters of significant interest.

4.1. Corporate Governance

4.1.1. CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE WORK OF THE SUPERVISORY BOARD

In 2016, the Supervisory Board met six times. The attendance rate at meetings was 93%. In 2016, the Management Board met 22 times. The attendance rate was 100%.

The composition as well as the conditions governing the preparation and organization of the work of the Supervisory Board and its committees are detailed in Sections 3.1.1.2 and 3.1.1.9 to 3.1.1.12 of Chapter 3 of this Annual Report (fiscal year 2016).

4.1.2. CORPORATE GOVERNANCE ASSESSMENTS BY SPECIALIST AGENCIES IN 2016

In 2016, the Vivendi group was once again listed on the main SRI (Socially Responsible Investments) indices including: the FTSE4Good Global and FTSE4Good Europe (FTSE), the Ethibel sustainability indices, Excellence Global and Excellence Europe, the Euronext Vigeo Eurozone 120 and Europe 120 indices, and several indices established by Stoxx. Vivendi also entered the Euronext Vigeo France 20 and World 120 indices and was included in the Ethibel Pioneer (Ethibel) investment register, which recognizes sector leaders in CSR.

Vivendi ranks among the top 20 companies in France, according to a study on corporate conduct with regard to respect for human rights, carried out by Vigeo Eiris (February 2017). In 2013, Vivendi was positioned third in the latest ranking of CAC 40 companies that integrate the "Children's Rights and Business Principles" established in 2012 by UNICEF, the United Nations Global Compact and the NGO Save the Children.

4.1.3. COMPENSATION OF DIRECTORS AND OFFICERS - PRINCIPLES AND CRITERIA FOR THE DETERMINATION, DISTRIBUTION AND ALLOCATION OF FIXED, VARIABLE AND EXTRAORDINARY COMPENSATION AND BENEFITS OF ANY KIND - ELEMENTS AND COMPENSATION OF DIRECTORS AND OFFICERS

The Supervisory Board complies with all AFEP and MEDEF recommendations regarding the compensation of directors and Corporate Officers of listed companies.

Compensation of members of the Management Board and of the company's senior executives is set by the Supervisory Board based on information provided by the Corporate Governance, Nominations and Remuneration Committee. The Corporate Governance, Nominations and Remuneration Committee uses comparative studies prepared by external and independent advisers covering a range of French, European and international companies operating in business sectors similar or identical to those of Vivendi and its subsidiaries.

Since 2010, Vivendi's Supervisory Board has used corporate social responsibility (CSR) criteria to assess the compensation of members of the Management Board and the group's senior executives. Criteria that are relevant, measurable and verifiable have been set for each business unit based on their respective expertise and positioning. Accordingly, the calculation of bonuses for the relevant executives requires an assessment of their personal contribution to the group's strategic CSR priorities, such as protecting and empowering young people in their media and cultural practices, promoting cultural diversity and protecting personal data.

The compensation policy setting the principles and criteria governing the determination, distribution and allocation of fixed, variable and extraordinary compensation for the Chairman and members of the Supervisory Board and the Chairman and members of the Management Board is governed by Article L.225-85-2 of the French Commercial Code and described in Sections 3.3.1 and 3.3.2 of Chapter 3 of this Annual Report.

The compensation of the Chairman and members of the Management Board is presented in Section 3.4.2 of Chapter 3 of this Annual Report.

The performance criteria used to determine increases in income under the Supplemental Defined-Benefit Pension Plan or whether performance shares will vest are presented in Sections 3.3.2.2, 3.4.2.5 and 3.5.4 of Chapter 3 of this Annual Report.

The compensation of the Chairman of the Supervisory Board is set by the Supervisory Board, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee. It appears in Section 3.4.1 of Chapter 3 of this Annual Report.

The method of allocating directors' fees paid to members of the Supervisory Board is determined by the Supervisory Board on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, within the overall limit of the annual amount set by the General Meeting of Shareholders.

The criteria governing the allocation of directors' fees are presented in Section 3.3.1.2 of Chapter 3 of this Annual Report.

4.1.4. VIVENDI SHARES HELD BY DIRECTORS AND CORPORATE OFFICERS

The conditions governing the holding of Vivendi shares by group directors and officers are presented in Sections 3.5.9 and 3.5.10 of Chapter 3 of this Annual Report.

4.1.5. TERMS AND CONDITIONS GOVERNING SHAREHOLDER ATTENDANCE AT GENERAL MEETINGS

The terms and conditions governing shareholder attendance at General Meetings are presented in Section 2.1.4 of Chapter 3 of this Annual Report.

4.2. Equal Opportunities Policy

At its meeting held on November 9, 2016, Vivendi's Supervisory Board examined gender equality within the group after a review by the Corporate Governance, Nominations and Remuneration Committee.

In 2016, 41% of group employees were women. The proportion of women "managers" was also 41%.

In October 2016, Vivendi participated in a study on the ratio of men-to-women Corporate Officers carried out among SBF 120 companies by Ethics & Board, an international observer of corporate governance within listed companies. The study was sponsored by the Ministry of Women's Rights in France (*ministère des Droits des femmes*), and Vivendi was ranked 65th compared with 69th in 2015.

Positive developments were noted in the gender balance of governing bodies in 2016.

At UMG, Lucian Grainge received Variety's 2016 Empowerment Award in recognition of his work, and for having recruited or promoted seven women to the levels of Executive Vice President or Senior Vice President in several labels. As a reminder, UMG has had two women on its Executive Committee for two years.

At Canal+, four women have been appointed to the Executive Committee, representing 19% of the members.

The proportion of women on Vivendi's Management Committee is 40%, and co-founder seminars have seen the proportion of women contributors rise from 11% in 2014 to 23% in 2016.

In order to improve gender equality within the group, Vivendi's Supervisory Board approved the implementation of a two-fold initiative – mentoring and networking – as far back as December 14, 2011. Since then, a progress report has been prepared and presented each year to the Supervisory Board.

The group has also continued its efforts to combat the "glass ceiling" effect, with the *Andiamo* network set up in 2012 organizing dedicated meetings and personal development workshops in 2016. These activities give women in the network the opportunity to discover inspiring role models and to learn from and share experiences with researchers, coaches and consultants on issues relating to leadership positions.

It currently has 32 women from all French entities with the same hierarchical position. The goal for 2017 is to integrate the leaders of Dailymotion and Gameloft, and to bring the number of participants up to 50 women.

The network also fosters cross-business exchanges between the group's leaders through monthly meetings with senior executives and entrepreneurs to advance gender equality.

Andiamo has recently adopted an additional cause. Taking its inspiration from the Vivendi Learning Expedition program, it aims to promote better awareness of group entities and value chains so as to become a support network for the group's projects.

4.3. Internal Control Procedures

Vivendi strives to maintain the highest standards of internal control and financial disclosure. To ensure this, the Financial Information and Communication Procedures Committee meets regularly (six times in 2016).

This committee assists the Chairman of the Management Board and the Chief Financial Officer to ensure that Vivendi fully complies with its disclosure obligations to investors, the public and the French regulatory and market authorities. It is chaired by the General Counsel and is comprised of representatives from all of the company's corporate operational departments.

It is responsible for the assessment of information which Vivendi is required to make publicly available and includes: (i) periodic information, including disclosure of documents to investors and financial markets in compliance with French financial market regulations, (ii) press releases related to quarterly financial results, and (iii) presentations to investors and analysts.

For a description of the functions and activities of this committee in 2016, see Section 3.9 of Chapter 3 of this Annual Report.

4.3.1. DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The company manages internal control through a set of procedures established by Vivendi's Management Board and implemented by its employees to ensure that the following objectives are met:

- compliance with laws and regulations as well as adherence to the group's corporate values;
- the implementation of guidelines and strategies established by the Management Board;
- the prevention and monitoring of operational and financial risks as well as the management of the risk of error, the risk of fraud, the risk to the company's reputation and risks associated with corporate social responsibility;
- the optimization of internal processes to ensure the effectiveness of operations and efficient use of resources; and
- the completeness and accuracy of accounting, financial and management information.

To achieve each of these objectives, Vivendi has defined and implemented general principles of internal control based to a large degree on the framework established by the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published in 1992 and updated in 2013, as well as the reference framework of internal monitoring processes and the recommendations of the French securities regulator, the *Autorité des marchés financiers* (AMF).

These principles are based upon:

- a policy that contributes to promoting a culture of internal control and principles of integrity;
- the identification and analysis of risk factors that may adversely impact the achievement of the group's objectives;
- the organization and establishment of procedures aimed at ensuring the implementation of the goals set by the Management Board;
- the periodic review of control measures and an ongoing search for areas of improvement; and
- the process of channeling information relating to internal control.

However, as with any system of control, the application of these principles cannot provide absolute certainty that all risks will be completely eliminated or controlled.

4.3.2. SCOPE OF INTERNAL CONTROL

Vivendi is currently organized into six business units (Canal+ Group, Universal Music Group, Vivendi Village (1), Vivendi Content, Dailymotion and Gameloft). Each of these entities must implement the strategies set out by the Management Board, including its objectives for internal control. Each entity has a tailored set of internal control measures that includes the implementation of the group's procedures and the definition and implementation of procedures specific to each business unit, depending on its organization, culture, risk factors and operational requirements. As the parent company, Vivendi ensures the internal control measures in question exist and adequately address the needs of each entity, particularly with respect to the accounting and financial procedures applied by group entities that are fully consolidated. Specific work was carried out at Gameloft during the second half of 2016 to enable it to integrate the group's internal control mechanisms very swiftly.

4.3.3. COMPONENTS OF INTERNAL CONTROL

Control Environment

Rules of Conduct and Ethics Applicable to All Employees

Vivendi ensures that all aspects of corporate responsibility are taken into account. It has a Charter of Values that notably focuses on consumers, creativity, ethics, cultural diversity and corporate and social responsibility. Vivendi is a signatory to the United Nations Global Compact.

A Compliance Program also sets general rules of ethics applicable to all group employees regardless of their seniority and position. These rules, available on the Vivendi website at www.vivendi.com, cover the following areas: employee rights, honesty and the protection of information and personal data, prevention of conflicts of interest, commercial and financial ethics, protection of the group's assets and resources, respect for the environment and corporate social responsibility.

The Compliance Program has two core purposes:

- to raise awareness among group employees and provide them with a reference tool and guidance in determining appropriate courses of action; and
- to minimize the risk of civil and criminal liability for both the group's employees and companies.

(1) Vivendi Village houses Vivendi Ticketing, MyBestPro, Watchever, Radionomy, L'Olympia, Olympia Production and Canal Olympia.

The Compliance Program establishes rules of conduct based on general principles of international law, including those established by the OECD, ILO and the European Union. They are also based on legislation in Europe and various other countries, primarily France and countries with legal systems based on common law. Following this approach, each operational business unit has also established its own Code of Ethics.

The Vivendi group's General Counsel and the Compliance Officers of the principal business units work to ensure the overall consistency of the program. Each year, an activity report is presented to the Audit Committee, which then reports to the Supervisory Board.

The protection of personal data remains a major concern for Vivendi. Accordingly, the general counsels of the various business and legal departments within the group are kept up-to-date with the latest charters on data and content protection and good practice guidelines in matters of sensitive data protection. Against this backdrop, in 2016, the group once again reinforced these controls by appointing a data officer reporting to the group's General Counsel. Inspections and audits are conducted on a regular basis to ensure that the safeguard procedures have been properly applied. The 2016 Compliance Report was devoted entirely to this theme. A questionnaire on the subject was sent to all entities of the group.

Responsibilities and Commitments of each Business Unit's General Management

Every six months, the Chairman and Chief Financial Officer of each business unit signs a representation letter certifying compliance with internal control procedures linked to the preparation of financial statements and financial and industry-based information that guarantees the accuracy, integrity and reliability of financial disclosure.

Upon the proposal of the Audit Committee, Vivendi has established a Code of Financial Ethics that applies to Vivendi SA senior executives responsible for communications and financial and accounting reporting.

Rules on Market Ethics

Vivendi complies with the regulatory requirements of European Directive 2014/57 of April 16, 2014 and European Regulation 596/2014 of the same date, effective July 3, 2016 (Market Abuse Regulation), the positions and recommendations of the AMF published on October 26, 2016, and the recommendations of the AFEP/MEDEF Code as revised in November 2016. Consequently, the purchase or sale of company securities is prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would likely have a material impact on the company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for 30 calendar days preceding and including the day of publication of the company's quarterly, half-yearly and annual financial statements. The company prepares and distributes a summary schedule setting out the periods during which transactions involving company shares are prohibited ("blackout periods"). Pursuant to the AFEP/MEDEF Code, hedging transactions of any kind on the company's securities following the exercise of stock options are prohibited.

Blackout periods are the subject of individual reminders sent via e-mail whenever necessary including before each identified Financial Reporting period.

Delegation of Powers

The delegation of operational powers, whether on a single occasion or on a recurring basis, is one of the responsibilities of Vivendi's Management Board and of the general management of each of the group's business units. These delegations of powers are updated and formalized on a regular basis in accordance with the evolving role and responsibilities of the relevant delegates.

4.4. Risk Monitoring and Management

Vivendi's Risk and Compliance Committee created in July 2016 is responsible for identifying and reviewing measures to manage risks within business units that are likely to affect the achievement of the group's objectives. It is chaired by the Chairman of Vivendi's Management Board and has the following permanent members: the Chief Operating Officer, the Chief Financial Officer, the General Counsel, the Chairman of Vivendi Village, the Senior Vice President for Audit and Risk, the Senior Vice President for Corporate Social Responsibility, the Chief Competition and Ethics Officer and the Head of Insurance. The business units are invited to committee meetings in line with the agenda. A report on the work of the Risk and Compliance Committee is made before the Audit Committee of Vivendi's Supervisory Board.

The role of the Vivendi Risk and Compliance Committee is to make recommendations to the Management Board in the following areas:

- the identification and assessment of the risks potentially arising from activities carried out within the group, such as social and environmental risks, risks related to compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest, and risks related to the security of information systems;
- the examination of the adequacy of risk coverage and the level of residual risk;
- the review of insurable risks and the insurance program; and
- the identification of risk factors and forward-looking statements in the documents issued by the group.

The committee met once in the second half of 2016. The main topics covered included:

- the review of risk mapping at UMG, Canal+ and Gameloft;
- the vigilance and compliance programs at Canal+ and Universal Music Group; and
- the group's compliance with the European General Data Protection Regulation (GDPR).

The assessment of risks at a group level is based on a qualitative and quantitative approach within each business unit. In 2016, risk mapping was updated at Canal+ Group and Universal Music Group and mapping was conducted at Gameloft by the Audit and Risk department, based on interviews held with senior and operating managers. These mappings were then reviewed by the heads of the business units, the Risk and Compliance Committee, Vivendi's Management Board and the Statutory Auditors, and presented to the Vivendi Audit Committee on November 8, 2016.

The principal risks faced by the company are described in the section on Risk Factors in Chapter 1 of this Annual Report and in Chapter 4, Notes 12,14 and 19 to the Consolidated Financial Statements relating to market risk management and derivative instruments.

Vivendi's General Counsel and legal department are responsible for the prevention and management of risks relating to ethics, competition and conflicts of interest. Financial risks, including liquidity, interest rate and exchange rate risks, are managed by Vivendi's Finance, Risk Management and Treasury departments through a centralized organization at the company's headquarters.

Operational risks are managed by the business units, taking into account the specific nature of their operations (e.g., regulatory risks in the pay-TV business, risks associated with infringement of intellectual property rights in the music business, and risks associated with piracy and counterfeiting in the film and music businesses).

The policy of covering insurable risks, such as risk of damage and operating losses from accidents or natural disasters or civil liability risks, is monitored by Vivendi's Insurance department in collaboration with the Finance department and the General Counsel. For a description of the current insurance programs, see Chapter 1 of this Annual Report.

In 2016, all the documents submitted to the Risk and Compliance Committee were brought to the attention of the Statutory Auditors. The Statutory Auditors also receive a summary of the work of the Risk and Compliance Committee at Audit Committee meetings.

4.4.1. INTERNAL CONTROL ACTIVITIES

Control operations are performed primarily by the functional and operational management teams in accordance with existing reference procedures.

The following bodies ensure the monitoring of internal control measures:

Audit Committee

The Audit Committee comprises independent members of the Supervisory Board. Pursuant to the powers conferred upon it, the Audit Committee prepares the decisions of the Supervisory Board and provides recommendations or issues opinions to the Supervisory Board on a wide range of matters. In December 2015, on a proposal by its Chairman, the Audit Committee established a multi-year program, reviewed and reinforced by its members. This program notably includes:

- a review of the quarterly Consolidated Financial Statements and annual financial statements of Vivendi SA, prepared by the Management Board;
- a review of impairment tests;
- a review of the company's financial management (debt, investments, foreign exchange) and pension commitments;
- a review of the assessment and coverage of operational and financial risks;
- changes in accounting standards, methods and accounting principles, the company's scope of consolidation and the company's off-balance sheet commitments;
- the consistency and effectiveness of internal control measures and a review of this report;
- a review of tax-related risks;
- a review of major legal proceedings including legal and regulatory issues;
- a review of the insurance program;
- a review of the CSR policy;
- a review of material internal control weaknesses and a review of corruption and fraud cases where applicable;
- a review of the Annual Report on the Compliance Program, the proposal of any measures that would improve its effectiveness and the formulation of an opinion on this review where applicable; and
- the appointment and compensation of the Statutory Auditors. A report is systematically presented by the Chairman of the Audit Committee to Vivendi's Supervisory Board and sent to every member of the Audit Committee and Supervisory Board.

Executive Order No. 2016-315 of March 18, 2016 transposes the European Union Directive on the reform of statutory audits into French law, and has been in force in France since June 17, 2016. Vivendi's Audit Committee long ago established a specific procedure to control or limit engagements in respect of "Non-Audit Services" (NAS) entrusted to the auditors, in accordance with a pre-approved procedure and specific reporting:

- all NAS engagements must be pre-approved by the Chairman of the Audit Committee; by exception, the Chairman of the Audit Committee may delegate the pre-approval of NAS engagements with a unit value of less than €500,000 to the Senior Vice President – Group Consolidation and Financial Reporting;
- at each meeting of the Audit Committee, the Senior Vice President – Group Consolidation and Financial Reporting reports to the Audit Committee on the list (type, amount, auditor in question) of NAS engagements pre-approved by the Chairman of the Audit Committee, as applicable, or by the Senior Vice President – Group Consolidation and Financial Reporting since the last meeting of the Audit Committee; and
- once a year, the Senior Vice President – Group Consolidation and Financial Reporting reports to the Audit Committee on all NAS engagements performed by the auditors.

In practice, Vivendi caps NAS engagements at 20-25% of statutory audit fees.

In 2016, Vivendi's Audit Committee met four times, with an attendance rate of 91%. For a description of its work, see Section 3.1.1.12 of Chapter 3 of this Annual Report.

Audit and Risk Department

The Vivendi Audit and Risk department (15 auditors for financial audits and external resources for IT audits) reports to the Chief Financial Officer of Vivendi, and is responsible for independently assessing the quality of internal controls at every level of the organization. Its activities are governed by a Charter approved by the Audit Committee. In 2016, it integrated the Gameloft Internal Audit department, completing its first audit assignments at Gameloft in July 2016.

The Audit and Risk department is responsible for performing an independent assessment of the effectiveness of internal control processes, based on an annual audit plan approved by the group's Management Board and presented to the Audit Committee. This plan stems from both an independent analysis of the operational, IT, legal and financial risks of each business unit and in consultation with the general management of each business unit. Reports on the audit work carried out are sent to Vivendi's General Management, as well as to operational and functional management and their superiors. Summary reports are presented at each Audit Committee meeting along with any comments made by the group's Statutory Auditors. Follow-up audits are generally performed within 12 months to ensure that recommended action plans and agreed corrective measures (if any) have been implemented. A status report on the implementation of the recommendations following an audit is presented to the Audit Committee. A semi-annual internal audit report is presented to the Management Board and the Supervisory Board.

The group may encounter cases of fraud in connection with its operations which, as soon as they are identified, are systematically reported to the Audit Committee. They may also be the subject of special investigations and may result in penalties.

4.4.2. INTERNAL CONTROL MONITORING

The work performed by the Statutory Auditors as part of their review and assessment of internal control is described in a detailed presentation to the General Management and the Audit Committees of the business units concerned. A summary of their conclusions was presented to Vivendi's Audit Committee.

4.5. Key Procedures for Financial and Accounting Information

The procedures listed below help reinforce internal controls over processing of financial and accounting information disclosed by Vivendi. In updating these procedures, the provisions of the guide on applying internal control procedures in relation to financial disclosures, contained in the internal control standards published by the AMF, were taken into account.

Consolidation and Financial Reporting: the group's Consolidated Financial Statements and its Financial Reports are prepared in accordance with International Financial Reporting Standards (IFRS), based on accounting data prepared by the management for each business unit. The IFRS standards used are those adopted by the European Union, published by the IASB (International Accounting Standards Board) and are compulsory, except in the event of early application. The principal aspects linked to the preparation of the Consolidated Financial Statements and the Financial Report are subject to specific procedures. These notably include the impairment test on assets held by the company carried out during the fourth quarter of each fiscal year, the assessment of liquidity risk, the valuation of employee benefits, duties and taxes (see below), and off-balance sheet commitments. The Consolidated Financial Statements and the Financial Report are closed and approved by the Management Board each quarter and are then reviewed by the Audit Committee. The annual and half-yearly Consolidated Financial Statements and Financial Report are reviewed by the Supervisory Board, which consults with the Audit Committee. The statements and report are published each quarter. The Consolidated Financial Statements are subject to an annual audit and a limited semi-annual review by the group's Board of Statutory Auditors.

Budget and management control: every year, each business unit presents its strategy and annual budget for the following year to the group's General Management. After approval by Vivendi's Management Board, a summary is then presented to the Supervisory Board and to the Audit Committee. Quantitative and qualitative targets used as a basis to assess annual performance are then set for each business unit's management. Budgets are reviewed each month and updated three times per year.

Investments/divestments: any investments or divestments must receive prior approval from the Investment Committee, which comprises the Chairman of the Supervisory Board, the Chairman and members of the Management Board, and supplemented, when appropriate, by key directors at headquarters and the Chief Operating Officers and Chief Financial Officers of the business units. This procedure applies to all transactions, including the acquisition of equity interests and the launch of new businesses, and to any other financial commitment such as the purchase of rights, real-estate agreement, etc. The Investment Committee meets twice a month. Cases are reviewed by the Finance department. Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively, pursuant to their Internal Regulations.

Monitoring of investment transactions: as part of the regular follow-up of value creation, Vivendi's Management Board has strengthened the process of post-completion analysis of investment transactions, supplementing the existing budgetary reviews and quarterly Financial Reporting. The purpose of this analysis is to validate the implementation of controls as well as actual financial performance pursuant to the business plan approved for the acquisition. It takes into account both the progressive integration of companies acquired by the business units and the impact of changing market conditions following the acquisition date. Vivendi's Audit and Risk department reviews the conclusions, which are then presented to Vivendi's General Management and, for major action plans, to the Management Board. An annual summary is presented to Vivendi's Audit Committee.

Monitoring of financial commitments: as part of the Financial Reporting process, the business units prepare a list of commitments given and received on a quarterly basis. These commitments are presented by the legal and financial officers of the business units at meetings held with Vivendi's Management, which take place as part of the closing process for the annual financial statements. They are also presented to the Audit Committee once a year.

Sureties, endorsements and guarantees: pursuant to the company's by-laws and the Internal Regulations of the Supervisory Board, the granting of sureties, endorsements and guarantees by Vivendi to its subsidiaries is subject to prior approval in accordance with the following dual limitation:

- any commitment for less than €100 million, which is part of an aggregate commitment for €1 billion, is subject to the approval of the Management Board, which may delegate such power. The approval requires the signatures of both the Chief Financial Officer and the General Counsel, who may delegate this power; and
- any commitment over €100 million and any commitment, regardless of the amount, where the cumulative amount of commitments is over €1 billion, is subject to the approval of the Supervisory Board. The approval requires the signature of the Chairman of the Management Board.

Cash flow, financing and liquidity: Vivendi SA has an international cash pooling arrangement which enables it to centralize the cash surpluses and shortages of its controlled subsidiaries on a daily or weekly basis. Vivendi's investment management policy is aimed at minimizing and diversifying its exposure to counterparty risk with low-risk mutual funds (*fonds commun de placements*) and commercial banks that have high credit ratings. Vivendi SA also centralizes hedge transactions (foreign currency and exchange rates) for all its controlled subsidiaries. The cash positions of business units, the weekly variations in cash flow and the cash flow forecasts over 13 rolling months are monitored on a bi-monthly basis by a Treasury Committee. Exposure to foreign exchange and interest rate risk is reported monthly to the Treasury Committee, bearing in mind that foreign exchange positions are monitored daily. The majority of medium and long-term financing transactions are managed at headquarters and are subject to the prior approval of the Management Board and Supervisory Board, in accordance with their Internal Regulations. A financial management presentation is made to the Audit Committee at least once a year. Monthly reporting on the net financial cash position to the Chairman of the Supervisory Board and for the Management Board is supplemented by regular budget forecasting of cash flow for the year. The monthly update on the net financial cash position is provided to members of the Supervisory Board in a monthly activity report. As part of the quarterly procedure for approving Vivendi's consolidated accounts, the Financing and Treasury department reviews and approves all the notes to the Consolidated Financial Statements relating to cash, debt and financial risks.

Taxes: the Vivendi SA Tax department also provides advisory services for the group's subsidiaries and defends their tax interests before the local tax authorities.

Litigation: major disputes are monitored directly or coordinated by the group's General Counsel. A report relating to litigation involving Vivendi and its business units is prepared by the group's legal department in collaboration with the general counsels and heads of the legal departments of the main business units. A summary litigation report is provided to the Management Board on a monthly basis. A table of current litigation and disputes is updated for each quarterly closing date based on information provided by the business units; a summary of this table is included in the Management Board's quarterly business report to the Supervisory Board. The Audit Committee, Supervisory Board and Management Board are kept informed of material ongoing litigation matters by the General Counsel at all times.

4.6. Information and Communication

The group's values, compliance program, data and content protection charter and CSR policy are made available to employees and to the public on the Vivendi website at www.vivendi.com.

Group procedures designed to assist with the preparation of financial and accounting information are updated once a year and are available in French and English on the group's Intranet site. These procedures, which must be applied by each of the business units and headquarters, include: the IFRS accounting principles and the chart of accounts for the Vivendi group; the principles and procedures applicable to treasury transactions (banking relationships, foreign exchange, finance/investment); the procedures applicable to investment transactions, sales of assets, short-term and long-term financing transactions, the monitoring of disputes, the monitoring of sureties, endorsements and guarantees; and the rules relating to the prior approval of assignments entrusted to the Statutory Auditors of Vivendi SA.

Training materials relating to the application of IFRS standards within the group are available online and are accessible to all employees. Training is organized each year by the Corporate Consolidation and Financial Reporting department.

4.7. Corporate Social Responsibility (CSR)

4.7.1. CSR AND VALUE CREATION

Innovative Positioning

As a key player in the content and media sector, Vivendi distinguished itself with its approach and contribution to sustainable development. Through its businesses, the group enables present and future generations to:

- satisfy their need to communicate;
- develop their talent;
- feed their curiosity; and
- encourage intercultural dialog and living together.

Four Strategic Commitments for the Protection of Human Rights

As a publisher and distributor of content, Vivendi group exerts a human, intellectual and cultural influence on society. Setting the standard in corporate responsibility in the media and culture industry, Vivendi defined CSR commitments that were directly linked to the core focus of its activities and related them to human rights as early as 2003 (see Chapter 1, Section 1.5.4 of this Annual Report).

Its social responsibility focuses on four strategic commitments directly linked to the group's operations:

- promoting cultural diversity in content production and distribution;
- empowering and protecting young people in their use of digital media;
- fostering knowledge sharing, which includes media pluralism and access and raising awareness of sustainable development issues; and
- valuating and protecting personal data in order to profit from the strong potential offered by digital technology while still respecting the privacy of its customers.

Eight Priority CSR Commitments

Achieving sustainability means reconciling economic performance with societal, social and environmental commitments. These commitments break down as follows:

- the first four pertain to human rights (see above);
- the other four to a responsibility shared with all companies, namely:
  - vigilance in conducting business;
  - social and professional empowerment of employees;
  - local economic, social and cultural development; and
  - respect for the environment in the digital era.

Vivendi makes its commitments clear to all its stakeholders: clients, employees, shareholders, suppliers, public authorities, artists, and civil society. These eight priority commitments are described in detail in the CSR section of Vivendi's website at www.vivendi.com. This section also includes all of Vivendi's non-financial indicators for the fiscal year 2016 as well as the cross-reference table for the various reporting guidelines, including the Global Reporting Initiative (GRI) and its Media Sector Supplement (MSS), the French Grenelle II law, the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact, and the UN Guiding Principles on Business and Human Rights.

Creating Shared Value

Societal priorities are at the forefront of Vivendi's commitments. This position is supported by all stakeholders with whom the group maintains regular and constructive dialog.

The high rating for Vivendi's CSR policy reassures investors in their investment choices. Vivendi's commitments to favoring the diversity of musical and cinematographic expression, pluralism and content quality, intercultural dialog, access to media, and the empowering of young people, are what allow the group to gain new market share. This supports the fact that economic performance and corporate social responsibility are inextricably linked.

An Integrated Reporting Approach

The decision to launch a pilot integrated reporting project on the theme of cultural capital has enabled Vivendi to combine social responsibility and overall performance.

This ambitious work, which was expanded outside France in 2014, was continued in 2015 and 2016. Its objective is to measure and demonstrate the creation of the value which is linked to the group's activities (see Section 1.5 of Chapter 1 of this Annual Report).

A measurement of the socio-economic footprint will be carried out to refine the key indicators at the group level. The revision of these key indicators is the next step to better illustrating the group's overall performance.

4.7.2. A SHARED CSR POLICY

Cross-Mobilization

The CSR department reports to the General Counsel, who is also a member of Vivendi's Management Board.

In line with its Internal Regulations, Vivendi's Supervisory Board regularly reviews the group's social responsibility policy, and is sent a status report on the roll-out of CSR policy on a quarterly basis by the Management Board. More specifically, the Corporate Governance, Nominations and Remuneration Committee assesses the achievement of CSR goals linked to the variable compensation of senior executives and grants the corresponding bonuses. The Audit Committee reviews the group's CSR policy twice a year.

Furthermore, the CSR department, which has developed a CSR risk map, takes part in the Risk and Compliance Committee, managed by the Audit and Risk department.

The CSR department defines the group's strategic orientations and carries out cross-disciplinary assignments:

- it participates in defining the CSR criteria incorporated into the variable compensation of senior executives in collaboration with the Human Resources department and the Management Board;
- it carries out the integrated reporting process together with the Finance department;
- it may organize roadshows dedicated to the group's CSR with the Investor Relations department;
- it promotes the Compliance Program in collaboration with the legal department; and
- within the group, it maintains constructive and sustained contact with the subsidiaries' functional departments (CSR, legal, finance and human resources) in order to implement CSR policy.

Since 2003, the CSR department has set up a committee that brings together subsidiary correspondents and representatives of several functional headquarter departments (legal, finance, audit and human resources). Each CSR Committee meeting is an opportunity to invite experts and representatives of civil society or national or European institutions to discuss topics relating to the group's eight priority commitments.

CSR Criteria Included in Senior Executive Variable Compensation

Since 2010, Vivendi's Supervisory Board has incorporated CSR criteria into the variable compensation of senior executives that are tied to the three strategic commitments shared by all subsidiaries and directly related to their operations: promoting cultural diversity; protecting and empowering young people; and fostering knowledge sharing. The valuation and protection of personal data was added to these three historical commitments in 2015. The Supervisory Board requires that these CSR criteria be defined for each business based on its expertise and positioning.

The Corporate Governance, Nominations and Remuneration Committee within the Supervisory Board assesses performance against these criteria and determines the components which make up the variable compensation of executives.

Non-Financial Reporting, a Management Tool

Vivendi's non-financial reporting is a CSR management tool that enables the group to better control risks and capitalize on its opportunities. The incorporation of indicators linked to the group's strategic CSR commitments is an innovative approach in the media and cultural industries sector.

The Statutory Auditors have reviewed the extra-financial indicators and information posted and defined in the Vivendi reporting protocol for their relevance and materiality. To this end, for the fiscal year 2016, part of this data was presented in Chapter 2 of the Annual Report and audited by the accounting firm, Ernst & Young.

In the cultural industries and media sector, Vivendi has pioneered the reporting and verification of societal indicators directly linked to its operations.

Strategic Commitments Pertaining to Human Rights

Vivendi's strategic commitments are also tied to the protection of human rights in the media and creative industries sector – a position that has been applauded by the group's stakeholders, and especially by the Worldwide Movement for Human Rights (FIDH) which recognizes the innovative efforts undertaken by Vivendi to understand, measure and improve its impact on human rights.

The link between these sectoral commitments and human rights allows Vivendi to address the growing expectations of its stakeholders, including investors, who are paying increasing attention to company performance in this regard. This transparency requirement for economic players is also consistent with the development of increasingly demanding domestic regulations such as France's Grenelle II law, and international regulations such as the United Nations Guiding Principles on Business and Human Rights and the European directive on non-financial reporting by major companies which requires that they release information on human rights compliance in their activities.

The table in Chapter 1 (see Section 1.5.4 of this Annual Report) illustrates how the strategic CSR commitments are enshrined in the main international reference texts, in particular those of the United Nations.

4.8. Outlook

In 2017, Vivendi will continue to assist and promote the responsibility of its business units and operating entities with regard to internal control. Three principal themes (operational efficiency, content cost control and digital security) will be the focus of a cross-disciplinary initiative by the Audit and Risk department. The group's policy of combining value creation and corporate social responsibility will continue to be pursued, with a particular focus on the measurement of the socio-economic footprint enabling a better evaluation of the group's performance in the territories where it is present.

Paris, February 23, 2017

Vincent Bolloré

Chairman of the Supervisory Board

SECTION 5

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF VIVENDI SA

To the Shareholders,

In our capacity as Statutory Auditors of Vivendi and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Company in accordance with Article L.225-68 of the French Commercial Code (*Code de commerce*) for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit to the Supervisory Board's approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to confirm that the report also includes the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.225-68 of the French Commercial Code (*Code de commerce*).

OTHER INFORMATION

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*).

Paris-La Défense, February 23, 2017

The Statutory Auditors

French original signed by

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Baudouin Griton Partner	Jacques Pierres Partner

CONTENT

Nota:

In accordance with European Commission Regulation (EC) 809/2004 (Article 28) which sets out the disclosure obligations for issuers of securities listed on a regulated market within the European Union (implementing Directive 2003/71/EC, the "Prospectus Regulation"), the following items are incorporated by reference into this report:

- *the 2015 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2015, prepared under IFRS and the related Statutory Auditors' Report on the Consolidated Financial Statements presented on pages 168 to 279 of the Document de référence No. D.16-0135, filed with the French Autorité des marchés financiers (AMF) on March 15, 2016, and on pages 168 to 279 of the English translation of this Document de référence; and*
- *the 2014 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2014, prepared under IFRS and the related Statutory Auditors' Report on the Consolidated Financial Statements presented on pages 158 to 293 of the Document de référence No. D.15-0135, filed with the French Autorité des marchés financiers (AMF) on March 13, 2015, and on pages 158 to 293 of the English translation of this Document de référence.*

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Rio, the magazine of the Olympic Games

Selected key consolidated financial data

PRELIMINARY COMMENT

Vivendi deconsolidated GVT, SFR, Maroc Telecom group and Activision Blizzard as from May 28, 2015, November 27, 2014, May 14, 2014, and October 11, 2013, respectively, i.e., the date of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations for the relevant periods as set out in the table of selected key consolidated financial data below in respect of data reflected in the Consolidated Statement of Earnings and Consolidated Statement of Cash flows.

	Year ended December 31,				
	2016	2015	2014	2013	2012
Consolidated data					
Revenues	10,819	10,762	10,089	10,252	9,597
EBIT	1,194	1,231	736	637	(1,131)
Earnings attributable to Vivendi SA shareowners	1,256	1,932	4,744	1,967	179
of which earnings from continuing operations attributable to Vivendi SA shareowners	1,236	699	(290)	43	(1,565)
Income from operations (a)	853	1,061	1,108	1,131	na
EBITA (a)	724	942	999	955	1,074
Adjusted net income (a)	755	697	626	454	318
Net Cash Position/(Financial Net Debt) (a)	1,068	6,422	4,637	(11,097)	(13,419)
Total equity	19,612	21,086	22,988	19,030	21,291
of which Vivendi SA shareowners' equity	19,383	20,854	22,606	17,457	18,325
Cash flow from operations (CFFO) (a)	729	892	843	894	846
Cash flow from operations after interest and income tax paid (CFAIT) (a)	341	(69)	421	503	772
Financial investments	(4,084)	(3,927)	(1,244)	(107)	(1,689)
Financial divestments	1,971	9,013	17,807	3,471	201
Dividends paid by Vivendi SA to its shareholders	(b) 2,588	(c) 2,727	(d) 1,348	1,325	1,245
Purchases/(sales) of Vivendi SA's treasury shares	1,623	492	32	-	18
Per share data					
Weighted average number of shares outstanding	1,272.6	1,361.5	1,345.8	1,330.6	1,298.9
Adjusted net income per share	**0.59**	**0.51**	**0.46**	**0.34**	**0.24**
Number of shares outstanding at the end of the period (excluding treasury shares)	1,259.5	1,342.3	1,351.6	1,339.6	1,322.5
Equity per share, attributable to Vivendi SA shareowners	15.39	15.54	16.73	13.03	13.86
Dividends per share paid	(b) **2.00**	(c) **2.00**	(d) **1.00**	**1.00**	**1.00**

In millions of euros, number of shares in millions, data per share in euros.

na: not applicable.

(a) The non-GAAP measures of Income from operations, EBITA, Adjusted net income, Net Cash Position (or Financial Net Debt), Cash flow from operations (CFFO) and Cash flow from operations after interest and income tax paid (CFAIT) should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of this Financial Report. In addition, it should be noted that other companies may have definitions and calculations for these indicators that differ from those used by Vivendi, thereby affecting comparability.

(b) On April 21, 2016, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €3 per share with respect to fiscal year 2015, i.e., an aggregate dividend payment of €3,951 million. This amount included €2,588 million paid in 2016: €1,318 million for the second interim dividend of €1 per share, paid on February 3, 2016, and €1,270 million representing the balance of €1 per share, paid on April 28, 2016.

(c) In 2015, Vivendi paid the dividend with respect to fiscal year 2014 (€1 per share, i.e., €1,363 million) and a first interim dividend with respect to fiscal year 2015 (€1 per share, i.e., €1,364 million).

(d) On June 30, 2014, Vivendi SA paid an ordinary dividend of €1 per share to its shareholders from additional paid-in capital, treated as a return of capital distribution to shareholders.

I - 2016 FINANCIAL REPORT

PRELIMINARY COMMENTS

- On February 16, 2017, the Management Board approved the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2016. Upon the recommendation of the Audit Committee, which met on February 20, 2017, the Supervisory Board, at its meeting held on February 23, 2017, reviewed the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2016, as approved by the Management Board on February 16, 2017.
- The Consolidated Financial Statements for the year ended December 31, 2016 have been audited and certified by the Statutory Auditors without qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

SECTION 1

EARNINGS ANALYSIS: GROUP AND BUSINESS SEGMENTS

PRELIMINARY COMMENTS

- "Income from operations", "EBITA" and "adjusted net income", non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in the Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.

  Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management and planning purposes because they provide a better illustration of the underlying performance of continuing operations by excluding most non-recurring and non-operating items:
  - the difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations, and "other income" and "other charges" included in EBIT, as defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2016; and
  - as defined by Vivendi, income from operations is calculated as EBITA as presented in the Adjusted Statement of Earnings, before share-based compensation costs related to equity-settled plans, and special items due to their unusual nature or particular significance.

  Moreover, it should be noted that other companies may have definitions and calculations for these non-GAAP measures that differ from those used by Vivendi, thereby affecting comparability.
- As a reminder, GVT (sold in 2015) has been reported as a discontinued operation in compliance with IFRS 5. Income and charges from this business have therefore been reported as follows:
  - GVT's contribution, until its effective divestiture on May 28, 2015, to each line of Vivendi's Consolidated Statement of Earnings, as well as the capital gain recognized as a result of the divestiture have been reported on the line "Earnings from discontinued operations"; and
  - the share of net income and the capital gain recognized as a result of such divestiture have been excluded from Vivendi's adjusted net income.

1.1. Consolidated Statement of Earnings and Adjusted Statement of Earnings

Consolidated statement of earnings			Adjusted statement of earnings		
	Year ended December 31,		Year ended December 31,		
	2016	2015	2016	2015	
Revenues	**10,819**	**10,762**	**10,819**	**10,762**	**Revenues**
Cost of revenues	(6,829)	(6,555)	(6,829)	(6,555)	Cost of revenues
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(3,172)	(3,163)	(3,137)	(3,146)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
			853	**1,061**	**Income from operations**
Restructuring charges	(94)	(102)	(94)	(102)	Restructuring charges
			(35)	(17)	Other operating charges and income
Amortization of intangible assets acquired through business combinations	(223)	(408)			
Impairment losses on intangible assets acquired through business combinations	(23)	(3)			
Reversal of reserve related to the Liberty Media litigation in the United States	240	-			
Other income	661	745			
Other charges	(185)	(45)			
EBIT	**1,194**	**1,231**	**724**	**942**	**EBITA**
Income from equity affiliates	169	(10)	214	(10)	Income from equity affiliates
Interest	(40)	(30)	(40)	(30)	Interest
Income from investments	47	52	47	52	Income from investments
Other financial income	31	16			
Other financial charges	(69)	(73)			
Earnings from continuing operations before provision for income taxes	**1,332**	**1,186**	**945**	**954**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(77)	(441)	(162)	(199)	Provision for income taxes
Earnings from continuing operations	**1,255**	**745**			
Earnings from discontinued operations	20	1,233			
Earnings	**1,275**	**1,978**	**783**	**755**	**Adjusted net income before non-controlling interests**
of which					*of which*
Earnings attributable to Vivendi SA shareowners	**1,256**	**1,932**	**755**	**697**	**Adjusted net income**
continuing operations	**1,236**	**699**			
discontinued operations	20	1,233			
Non-controlling interests	19	46	28	58	Non-controlling interests
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	**0.99**	**1.42**	**0.59**	**0.51**	**Adjusted net income per share - basic** (in euros)
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	**0.95**	**1.41**	**0.54**	**0.51**	**Adjusted net income per share - diluted** (in euros)

In millions of euros, except per share amounts.

1.2. Earnings analysis: group

1.2.1. ADJUSTED NET INCOME

In 2016, **adjusted net income** amounted to a profit of €755 million (or €0.59 per share), compared to €697 million in 2015 (or €0.51 per share), a €58 million increase (+8.4%). The decline in EBITA (-€218 million), the increase in interest expense (-€10 million) and lower income from investments (-€5 million) were more than offset by the increase in income from equity affiliates (+€224 million, primarily Telecom Italia's contribution for +€216 million), the decrease in income taxes (+€37 million) and the decrease in minority interests (+€30 million).

Adjusted net income per share

	Year ended December 31,			
	2016		2015	
	Basic	Diluted	Basic	Diluted
Adjusted net income (in millions of euros)	755	(a) 693	697	697
Number of shares (in millions)				
Weighted average number of shares outstanding (b)	1,272.6	1,272.6	1,361.5	1,361.5
Potential dilutive effects related to share-based compensation	-	3.1	-	5.3
Adjusted weighted average number of shares	**1,272.6**	**1,275.7**	**1,361.5**	**1,366.8**
Adjusted net income per share (in euros)	**0.59**	**0.54**	**0.51**	**0.51**

(a) Corresponded only to the impact on Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information disclosed by Telecom Italia for the first nine months of 2016.

(b) Net of the weighted average number of treasury shares (51.4 million shares in 2016, compared to 1.6 million in 2015).

1.2.2. EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS

Excluding earnings from discontinued operations, **earnings attributable to Vivendi SA shareowners from continuing operations, after non-controlling interests** amounted to a profit of €1,236 million, compared to a profit of €699 million in 2015, a €537 million increase (+77.0%). This improvement notably resulted from the net reversal of reserve related to the Liberty Media litigation (+€240 million, before taxes), the increase in income from equity affiliates (+€179 million, primarily Telecom Italia's contribution for +€173 million) and the decrease in provision for income taxes (+€364 million). These changes were partially offset by the change in EBIT's other income and charges (-€224 million). In 2016, they notably included the capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes). In 2015, they primarily included the capital gain on the sale of the 20% interest in Numericable-SFR (€651 million, before taxes).

In 2016, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €1,256 million (or €0.99 per share), compared to €1,932 million in 2015 (or €1.42 per share), an unfavorable change of €676 million (-35.0%). In 2015, earnings attributable to Vivendi SA shareowners included the capital gain on the sale of GVT on May 28, 2015 (+€1,818 million, before taxes of €395 million paid in Brazil) offset by the capital loss on the sale of Telefonica Brasil shares (-€294 million).

1.2.3. RECONCILIATION OF EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS TO ADJUSTED NET INCOME

	Year ended December 31,	
(in millions of euros)	2016	2015
Earnings attributable to Vivendi SA shareowners (a)	**1,256**	**1,932**
Adjustments		
Amortization of intangible assets acquired through business combinations	223	408
Impairment losses on intangible assets acquired through business combinations (a)	23	3
Reversal of reserve related to the Liberty Media litigation in the United States (a)	(240)	-
Other income (a)	(661)	(745)
Other charges (a)	185	45
Amortization of intangible assets related to equity affiliates	45	-
Other financial income (a)	(31)	(16)
Other financial charges (a)	69	73
Earnings from discontinued operations (a)	(20)	(1,233)
Change in deferred tax asset related to Vivendi SA's French Tax Group and to the Consolidated Global Profit Tax Systems	(33)	42
Income taxes related to the sale of the 20% interest in Numericable-SFR	-	124
Net income taxes related to the sale of GVT and Telefonica Brasil shares	-	63
Non-recurring items related to provision for income taxes	16	145
Provision for income taxes on adjustments	(68)	(132)
Non-controlling interests on adjustments	(9)	(12)
Adjusted net income	**755**	**697**

(a) As reported in the Consolidated Statement of Earnings.

1.3. Detailed analysis of the main items from the Statement of Earnings

1.3.1. REVENUES AND INCOME FROM OPERATIONS

Revenues amounted to €10,819 million, compared to €10,762 million in 2015, a €57 million increase (+0.5% and -0.2% at constant currency and perimeter (1)).

Cost of revenues amounted to €6,829 million, compared to €6,555 million in 2015, a €274 million increase (+4.2%).

Selling, general and administrative expenses in the Adjusted Statement of Earnings amounted to €3,137 million, compared to €3,146 million in 2015, a €9 million decrease (-0.3%).

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or in selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, remained stable at €309 million (compared to €305 million in 2015), and notably related to Canal+ Group's set-top boxes, as well as Studiocanal's catalogs, films and television programs.

Income from operations amounted to €853 million, compared to €1,061 million in 2015, an unfavorable change of €208 million (-19.6%). At constant currency and perimeter, income from operations decreased by €197 million (-18.5%). Universal Music Group's growth (+€67 million at constant currency) was more than offset by the decline of Canal+ Group, mainly due to the increased losses suffered by the Canal+ channels (2) in France (-€127 million), as well as the development costs incurred by Vivendi Village and New Initiatives (notably by Vivendi Content due to the launch of Studio+).

1.3.2. EBITA AND EBIT

EBITA amounted to €724 million, compared to €942 million in 2015, a €218 million decrease (-23.2%). At constant currency and perimeter, EBITA decreased by €203 million (-21.5%).

(1) Constant perimeter reflects the impacts of the acquisition of (i) the companies which own and manage Paddington Bear intellectual property rights (except for the publishing rights) on June 30, 2016, (ii) Gameloft on June 29, 2016, (iii) Alterna'TV (renamed Thema America) on April 7, 2016, (iv) Radionomy on December 17, 2015, and (v) Dailymotion on June 30, 2015.

(2) Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Séries, Canal+ Family and Canal+ Décalé.

This decline primarily reflected the unfavorable change in income from operations. In addition, EBITA included:

- **restructuring charges** for €94 million in 2016, mainly incurred by Universal Music Group (€44 million), Canal+ Group (€41 million, including the costs incurred by the discontinuation of certain television shows as a result of the new broadcast schedule, as well as the charges generated by iTélé's crisis recovery) and Dailymotion (€6 million). In 2015, restructuring charges amounted to €102 million and were primarily incurred by Universal Music Group (€51 million) and Canal+ Group (€47 million, notably due to the new organization put in place during the second half of 2015); and
- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €35 million, compared to a net charge of €17 million in 2015. In 2016, they primarily included reserve accruals related to certain broadcasting rights and contractual penalties at Canal+ Group, as well as charges related to equity-settled share-based compensation plans (-€14 million). These charges were offset by litigation settlement proceeds in the United States at Universal Music Group (+€16 million). In 2015, they notably comprised, on the one hand, litigation settlement proceeds in the United States at Universal Music Group (+€29 million), as well as reversals of reserves at Canal+ Group (+€22 million) and at Corporate (+€19 million), and on the other hand, reserve accruals related to litigation at Canal+ Group (-€61 million) and charges related to equity-settled share-based compensation plans (-€16 million).

EBIT amounted to €1,194 million, compared to €1,231 million in 2015, a €37 million decrease (-2.9%). In 2016, it included:

- **the reversal of reserve related to the Liberty Media litigation** representing a net profit of €240 million. As of December 31, 2012, on the basis of the verdict rendered on June 25, 2012 regarding the Liberty Media Corporation litigation in the United States, Vivendi accrued for a provision for the total amount of the final judgment (€945 million), including damages and pre-judgment interest. On February 23, 2016, Vivendi agreed on a settlement with Liberty Media and paid Liberty Media $775 million (€705 million) to settle the lawsuit. In addition, the provision recorded in relation to the securities class action in the United States remained unchanged at €100 million. Please refer to Note 23 to the Consolidated Financial Statements for the year ended December 31, 2016;
- **other income and charges** representing a €476 million net income, compared to a €700 million net income in 2015. In 2016, they primarily included the net capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes), partially offset by the impairment of financial investments. In 2015, they primarily included the capital gain on the divestiture of the 20% interest in Numericable-SFR (€651 million, before taxes) and a reversal of reserve related to the impairment of Canal+ Group's interest in TVN in Poland (€54 million), sold on July 1, 2015. Please refer to Note 4 to the Consolidated Financial Statements for the year ended December 31, 2016; and
- **amortization and depreciation of intangible assets acquired through business combinations** for €246 million, compared to €411 million in 2015, a €165 million decrease, notably due to the expiration of the amortization period (15 years) for Polygram's catalogs.

1.3.3. RECONCILIATION OF EBIT TO EBITA AND TO INCOME FROM OPERATIONS

	Year ended December 31,	
(in millions of euros)	2016	2015
EBIT (a)	**1,194**	**1,231**
Adjustments		
Amortization of intangible assets acquired through business combinations	223	408
Impairment losses on intangible assets acquired through business combinations (a)	23	3
Reversal of reserve related to the Liberty Media litigation in the United States (a)	(240)	-
Other income (a)	(661)	(745)
Other charges (a)	185	45
EBITA	**724**	**942**
Adjustments		
Restructuring charges (a)	94	102
Charges related to equity-settled share-based compensation plans	14	16
Other non-current operating charges and income	21	1
Income from operations	**853**	**1,061**

(a) As reported in the Consolidated Statement of Earnings.

1.3.4. INCOME FROM EQUITY AFFILIATES

In the Adjusted Statement of Earnings, **income from equity affiliates** amounted to a €214 million profit, compared to a €10 million loss in 2015. In 2016, it primarily included Vivendi's share of Telecom Italia's net earnings (€216 million) for the period from December 15, 2015 to September 30, 2016, calculated based on financial information disclosed by Telecom Italia **(1)**.

In the Consolidated Statement of Earnings, **income from equity affiliates** amounted to a €169 million profit, compared to a €10 million loss in 2015. In 2016, in addition to the income from equity affiliates recorded in the Adjusted Statement of Earnings, it included the amortization of intangible assets related to the purchase price allocation for Telecom Italia (-€43 million; please refer to Note 11 to the Consolidated Financial Statements for the year ended December 31, 2016).

1.3.5. FINANCIAL CHARGES AND INCOME

Interest was an expense of €40 million, compared to €30 million in 2015, a €10 million increase. It included:

- interest expense on borrowings for €63 million, compared to €65 million in 2015. This change reflected the decrease in the average interest rates on borrowings to 2.12% (compared to 2.91% in 2015), offset by the increase in the average outstanding borrowings to €3.0 billion (compared to €2.2 billion in 2015) pursuant to the issuance of new bonds in May and November 2016 for an aggregate amount of €2.1 billion. In addition, interest expense in 2015 included interest received by Vivendi SA (€4 million) from financing provided to GVT; and
- interest income earned on the investment of cash surpluses for €23 million, compared to €31 million in 2015. This change reflected the decrease in the average outstanding cash investments to €6.7 billion (compared to €8.8 billion in 2015). The average interest rate on cash investments remained stable at 0.34% (compared to 0.35% in 2015).

Income from investments amounted to €47 million, compared to €52 million in 2015. In 2016, income from investments primarily included dividends received from Telefonica (€19 million in cash and €15 million in shares) and from Telefonica Brasil (€4 million), as well as the interest from the bonds subscribed by Vivendi and issued by Banijay Group and Lov Banijay (€5 million). In 2015, it included an interest income of €26 million, between May 6 and August 19, 2015, derived from the €1,948 million receivable from Altice related to the deferred payment for the sale of the 10% interest in Numericable-SFR. It also included the dividends received from Activision Blizzard (€8 million in cash) and from Telefonica (€16 million in shares).

In the Consolidated Statement of Earnings, **other financial charges and income** amounted to a net charge of €38 million, compared to a net charge of €57 million in 2015. In 2015, this amount notably included a €16 million charge related to the unfavorable change in time value of the collar hedge on Vivendi's remaining interest in Activision Blizzard denominated in USD.

1.3.6. PROVISION FOR INCOME TAXES

Provision for income taxes in the Adjusted Statement of Earnings amounted to a net charge of €162 million, compared to a net charge of €199 million in 2015, a €37 million improvement notably reflecting the anticipated decrease in the taxable income of the Canal+ channels. The effective tax rate reported to adjusted net income was 22.2% in 2016, compared to 20.6% in 2015. This change notably reflected the increase in the expected current tax savings resulting from the utilization of the group's tax losses carried forward in the United States (€59 million) due to the anticipated growth in Universal Music Group's taxable income, partially offset by the impact of losses incurred in connection with the group's development projects in France, in particular the launch of Studio+ by Vivendi Content and the ongoing transformation of Dailymotion.

Provision for income taxes in the Consolidated Statement of Earnings amounted to a net charge of €77 million, compared to a net charge of €441 million in 2015. This €364 million improvement included a €75 million favorable change in tax savings related to Vivendi SA's Tax Group System, which was a €33 million income in 2016, compared to a €42 million charge in 2015, as well as an €84 million decrease related to the 3% tax on Vivendi SA's dividends (€38 million in 2016, compared to €122 million in 2015). In addition, in 2015, it mainly included income taxes payable by Vivendi SA in France related to the sale of the 20% interest in Numericable-SFR (€124 million, net of tax savings related to Vivendi SA's Tax Group System), as well as the income tax incurred by Vivendi SA in France related to the capital gain on the sale of GVT, net of the tax savings resulting from the capital loss on the sale of the interest in Telefonica Brasil (€63 million, net of tax savings related to Vivendi SA's Tax Group System).

1.3.7. EARNINGS FROM DISCONTINUED OPERATIONS

Earnings from discontinued operations amounted to €1,233 million in 2015 and included (i) the capital gain on the sale of GVT on May 28, 2015 for €1,818 million, before taxes of €395 million paid in Brazil, (ii) the capital loss on Telefonica Brasil shares (-€294 million), and (iii) GVT's net earnings until its sale for €179 million, including the impact of the discontinuation of amortization of tangible and intangible assets since September 1, 2014, in compliance with IFRS 5 (+€153 million in 2015). They also comprised the remaining impact of the sale of the 80% interest in SFR to Numericable (-€69 million).

(1) On March 17, 2016 (Financial Statements for the year ended December 31, 2015) and on November 4, 2016 (Financial Statements for the first nine months of 2016), respectively.

1.3.8. NON-CONTROLLING INTERESTS

Earnings attributable to non-controlling interests amounted to €19 million, compared to €46 million in 2015, a €27 million decrease. In 2016, they primarily included the non-controlling interests of Canal+ Overseas, nc+ in Poland and VTV in Vietnam. In 2015, they also included the non-controlling interests of Société d'Édition de Canal Plus (SECP; prior to their full acquisition by Vivendi between mid-August and the end of September 2015).

Adjusted net income attributable to non-controlling interests amounted to €28 million, compared to €58 million in 2015.

1.4. Performance analysis: Business segments

	Year ended December 31,				
(in millions of euros)	2016	2015	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues					
Universal Music Group	5,267	5,108	+3.1%	+4.4%	+4.4%
Canal+ Group	5,253	5,513	-4.7%	-4.1%	-4.2%
Gameloft	132	-	na	na	na
Vivendi Village	111	100	+10.9%	+14.7%	+3.8%
New Initiatives	103	43	x2.4	x2.4	+51.6%
Elimination of intersegment transactions	(47)	(2)			
Total Vivendi	**10,819**	**10,762**	**+0.5%**	**+1.5%**	**-0.2%**
Income from operations					
Universal Music Group	687	626	+9.8%	+10.7%	+10.7%
Canal+ Group	303	542	-44.1%	-44.0%	-44.2%
Gameloft	10	-	na	na	na
Vivendi Village	(7)	10	na	na	na
New Initiatives	(44)	(18)	x2.4	x2.4	-78.0%
Corporate	(96)	(99)	+2.3%	+2.3%	+2.3%
Total Vivendi	**853**	**1,061**	**-19.6%**	**-18.8%**	**-18.5%**
EBITA					
Universal Music Group	644	593	+8.4%	+9.1%	+9.1%
Canal+ Group	240	454	-47.1%	-46.9%	-47.1%
Gameloft	7	-	na	na	na
Vivendi Village	(9)	9	na	na	na
New Initiatives	(56)	(20)	×2.8	×2.8	×2.2
Corporate	(102)	(94)	-8.4%	-8.4%	-8.4%
Total Vivendi	**724**	**942**	**-23.2%**	**-22.5%**	**-21.5%**

na: not applicable.

(a) Constant perimeter reflects the impacts of the following acquisitions:
- Alterna'TV, renamed Thema America (April 7, 2016) and Paddington Bear (June 30, 2016) by Canal+ Group;
- Gameloft (June 29, 2016);
- Radionomy, integrated into Vivendi Village (December 17, 2015); and
- Dailymotion, integrated into New Initiatives (June 30, 2015).

1.4.1. UNIVERSAL MUSIC GROUP (UMG)

(in millions of euros)	Year ended December 31, 2016	2015	% Change	% Change at constant currency	% Change at constant currency and perimeter
Recorded music	4,188	4,113	+1.8%	+2.9%	+2.9%
Physical sales	*1,225*	*1,437*	*-14.8%*	*-14.9%*	*-14.9%*
Digital sales	*2,238*	*1,975*	*+13.3%*	*+14.7%*	*+14.7%*
of which streaming and subscriptions	*1,483*	*954*	*+55.5%*	*+57.9%*	*+57.9%*
License and other	*725*	*701*	*+3.3%*	*+6.0%*	*+6.0%*
Music publishing	792	756	+4.7%	+6.7%	+6.7%
Merchandising and other	313	276	+13.4%	+16.1%	+16.1%
Elimination of intersegment transactions	(26)	(37)			
Total Revenues	**5,267**	**5,108**	**+3.1%**	**+4.4%**	**+4.4%**
Income from operations	**687**	**626**	**+9.8%**	**+10.7%**	**+10.7%**
Income from operations margin	*13.0%*	*12.3%*	*+0.7 pt*		
Restructuring charges	(44)	(51)			
Charges related to equity-settled share-based compensation plans	(3)	(5)			
Other special items excluded from income from operations	4	23			
EBITA	**644**	**593**	**+8.4%**	**+9.1%**	**+9.1%**
EBITA margin	*12.2%*	*11.6%*	*+0.6 pt*		
Recorded music revenues by geographical area (in millions of euros)					
North America	1,806	1,736	+4.0%	+3.7%	+3.7%
Europe	1,481	1,538	-3.7%	-	-
Asia	542	468	+15.7%	+7.2%	+7.2%
Latin America	135	129	+4.3%	+23.1%	+23.1%
Rest of the world	224	242	-7.2%	-4.4%	-4.4%
	4,188	**4,113**	**+1.8%**	**+2.9%**	**+2.9%**

Recorded music best sellers, in value (Source: *MusicMart*)

Year ended December 31, 2016

Artist	Title
Drake	Views
Justin Bieber	Purpose
Rihanna	Anti
Ariana Grande	Dangerous Woman
The Rolling Stones	Blue & Lonesome
Utada Hikaru	Fantôme
Metallica	Hardwired… to Self-Destruct
The Weeknd	Starboy
back number	Encore
The Weeknd	Beauty Behind The Madness

Year ended December 31, 2015

Artist	Title
Taylor Swift	1989
Justin Bieber	Purpose
Sam Smith	In The Lonely Hour
The Weeknd	Beauty Behind The Madness
Various artists	Fifty Shades of Grey
The Beatles	1+
Dreams Come True	Dreams Come True The Best! Watashino Dorikamu
Maroon 5	V
Drake	If You're Reading This It's Too Late
Helene Fischer	Weihnachten

Universal Music Group's (UMG) revenues amounted to €5,267 million, up 4.4% at constant currency compared to 2015 (+3.1% on an actual basis), driven by growth across all divisions.

Recorded music revenues grew 2.9% at constant currency thanks to the growth in subscription and streaming revenues (+57.9%), which more than offset the decline in both download and physical sales.

Music publishing revenues grew 6.7% at constant currency, also driven by increased subscription and streaming revenues, as well as growth in synchronization and performance income. Merchandising and other revenues were up 16.1% at constant currency thanks to stronger touring activity.

Recorded music best sellers for the year included new releases from Drake, Rihanna, Ariana Grande and The Rolling Stones, as well as carryover sales from Justin Bieber.

UMG's income from operations amounted to €687 million, up 10.7% at constant currency compared to 2015 (+9.8% on an actual basis). This favorable performance reflected the benefit of both revenue growth and cost savings.

UMG's EBITA amounted to €644 million, up 9.1% at constant currency compared to 2015 (+8.4% on an actual basis). EBITA included legal settlement income and restructuring charges in 2016 and 2015.

In recent months, UMG entered into several agreements with the estate of the late artist Prince and NPG Records Inc., becoming the home for Prince's music publishing, merchandise and much of his recorded music. UMG is now the exclusive worldwide publishing administrator for all of the artist's released and unreleased songs and the exclusive worldwide branding and licensing partner. It also holds the exclusive licensing rights to certain of his NPG recordings, including some Grammy-winning songs, as well as the right to compile and release albums from his unreleased recordings.

1.4.2. CANAL+ GROUP

	Year ended December 31,				
(in millions of euros)	2016	2015	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Pay-TV in Mainland France	3,178	3,383	-6.1%	-6.1%	-6.1%
of which Canal+ channels (b)	*1,614*	*1,743*	*-7.4%*	*-7.4%*	*-7.4%*
International Pay-TV	1,442	1,364	+5.7%	+7.4%	+6.8%
Poland	*492*	*500*	*-1.8%*	*+2.2%*	*+2.2%*
Overseas	*411*	*407*	*+1.1%*	*+1.1%*	*+1.1%*
Africa	*450*	*378*	*+19.2%*	*+19.9%*	*+19.9%*
Vietnam	49	*51*	*-4.9%*	*-3.5%*	*-3.5%*
Other	*40*	*28*			
Free-to-air TV in Mainland France	217	203	+6.9%	+6.9%	+6.9%
Studiocanal	416	563	-26.1%	-24.0%	-24.0%
Total Revenues	**5,253**	**5,513**	**-4.7%**	**-4.1%**	**-4.2%**
Income from operations	**303**	**542**	**-44.1%**	**-44.0%**	**-44.2%**
Income from operations margin	*5.8%*	*9.8%*	*-4.0 pts*		
Restructuring charges	(41)	(47)			
Charges related to equity-settled share-based compensation plans	(3)	(3)			
Other special items excluded from income from operations	(19)	(38)			
EBITA	**240**	**454**	**-47.1%**	**-46.9%**	**-47.1%**
EBITA margin	*4.6%*	*8.2%*	*-3.6 pts*		
of which Canal+ channels' EBITA (b)	*(399)*	*(264)*			
Pay-TV subscribers (in thousands)					
Individual subscribers in Mainland France excluding wholesale partnerships	5,254	5,746	-492		
With commitment	*4,983*	*5,405*	*-422*		
Without commitment	*271*	*341*	*-70*		
Canal customers via wholesale partnerships (c)	2,928	-	+2,928		
International individual subscribers	6,247	5,495	+752		
Poland	*2,119*	*2,119*	-		
Overseas	*508*	*499*	*+9*		
Africa	*2,765*	*2,073*	*+692*		
Vietnam	*855*	*804*	*+51*		
Total Canal+ Group's individual subscribers	**14,429**	**11,241**	**+3,188**		
Mainland France Pay-TV (d)					
Churn, per individual subscriber with commitment	16.7%	14.9%	+1.8 pt		
Net ARPU, in euros per individual subscriber with commitment	45.3	44.7	+0.6		
Mainland France Free-to-air TV's audience shares (e)					
C8 (D8)	4.4%	4.3%	+0.1 pt		
CStar (D17)	1.5%	1.4%	+0.1 pt		
iTélé	0.8%	1.0%	-0.2 pt		
Total	**6.7%**	**6.7%**	**-**		

(a) Constant perimeter reflects the impacts of the acquisition of Alterna'TV, renamed Thema America (April 7, 2016) and Paddington Bear (June 30, 2016).

(b) Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Séries, Canal+ Family and Canal+ Décalé. In 2014, 2013 and 2012, Canal+ channels' revenues amounted to €1,779 million, €1,832 million and €1,840 million, respectively, and its EBITA amounted to -€188 million, -€130 million and -€21 million, respectively.

(c) Includes the strategic partnership agreements entered into with Free and Orange during the second half of 2016:
- starting October 1, 2016, Canal+ Group and Free offer the "TV by Canal Panorama" bouquet of channels to Free's triple-play subscribers; and
- starting October 6, 2016, Canal+ Group and Orange offer the "Famille by Canal" bouquet of channels to Orange's fiber-optic subscribers.

In addition, certain subscribers may have subscribed to a Canal+ offer.

(d) Indicators calculated on the basis of the individual subscriber base with commitment, excluding wholesale partnerships.

(e) Source: Médiamétrie. Population aged 25-49 years old.

Canal+ Group revenues amounted to €5,253 million, down 4.7% compared to 2015.

Revenues from pay-TV operations in mainland France were down 6.1% year-on-year. This change was primarily due to a decline of the individual subscriber base (down 492,000 year-on-year to 5.25 million subscribers), despite a strong improvement in business performance towards the end of the year following the launch of the new Canal offers in mid-November 2016. Moreover, Canal+ Group entered into agreements with Free and Orange during the fourth quarter of 2016 pursuant to which the Canal TV offer can be included in the set-top boxes of these operators (only the fiber offer for Orange).

Revenues from pay-TV international operations grew by 5.7% compared to 2015, thanks to continued growth in the subscriber base, particularly in Africa where the year-on-year increase amounted to 692,000 to reach nearly 2.8 million subscribers at the end of December 2016.

At the end of December 2016, Canal+ Group had increased its subscriber base to approximately 11.5 million individual subscribers and 2.9 million Free and Orange customers under the aforementioned partnerships.

Advertising revenues from free-to-air channels in mainland France were up 6.9% year-on-year, notably thanks to C8, which was the most watched DTT channel in France and the fifth most watched channel overall at the end of 2016. Among its primary target audience of 25-49 year olds, C8 was the fourth most watched French channel with an average share of 4.4% in 2016.

Studiocanal's revenues amounted to €416 million, down 26.1% compared to the record high achieved in 2015, which benefited from exceptional performances with the success of several movies, including *Paddington*, *Shaun the Sheep*, *Imitation Game*, *Legend* and *Hunger Games*.

Canal+ Group's income from operations amounted to €303 million, compared to €542 million in 2015, and EBITA amounted to €240 million, compared to €454 million in 2015. This change was mainly due to the decline in the individual subscriber base in mainland France (excluding wholesale agreements) and content investments.

EBITA from Canal+ channels in France **(1)** amounted to a €399 million loss, compared to a €264 million loss in 2015.

(1) Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Séries, Canal+ Family and Canal+ Décalé.

1.4.3. GAMELOFT

As a reminder, Vivendi has fully consolidated Gameloft since June 29, 2016: please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2016.

(in millions of euros)	Year ended December 31, 2016 (a)	12-month pro forma data: Year ended December 31, 2016	2015 (b)	% Change	% Change at constant currency
Revenues	**132**	**257**	**256**	**+0.4%**	**+5.1%**
of which advertising revenues	*11*	*19*	*5*		
Income from operations	**10**	**10**	**2**		
Income from operations margin	*7.6%*	*3.9%*	*0.8%*		
Charges related to equity-settled share-based compensation plans	(3)				
EBITA	**7**				
EBITA margin	*5.3%*				
Revenues by geographical area					
EMEA (Europe, the Middle East, Africa)	33%	33%	30%		
APAC (Asia Pacific)	28%	29%	30%		
North America	26%	25%	25%		
Latam (Latin America)	13%	13%	15%		
	100%	**100%**	**100%**		
Average Unique Users (in millions)					
Monthly Active Users (MAU)	136	142	166		
Daily Active Users (DAU)	16	17	21		

(a) Corresponds to the financial data consolidated by Vivendi since June 29, 2016.
(b) As publicly disclosed by Gameloft.

Gameloft's revenues amounted to €132 million for the second half of 2016. They amounted to €125 million for the first half of 2016. Gameloft's dynamic growth accelerated compared to the first half of 2016. Gameloft's operations in the second half of the year were notably driven by the strong development of its mobile advertising agency, *Gameloft Advertising Solutions*. The continued long-term success of games such as *Asphalt 8: Airborne*, *Dungeon Hunter 5*, *Dragon Mania Legends*, *March of Empires* and *Modern Combat 5: Blackout* and the successful launch of *Disney Magic Kingdoms* in 2016 also contributed to a strong second half performance. Gameloft benefited from improved monetization of services for existing games and from a more efficient and targeted user acquisition policy. Year-end was especially dynamic for Gameloft, with sales reaching a historic high of €69 million for the fourth quarter of 2016.

The games released in 2016 accounted for 14% of Gameloft's sales during the second half of 2016. *Disney Magic Kingdoms* in particular has been a stand out since its launch by Gameloft in March 2016, notably in Japan where the game, which is distributed in partnership with GungHo, was the most downloaded game on iOS and Google Play upon its release.

During the second half of 2016, two thirds of Gameloft's sales were generated by internally developed franchises which continue to grow as a percentage of sales. Gameloft franchises represented 57% of sales in 2013, 60% in 2014, 64% in 2015, and 67% in the second half of 2016. The goal is to continue to create new franchises every year and, at the same time, to strengthen the appeal of the existing franchises.

Gameloft's income from operations amounted to €10 million for the second half of 2016 thanks to a sharp increase in revenues and fewer operating costs. The income from operations' margin stood at 7.6%, a level that Gameloft had not achieved since the second half of 2013.

Gameloft's EBITA amounted to €7 million for the second half of 2016.

1.4.4. VIVENDI VILLAGE

(in millions of euros)	Year ended December 31, 2016	2015	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Vivendi Ticketing	52	52	+0.8%	+8.4%	+8.4%
MyBestPro	25	22	+11.3%	+11.3%	+11.3%
Watchever	11	16	-29.9%	-29.9%	-29.9%
L'Olympia	10	10	-2.0%	-2.0%	-2.0%
Radionomy	11	-	na	na	na
Other	2	-	na	na	na
Total Revenues	**111**	**100**	**+10.9%**	**+14.7%**	**+3.8%**
Income from operations	**(7)**	**10**			
Restructuring charges	(2)	(1)			
EBITA	**(9)**	**9**			

na: not applicable.

(a) Constant perimeter reflects the impacts of the acquisition of Radionomy on December 17, 2015.

Vivendi Village's revenues amounted to €111 million, a 10.9% increase compared to 2015 (+14.7% at constant currency and +3.8% at constant currency and perimeter). Over the same period, Vivendi Village's income from operations and EBITA amounted to losses of €7 million and €9 million, respectively. Vivendi Village continues to serve as a lab for experimentation and a launch pad for new projects for the entire Group thanks in particular to the flexibility offered by small organizational structures.

Vivendi Ticketing generated revenues of €52 million in 2016 and significantly improved its income from operations (+11.8% compared to 2015).

MyBestPro (web-based expert counseling) continued to perform well in 2016 with an 11.3% increase in revenues and a 23.5% increase in income from operations compared to 2015.

Despite a difficult environment following the November 2016 Paris bombings, L'Olympia almost maintained the same level of revenues in 2016 as the year before by increasing its initiatives, in particular partnerships and events. The Théâtre de L'Œuvre in Paris was re-launched in October 2016 with an original program line-up.

Since early 2017, Olympia Production has coproduced the ambitious tour of Slimane, the 2016 winner of the The Voice France. CanalOlympia has successfully opened three new cinema and entertainment venues in Africa since the beginning of the year and will open a fourth one in Burkina Faso on February 24, 2017.

1.4.5. NEW INITIATIVES

The operating segment "New Initiatives" groups together the projects being launched or developed by Vivendi, including Dailymotion (since June 30, 2015), Vivendi Content, Canal Factory and GVA (Group Vivendi Africa).

New Initiatives' revenues amounted to €103 million, compared to €43 million in 2015.

Dailymotion, a global video platform with 300 million unique users per month and three billion video views, began a major transformation plan in 2016. Over the past few months, Dailymotion has strengthened its technical infrastructure, optimized its monetization tools, improved the quality of its audience and taken measures to remove explicit content incompatible with its new premium positioning. Dailymotion intends to offer its users a new experience allowing them to better discover and watch videos, including live videos, directly related to their individual interests and desires. To do this, Dailymotion will rely on the content provided by the hundreds of contributors (publishers, media groups) around the world with whom it has established partnerships. This new experience will be available in the second quarter of 2017, with the worldwide launch of a completely revamped user interface for all screen types, particularly mobile screens, which will mark an important step in Dailymotion's transformation.

Vivendi Content is a business dedicated to developing new content formats aimed at an international audience in close collaboration with the Group's other businesses. It includes Studio+, an offer of short premium digital series specifically designed for mobile devices which was launched in Latin America and Europe during the fourth quarter of 2016, and Vivendi Entertainment which produces original formats for television shows. Vivendi Content also includes the group's initiatives in the field of e-sports.

New Initiatives' income from operations amounted to a €44 million loss, compared to an €18 million loss in 2015. Its EBITA amounted to a €56 million loss, compared to a €20 million loss in 2015.

1.4.6. CORPORATE

Corporate's income from operations was a net charge of €96 million, compared to €99 million in 2015, a €3 million improvement, primarily due to the decrease in legal fees related to certain litigation.

Corporate's EBITA was a net charge of €102 million, compared to €94 million in 2015, an €8 million increase. In addition to the improvement in income from operations, EBITA also benefited from a decrease in restructuring charges and in charges related to equity-settled share-based compensation plans. However, these decreases were more than offset by non-recurring positive items (related to litigation) recorded in 2015.

SECTION 2

TREASURY AND CAPITAL RESOURCES

2.1. Net Cash Position and equity portfolio

PRELIMINARY COMMENTS

- The "Net Cash Position", a non-GAAP measure, should be considered in addition to, and not as a substitute for, other GAAP measures as presented in the Consolidated Statement of Financial Position, as well as any other measures of indebtedness reported in accordance with GAAP, and Vivendi considers it to be a relevant indicator of treasury and capital resources of the group. Vivendi Management uses this indicator for reporting, management, and planning purposes, as well as to comply with certain covenants.
- The Net Cash Position is calculated as the sum of:
  - (i) cash and cash equivalents as reported in the Consolidated Statement of Financial Position, corresponding to cash in banks, money market funds, complying with the criteria set forth in AMF position No. 2011-13, and other highly liquid short-term investments with initial maturities of generally three months or less, as required by IAS 7 (please refer to Note 1.3.5.11 to the Consolidated Financial Statements for the year ended December 31, 2016);
  - (ii) cash management financial assets, included in the Consolidated Statement of Financial Position under "financial assets", corresponding to financial investments which do not comply with the criteria for classification as cash equivalents set forth in IAS 7, and, with respect to money market funds, the criteria set forth in AMF position No. 2011-13; and
  - (iii) derivative financial instruments in assets, and cash deposits backing borrowings, included in the Consolidated Statement of Financial Position under "financial assets"; less
  - (iv) long-term and short-term borrowings and other financial liabilities as reported in the Consolidated Statement of Financial Position.

2.1.1. NET CASH POSITION

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2016	December 31, 2015
Cash and cash equivalents (a)	14	4,072	8,225
of which Vivendi SA's money market funds		*1,916*	*5,550*
Vivendi SA's term deposits and interest-bearing current accounts		*1,792*	*2,372*
Cash management financial assets	14	998	581
Cash position		**5,070**	**8,806**
Derivative financial instruments in assets	12	79	115
Cash deposits	12	-	(b) 439
Borrowings and other financial liabilities	19	(4,081)	(2,938)
of which long-term (a)		*(2,977)*	*(1,555)*
short-term (a)		*(1,104)*	*(1,383)*
Borrowings and other financial items		**(4,002)**	**(2,384)**
Net Cash Position		**1,068**	**6,422**

(a) As presented in the Consolidated Statement of Financial Position.

(b) Corresponded to the cash deposit related to the hedge of Activision Blizzard shares which was recovered following the unwinding of the hedge in January 2016.

As of December 31, 2016, Vivendi's Net Cash Position amounted to €1,068 million. It included the group's cash position of €5,070 million, of which €4,709 million was held by Vivendi SA and primarily invested as follows:

- €1,916 million invested in money market funds and classified as "cash and cash equivalents";
- €2,474 million invested in term deposits, interest-bearing current accounts and Medium Term Notes (MTN), of which €1,792 million is classified as "cash and cash equivalents" and the remaining balance (€682 million) as "financial assets"; and
- €316 million invested in bond funds and classified as "financial assets".

As of December 31, 2016, Vivendi's borrowings and other financial liabilities amounted to €4,081 million, compared to €2,938 million as of December 31, 2015, a €1,143 million increase. This change was notably attributable to the following:

- +€1,600 million, related to the bonds issued in 2016 (€1,500 million in May and €600 million in November), net of the redemption in December 2016 (€500 million);
- +€100 million, incurred by the issuance of commercial papers;
- +€119 million, related to the financial liability recorded with respect to put options attached to the ORAN 1 and ORAN 2 bonds issued by Banijay Group and Lov Banijay, respectively, pursuant to which each has the option of redeeming its borrowings in shares (please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2016);
- -€483 million, incurred by the reversal of the financial liability recorded, as of December 31, 2015, with respect to the collar hedge on the value of Vivendi's interest in Activision Blizzard denominated in USD, unwound in January 2016, concomitantly with the sale of the remaining interest in Activision Blizzard; and
- -€193 million, incurred by the reversal of the financial liability recorded, as of December 31, 2015, with respect to the share repurchase program in progress as of the closing date on December 31, 2015.

Vivendi SA has a €2 billion bank credit facility, undrawn as of December 31, 2016. On October 30, 2016, the maturity date of this credit facility was extended by one year, to October 29, 2021. Taking into account the commercial papers backed by this bank credit facility and issued for €100 million, this facility was available for €1.9 billion as of December 31, 2016. As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), taking into account the commercial papers issued for €300 million, this facility was available for €1.7 billion.

In addition, as a result of the settlement agreement entered into with Liberty Media on February 23, 2016 regarding the lawsuit filed by Liberty Media in March 2003, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi (€974 million).

Moreover, the depreciation of the British pound (GBP) against the euro, following the referendum held on June 23, 2016 endorsing the United Kingdom's exit from the European Union ("Brexit"), mainly impacted Universal Music Group's revenues. In addition, Vivendi has thoroughly reviewed the impact of interest and foreign exchange rate changes on the group's debt and financial assets, as well as on pension funds, and a report was submitted to Vivendi's Audit Committee to that effect. As of the date of this report, no significant impact on Vivendi's consolidated financial position has been recognized. Other potential effects that could impact the group as a result of the Brexit will be assessed when the terms of the United Kingdom's departure from the European Union will be known.

2.1.2. EQUITY PORTFOLIO

As of December 31, 2016, Vivendi held a portfolio of listed and unlisted non-controlling equity interests, mainly in Telecom Italia, Banijay Group, Mediaset, Ubisoft, Telefonica and Groupe Fnac. As of that date, this equity portfolio represented an aggregate market value of approximately €6.8 billion (before taxes): please refer to Notes 11 and 12 to the Consolidated Financial Statements for the year ended December 31, 2016.

As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), the value of Vivendi's portfolio of non-controlling equity interests amounted to approximately €6.6 billion (before taxes).

2.2. Changes in Net Cash Position

(in millions of euros)	Cash and cash equivalents	Borrowings and other financial items (a)	Net Cash Position
Net Cash Position as of December 31, 2015	**8,225**	**(1,803)**	**6,422**
Outflows/(inflows):			
Operating activities	658	-	658
Investing activities	(2,313)	(31)	(2,344)
Financing activities	(2,496)	(1,211)	(3,707)
Foreign currency translation adjustments	(2)	41	39
Net Cash Position as of December 31, 2016	**4,072**	**(3,004)**	**1,068**

(a) "Other financial items" include cash management financial assets, commitments to purchase non-controlling interests, derivative financial instruments (assets and liabilities) and cash deposits.

As of December 31, 2016, Vivendi's Net Cash Position was €1,068 million, compared to €6,422 million as of December 31, 2015, a €5,354 million decrease which notably reflected:

- investments made in 2016, representing an aggregate outflow of €3,281 million, mainly including acquisitions of shares of Mediaset (€1,256 million), Telecom Italia (€622 million), Gameloft (€499 million), Ubisoft (€405 million) and Groupe Fnac (€159 million), as well as the investment in Banijay Group (€340 million); and
- dividends paid to Vivendi SA shareowners for €2,588 million (€1,318 million, paid on February 3, 2016, related to the second interim dividend with respect to fiscal year 2015, and €1,270 million, paid on April 28, 2016, related to the remaining balance of the dividend with respect to fiscal year 2015);
- the purchase of treasury shares for €1,623 million;
- investments in cash management financial assets for a net amount of €394 million (please refer to Note 14 to the Consolidated Financial Statements for the year ended December 31, 2016); and
- capital expenditures for €233 million;

partially offset by:

- cash proceeds from the sale of the remaining interest in Activision Blizzard in January 2016 (€976 million) and from the recovery of a cash deposit pursuant to the unwinding of the hedge of these shares (€483 million);
- net proceeds received as a result of the settlement agreement with Liberty Media (€269 million); and
- cash flow from operations (after income taxes) generated for €658 million.

2.3. Cash flow from operations analysis

PRELIMINARY COMMENTS

- "Cash flow from operations" (CFFO) and "cash flow from operations after interest and taxes" (CFAIT), non-GAAP measures, should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.
- As a reminder, GVT (sold in 2015) has been reported as a discontinued operation in compliance with IFRS 5. In practice, cash flows from this business have been reported as follows:
  - GVT's contribution, until its effective sale on May 28, 2015, to each line of Vivendi's Consolidated Statement of Cash flows has been grouped under the line "Cash flows from discontinued operations"; and
  - its cash flow from operations (CFFO) and cash flow from operations after interest and income taxes (CFAIT) have been excluded from Vivendi's CFFO and CFAIT, as presented below.

	Year ended December 31,		
(in millions of euros)	2016	2015	% Change
Revenues	10,819	10,762	+0.5%
Operating expenses excluding depreciation and amortization	(9,688)	(9,429)	-2.7%
	1,131	***1,333***	***-15.2%***
Restructuring charges paid	(99)	(84)	-17.5%
Content investments, net	(55)	157	na
of which payments to artists and repertoire owners, net at UMG:			
Payments	*(626)*	*(635)*	*+1.4%*
Recoupment and other	*673*	*675*	*-0.3%*
	47	***40***	***+16.3%***
of which film and television rights, net at Canal+ Group:			
Acquisition paid	*(646)*	*(633)*	*-2.1%*
Consumption	*742*	*753*	*-1.4%*
	96	***120***	***-19.8%***
of which sports rights, net at Canal+ Group:			
Acquisition paid	*(850)*	*(719)*	*-18.2%*
Consumption	*890*	*815*	*+9.2%*
	40	***96***	***-58.1%***
Neutralization of change in provisions included in operating expenses	(40)	(47)	+13.3%
Other cash operating items	(1)	(9)	+88.5%
Other changes in net working capital	(7)	(226)	+96.9%
Net cash provided by/(used for) operating activities before income tax paid	***929***	***1,124***	***-17.4%***
Dividends received from equity affiliates and unconsolidated companies	33	14	x 2.4
Capital expenditures, net (capex, net)	(233)	(246)	+5.2%
Cash flow from operations (CFFO)	**729**	**892**	**-18.3%**
Interest paid, net	(40)	(30)	-34.1%
Other cash items related to financial activities	(77)	106	na
Income tax (paid)/received, net	(271)	(1,037)	+73.9%
Cash flow from operations after interest and income tax paid (CFAIT)	**341**	**(69)**	**na**

na: not applicable.

2.3.1. CHANGES IN CASH FLOW FROM OPERATIONS (CFFO)

In 2016, cash flow from operations (CFFO) generated by the business segments amounted to €729 million (compared to €892 million in 2015), a €163 million decrease (-18.3%). This change mainly reflected the decline in the performance of Canal+ Group, notably due to the Canal+ channels (-€125 million) and the impact of the group's development projects in France, in particular the launch of Studio+ by Vivendi Content and the ongoing transformation of Dailymotion, as well as a €15 million increase in restructuring charges. These changes were partially offset by Universal Music Group's performance driven by the net growth of its digital operations, as well as a €13 million decrease in capital expenditures and a €19 million increase in dividends received. In 2016, they primarily included dividends received from Telefonica and from Telefonica Brasil for an aggregate amount of €23 million. In 2015, they mainly included the dividend received from Activision Blizzard for €8 million.

2.3.2. CASH FLOW FROM OPERATIONS (CFFO) BY BUSINESS SEGMENT

	Year ended December 31,		
(in millions of euros)	2016	2015	% Change
Cash flow from operations (CFFO)			
Universal Music Group	663	567	+17.0%
Canal+ Group	244	472	-48.3%
Gameloft	14	-	na
Vivendi Village	(26)	(10)	×2.7
New Initiatives	(73)	(22)	×3.3
Corporate	(93)	(115)	+18.9%
Total Vivendi	**729**	**892**	**-18.3%**

na: not applicable.

2.3.3. CHANGES IN CASH FLOW FROM OPERATIONS AFTER INTEREST AND INCOME TAX PAID (CFAIT)

In 2016, cash flow from operations after interest and income tax paid (CFAIT) represented a €341 million net inflow, compared to a €69 million net outflow in 2015, a €410 million improvement. This change mainly reflected the decrease in outflows for income taxes (+€766 million), partially offset by the unfavorable change in the net cash flow from financial activities (-€193 million) and in the CFFO (-€163 million).

Cash flow related to income taxes amounted to a €271 million net outflow, compared to a €1,037 million net outflow in 2015. In 2016, it notably included tax installments paid in France under the French Tax Group System for fiscal year 2016 (-€104 million) and the 3% tax on the dividends paid by Vivendi SA in February and April 2016 (-€78 million). In 2015, it notably included (i) the tax installment paid in France under the French Tax Group System for fiscal year 2015 (-€233 million), (ii) taxes and fees paid by Vivendi SA in Brazil for an aggregate amount of €395 million, related to the capital gain on the sale of GVT on May 28, 2015, as well as (iii) the payment made on March 31, 2015 by Vivendi SA in France for €321 million, related to an ongoing litigation with tax authorities for the final assessment of the income tax payable by Vivendi SA with respect to fiscal year 2012 (please refer to Note 6 to the Consolidated Financial Statements for the year ended December 31, 2016). This payment was partially offset by the receipt on January 16, 2015 by Vivendi SA of moratorium interest for €43 million, related to the refund received on December 23, 2014 with respect to the Consolidated Global Profit Tax System for the year ended December 31, 2011. In addition, in 2015, income taxes paid included the 3% tax on the dividends paid by Vivendi SA in April and June 2015 (-€82 million).

In 2016, financial activities generated a €117 million net outflow, compared to a €76 million net inflow in 2015. In 2016, they mainly included cash outflows (€60 million) generated by foreign exchange risk hedging instruments as a result of the depreciation of the British pound (GBP) against the euro, and the net interest paid (€40 million). In 2015, they mainly included cash inflows generated by foreign exchange risk hedging instruments (€86 million), net interest paid (€30 million), as well as the interest received between May 6 and August 19, 2015 (€26 million) on the €1,948 million receivable from Altice related to the deferred payment for the sale of the 10% interest in Numericable-SFR.

2.3.4. RECONCILIATION OF CFAIT TO NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES OF CONTINUING OPERATIONS

	Year ended December 31,	
(in millions of euros)	2016	2015
Cash flow from operations after interest and income tax paid (CFAIT)	**341**	**(69)**
Adjustments		
Capital expenditures, net (capex, net)	233	246
Dividends received from equity affiliates and unconsolidated companies	(33)	(14)
Interest paid, net	40	30
Other cash items related to financial activities	77	(106)
Net cash provided by/(used for) operating activities of continuing operations (a)	**658**	**87**

(a) As presented in the Consolidated Statement of Cash flows.

2.4. Analysis of investing and financing activities

2.4.1. INVESTING ACTIVITIES

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Year ended December 31, 2016
Financial investments		
Acquisition of Mediaset shares	2	(1,256)
Acquisition of Telecom Italia ordinary shares	2	(622)
Acquisition of Gameloft shares	2	(499)
Investment in Banijay Group	2	(340)
Acquisition of Ubisoft shares	2	(405)
Subscription to Groupe Fnac's reserved capital increase	2	(159)
Acquisition of cash management financial assets	14	(662)
Other		(141)
Total financial investments		***(4,084)***
Financial divestments		
Net proceeds received from the sale of the remaining interest in Activision Blizzard	2	976
Recovery of the deposit related to the hedge of Activision Blizzard shares	2	439
Net proceeds received from the settlement agreement with Liberty Media	23	269
Disposal of cash management financial assets	14	268
Other		19
Total financial divestments		***1,971***
Dividends received from equity affiliates and unconsolidated companies		33
Capital expenditures, net	3	(233)
Net cash provided by/(used for) investing activities (a)		**(2,313)**

(a) As presented in the Consolidated Statement of Cash flows.

2.4.2. FINANCING ACTIVITIES

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Year ended December 31, 2016
Transactions with shareowners		
Distribution to Vivendi SA's shareowners	15	(2,588)
Sale/(purchase) of Vivendi SA's treasury shares	15	(1,623)
Capital increase subscribed by employees as part of the Stock Purchase Plan	18	71
Exercise of stock options by executive management and employees	18	10
Other		(37)
Total transactions with shareowners		***(4,167)***
Transactions on borrowings and other financial liabilities		
Issuance of bonds	19	2,100
Issuance of commercial papers	19	100
Redemption of bonds	19	(500)
Interest paid, net	5	(40)
Other		11
Total transactions on borrowings and other financial liabilities		***1,671***
Net cash provided by/(used for) financing activities (a)		**(2,496)**

(a) As presented in the Consolidated Statement of Cash flows.

SECTION 3
OUTLOOK

Vivendi's strategy

Vivendi is building a global content and media group, a very attractive business sector in the 3rd millennium. It owns powerful and complementary assets in this industry, which it gets to work together in order to extract greater value from them. The group owns the three most widely consumed forms of content in the world: music, video games and audiovisual, and holds leading positions in the three most dynamic sectors of the creative industries: music with Universal Music Group, video games with Gameloft and audiovisual with Canal+ Group.

Alongside its content creation capacity, Vivendi has its own distribution capabilities and, to ensure its content gets maximum exposure, establishes partnerships with telecom operators and invests in digital and physical distribution networks.

The group therefore relies on two growth drivers: creation and distribution. Producing and distributing relevant content requires in-depth consumer knowledge, data leveraging and supporting the shift to mobile advertising.

This ambitious strategy is made possible thanks to its main shareholder, the family-owned Bolloré Group (it will hold 29% of voting rights in April 2017), which provides the long-term stability that is needed.

Outlook

In 2017, revenues should increase by more than 5% and, thanks to the measures taken in 2016, EBITA should increase by around 25%.

Dividend and share repurchases

The Management Board confirmed to the Supervisory Board that, in 2017, it would propose the distribution of an ordinary dividend of €0.40 per share with respect to 2016. While building a group creating high long-term value, the cash flow generated by Vivendi allows the group to provide a 2% yield on its shares.

Furthermore, the group may continue to undertake share repurchases depending on market conditions.

SECTION 4
FORWARD-LOOKING STATEMENTS

Cautionary note

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including the impact of certain transactions, and the payment of dividends and distributions as well as share repurchases. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals, and to any other approvals which may be required in connection with certain transactions, as well as the risks described in the documents of the group filed by Vivendi with the *Autorité des marchés financiers* (the "AMF") (the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). Accordingly, readers are cautioned against relying on such forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SECTION 5
OTHER DISCLAIMERS

Unsponsored ADRs

Vivendi does not sponsor any American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to Vivendi. Vivendi disclaims any liability in respect of any such facility.

Translation

This Financial Report is an English translation of the French version of the report and is provided solely for the convenience of English speaking readers. This translation is qualified in its entirety by the French version, which is available on the company's website (www.vivendi.com). In the event of any inconsistencies between the French version of this Financial Report and the English translation, the French version will prevail.

II - APPENDIX TO THE FINANCIAL REPORT: UNAUDITED SUPPLEMENTARY FINANCIAL DATA

1. Quarterly revenues, income from operations and EBITA by business segment

	2016			
(in millions of euros)	Three months ended March 31	Three months ended June 30	Three months ended September 30	Three months ended December 31
Revenues				
Universal Music Group	1,119	1,196	1,308	1,644
Canal+ Group	1,328	1,311	1,263	1,351
Gameloft	-	-	63	69
Vivendi Village	25	29	24	33
New Initiatives	30	28	18	27
Elimination of intersegment transactions	(11)	(11)	(8)	(17)
Total Vivendi	**2,491**	**2,553**	**2,668**	**3,107**
Income from operations				
Universal Music Group	102	115	174	296
Canal+ Group	164	133	142	(136)
Gameloft	-	-	4	6
Vivendi Village	(4)	(4)	(1)	2
New Initiatives	(9)	(8)	(8)	(19)
Corporate	(25)	(24)	(21)	(26)
Total Vivendi	**228**	**212**	**290**	**123**
EBITA				
Universal Music Group	79	98	176	291
Canal+ Group	169	119	139	(187)
Gameloft	-	-	2	5
Vivendi Village	-	(4)	(5)	-
New Initiatives	(10)	(14)	(11)	(21)
Corporate	(25)	(25)	(24)	(28)
Total Vivendi	**213**	**174**	**277**	**60**

(in millions of euros)	2015 Three months ended March 31	Three months ended June 30	Three months ended September 30	Three months ended December 31
Revenues				
Universal Music Group	1,097	1,214	1,181	1,616
Canal+ Group	1,370	1,364	1,300	1,479
Vivendi Village	25	26	22	27
New Initiatives	-	1	17	25
Elimination of intersegment transactions	-	(2)	-	-
Total Vivendi	**2,492**	**2,603**	**2,520**	**3,147**
Income from operations				
Universal Music Group	88	91	99	348
Canal+ Group	154	214	186	(12)
Vivendi Village	4	4	1	1
New Initiatives	-	(1)	(9)	(8)
Corporate	(28)	(26)	(20)	(25)
Total Vivendi	**218**	**282**	**257**	**304**
EBITA				
Universal Music Group	82	89	88	334
Canal+ Group	165	223	162	(96)
Vivendi Village	4	4	-	1
New Initiatives	-	(1)	(9)	(10)
Corporate	(33)	(17)	(22)	(22)
Total Vivendi	**218**	**298**	**219**	**207**

III - CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2016, on:

- the audit of the accompanying Consolidated Financial Statements of Vivendi;
- the justification of our assessments;
- the specific verification required by law.

These Consolidated Financial Statements have been approved by your Management Board. Our role is to express an opinion on these Consolidated Financial Statements, based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- At each financial year end, your company systematically performs impairment tests on goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Note 1.3.5.7 to the financial statements. We examined the methods used to perform these impairment tests, as well as the main assumptions and estimates, and ensured that notes 1.3.5.7 and 9 to the financial statements provide appropriate disclosures thereon.
- Your company examined the values of its equity interests and financial assets according to the methods described in notes 1.3.5.8 and 11.2 to the Consolidated Financial Statements. We examined the approach adopted by your company to determine the value of these assets, as well as the main assumptions and estimates, and ensured that notes 1.3.5.8, 11.2 and 12 to the financial statements provide appropriate disclosures thereon.
- Note 1.3.9 to the financial statements describes the accounting principles applicable to deferred tax and Note 1.3.8 describes the methods used to assess and recognize provisions. We verified the correct application of these accounting principles and also examined the assumptions underlying the positions as at December 31, 2016. We ensured that Note 6 to the financial statements gives appropriate information on tax assets and liabilities and on your company's tax positions.
- Notes 1.3.8 and 23 to the financial statements describe the methods used to assess and recognize provisions for litigation. We examined the methods used within the company to identify, calculate, and determine the accounting for such litigation. We also examined the assumptions and data underlying the estimates made by the company. As stated in Note 1.3.1 to the financial statements, some facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of provisions.

Our assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standard applicable in France, the information presented in the group's management report.

We have no matters to report as its fair presentation and its consistency with the Consolidated Financial Statements.

Paris-La Défense, February 23, 2017

The Statutory Auditors
French original signed by

KPMG AUDIT	ERNST & YOUNG ET AUTRES
Département de KPMG S.A.	
Baudouin Griton	Jacques Pierres

Consolidated Statement of Earnings

	Note	Year ended December 31, 2016	2015
Revenues	4	**10,819**	**10,762**
Cost of revenues	4	(6,829)	(6,555)
Selling, general and administrative expenses		(3,395)	(3,571)
Restructuring charges	3	(94)	(102)
Impairment losses on intangible assets acquired through business combinations	3	(23)	(3)
Reversal of reserve related to the Liberty Media litigation in the United States	23	240	-
Other income	4	661	745
Other charges	4	(185)	(45)
Earnings before interest and income taxes (EBIT)	3	**1,194**	**1,231**
Income from equity affiliates	11	169	(10)
Interest	5	(40)	(30)
Income from investments		47	52
Other financial income	5	31	16
Other financial charges	5	(69)	(73)
Earnings from continuing operations before provision for income taxes		**1,332**	**1,186**
Provision for income taxes	6	(77)	(441)
Earnings from continuing operations		**1,255**	**745**
Earnings from discontinued operations		20	1,233
Earnings		**1,275**	**1,978**
of which			
Earnings attributable to Vivendi SA shareowners		**1,256**	**1,932**
*of which **earnings from continuing operations attributable to Vivendi SA shareowners***		***1,236***	***699***
earnings from discontinued operations attributable to Vivendi SA shareowners		*20*	*1,233*
Non-controlling interests		19	46
Earnings from continuing operations attributable to Vivendi SA shareowners per share - basic	7	0.97	0.51
Earnings from continuing operations attributable to Vivendi SA shareowners per share - diluted	7	0.93	0.51
Earnings from discontinued operations attributable to Vivendi SA shareowners per share - basic	7	0.02	0.91
Earnings from discontinued operations attributable to Vivendi SA shareowners per share - diluted	7	0.02	0.90
Earnings attributable to Vivendi SA shareowners per share - basic	7	**0.99**	**1.42**
Earnings attributable to Vivendi SA shareowners per share - diluted	7	0.95	1.41

In millions of euros, except per share amounts, in euros.

As a reminder, in compliance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, GVT (sold on May 28, 2015) has been reported as a discontinued operation.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	Year ended December 31, 2016	2015
Earnings		**1,275**	**1,978**
Actuarial gains/(losses) related to employee defined benefit plans, net		(80)	(21)
Actuarial gains/(losses) related to employee defined benefit plans of equity affiliates		(15)	-
Items not reclassified to profit or loss		**(95)**	**(21)**
Foreign currency translation adjustments		43	1,513
Unrealized gains/(losses), net		(217)	(371)
Comprehensive income from equity affiliates, net	11	128	-
Other impacts, net		14	31
Items to be subsequently reclassified to profit or loss		**(32)**	**1,173**
Charges and income directly recognized in equity	**8**	**(127)**	**1,152**
Total comprehensive income		**1,148**	**3,130**
of which			
Total comprehensive income attributable to Vivendi SA shareowners		**1,122**	**3,089**
Total comprehensive income attributable to non-controlling interests		26	41

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2016	December 31, 2015
ASSETS			
Goodwill	9	10,987	10,177
Non-current content assets	10	2,169	2,286
Other intangible assets		310	224
Property, plant and equipment		671	737
Investments in equity affiliates	11	4,416	3,435
Non-current financial assets	12	3,900	4,132
Deferred tax assets	6	752	622
Non-current assets		**23,205**	**21,613**
Inventories		123	117
Current tax receivables	6	536	653
Current content assets	10	1,054	1,088
Trade accounts receivable and other	13	2,273	2,139
Current financial assets	12	1,102	1,111
Cash and cash equivalents	14	4,072	8,225
Current assets		**9,160**	**13,333**
TOTAL ASSETS		**32,365**	**34,946**
Equity and liabilities			
Share capital		7,079	7,526
Additional paid-in capital		4,238	5,343
Treasury shares		(473)	(702)
Retained earnings and other		8,539	8,687
Vivendi SA shareowners' equity		**19,383**	**20,854**
Non-controlling interests		229	232
Total equity	15	**19,612**	**21,086**
Non-current provisions	16	1,785	2,679
Long-term borrowings and other financial liabilities	19	2,977	1,555
Deferred tax liabilities	6	726	705
Other non-current liabilities		126	105
Non-current liabilities		**5,614**	**5,044**
Current provisions	16	356	363
Short-term borrowings and other financial liabilities	19	1,104	1,383
Trade accounts payable and other	13	5,614	6,737
Current tax payables	6	65	333
Current liabilities		**7,139**	**8,816**
Total liabilities		**12,753**	**13,860**
TOTAL EQUITY AND LIABILITIES		**32,365**	**34,946**

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash flows

		Year ended December 31,	
(in millions of euros)	Note	2016	2015
Operating activities			
EBIT	4	1,194	1,231
Adjustments	20	(203)	(38)
Content investments, net		(55)	157
Gross cash provided by operating activities before income tax paid		***936***	***1,350***
Other changes in net working capital		(7)	(226)
Net cash provided by operating activities before income tax paid		***929***	***1,124***
Income tax (paid)/received, net	6.2	(271)	(1,037)
Net cash provided by operating activities of continuing operations		**658**	**87**
Net cash provided by operating activities of discontinued operations		**-**	**153**
Net cash provided by operating activities		**658**	**240**
Investing activities			
Capital expenditures	3	(235)	(247)
Purchases of consolidated companies, after acquired cash	2	(553)	(359)
Investments in equity affiliates	11	(772)	(19)
Increase in financial assets	12	(2,759)	(3,549)
Investments		***(4,319)***	***(4,174)***
Proceeds from sales of property, plant, equipment and intangible assets	3	2	1
Proceeds from sales of consolidated companies, after divested cash		3	4,032
Disposal of equity affiliates		1	268
Decrease in financial assets	2	1,967	4,713
Divestitures		***1,973***	***9,014***
Dividends received from equity affiliates	11	8	5
Dividends received from unconsolidated companies	12	25	9
Net cash provided by/(used for) investing activities of continuing operations		**(2,313)**	**4,854**
Net cash provided by/(used for) investing activities of discontinued operations		**-**	**(262)**
Net cash provided by/(used for) investing activities		**(2,313)**	**4,592**

Please refer to the next page for the end of this table.

Continued from previous page.

(in millions of euros)	Note	Year ended December 31, 2016	2015
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	18	81	273
Sales/(purchases) of Vivendi SA's treasury shares	15	(1,623)	(492)
Distributions to Vivendi SA's shareowners	15	(2,588)	(2,727)
Other transactions with shareowners		(3)	(534)
Dividends paid by consolidated companies to their non-controlling interests		(34)	(46)
Transactions with shareowners		***(4,167)***	***(3,526)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	19	2,101	8
Principal payment on long-term borrowings and decrease in other long-term financial liabilities		(16)	(2)
Principal payment on short-term borrowings	19	(557)	(126)
Other changes in short-term borrowings and other financial liabilities	19	260	6
Interest paid, net	5	(40)	(30)
Other cash items related to financial activities		(77)	106
Transactions on borrowings and other financial liabilities		***1,671***	***(38)***
Net cash provided by/(used for) financing activities of continuing operations		**(2,496)**	**(3,564)**
Net cash provided by/(used for) financing activities of discontinued operations		**-**	**69**
Net cash provided by/(used for) financing activities		**(2,496)**	**(3,495)**
Foreign currency translation adjustments of continuing operations		(2)	3
Foreign currency translation adjustments of discontinued operations		-	(8)
Change in cash and cash equivalents		**(4,153)**	**1,332**
Reclassification of discontinued operations' cash and cash equivalents		-	48
Cash and cash equivalents			
At beginning of the period	14	8,225	6,845
At end of the period	14	4,072	8,225

As a reminder, in compliance with IFRS 5, GVT (sold on May 28, 2015) has been reported as a discontinued operation.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2016

(in millions of euros, except number of shares)	Note	Capital – Common shares – Number of shares (in thousands)	Capital – Common shares – Share capital	Capital – Additional paid-in capital	Capital – Treasury shares	Capital – Sub-total	Retained earnings and other – Retained earnings	Retained earnings and other – Other comprehensive income	Retained earnings and other – Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2015		***1,368,323***	**7,526**	**5,343**	**(702)**	**12,167**	**8,014**	**905**	**8,919**	**21,086**
Attributable to Vivendi SA shareowners		*1,368,323*	*7,526*	*5,343*	*(702)*	*12,167*	*7,764*	*923*	*8,687*	*20,854*
Attributable to non-controlling interests		-	-	-	-	-	*250*	*(18)*	*232*	*232*
Contributions by/distributions to Vivendi SA shareowners		***(81,235)***	**(447)**	**(1,105)**	**229**	**(1,323)**	**(1,269)**	**-**	**(1,269)**	**(2,592)**
Capital reduction through cancellation of treasury shares (June 17, 2016)	15	*(86,875)*	(478)	(1,154)	1,632	-	-	-	-	-
Sales/(purchases) of treasury shares	15	-	-	-	(1,409)	(1,409)	(4)	-	(4)	(1,413)
Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015)	15	-	-	-	-	-	(1,270)	-	(1,270)	(1,270)
Capital increase related to share-based compensation plans	18	*5,640*	31	49	6	86	5	-	5	91
of which Employee Stock Purchase Plans (July 28, 2016)		*4,870*	*27*	*44*	-	*71*	-	-	-	*71*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		-	-	-	-	-	**(2)**	-	**(2)**	**(2)**
Changes in equity attributable to Vivendi SA shareowners (A)		***(81,235)***	**(447)**	**(1,105)**	**229**	**(1,323)**	**(1,271)**	**-**	**(1,271)**	**(2,594)**
Contributions by/distributions to non-controlling interests		-	-	-	-	-	(35)	-	(35)	(35)
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	7	-	7	7
Changes in equity attributable to non-controlling interests (B)		-	-	-	-	-	**(28)**	-	**(28)**	**(28)**
Earnings		-	-	-	-	-	1,275	-	1,275	1,275
Charges and income directly recognized in equity	8	-	-	-	-	-	14	(141)	(127)	(127)
Total comprehensive income (C)		-	-	-	-	-	**1,289**	**(141)**	**1,148**	**1,148**
Total changes over the period (A+B+C)		***(81,235)***	***(447)***	***(1,105)***	***229***	***(1,323)***	***(10)***	***(141)***	***(151)***	***(1,474)***
Attributable to Vivendi SA shareowners		*(81,235)*	*(447)*	*(1,105)*	*229*	*(1,323)*	*(16)*	*(132)*	*(148)*	*(1,471)*
Attributable to non-controlling interests		-	-	-	-	-	*6*	*(9)*	*(3)*	*(3)*
BALANCE AS OF DECEMBER 31, 2016		***1,287,088***	**7,079**	**4,238**	**(473)**	**10,844**	**8,004**	**764**	**8,768**	**19,612**
Attributable to Vivendi SA shareowners		*1,287,088*	*7,079*	*4,238*	*(473)*	*10,844*	*7,748*	*791*	*8,539*	*19,383*
Attributable to non-controlling interests		-	-	-	-	-	*256*	*(27)*	*229*	*229*

The accompanying notes are an integral part of the Consolidated Financial Statements.

YEAR ENDED DECEMBER 31, 2015

(in millions of euros, except number of shares)	Note	Capital: Common shares: Number of shares (in thousands)	Capital: Common shares: Share capital	Capital: Additional paid-in capital	Capital: Treasury shares	Capital: Sub-total	Retained earnings and other: Retained earnings	Retained earnings and other: Other comprehensive income	Retained earnings and other: Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2014		***1,351,601***	**7,434**	**5,160**	**(1)**	**12,593**	**10,611**	**(216)**	**10,395**	**22,988**
Attributable to Vivendi SA shareowners		*1,351,601*	*7,434*	*5,160*	*(1)*	*12,593*	*10,210*	*(197)*	*10,013*	*22,606*
Attributable to non-controlling interests		-	-	-	-	-	*401*	*(19)*	*382*	*382*
Contributions by/distributions to Vivendi SA shareowners		***16,722***	**92**	**183**	**(701)**	**(426)**	**(4,033)**	**-**	**(4,033)**	**(4,459)**
Sales/(purchases) of treasury shares	15	-	-	-	(702)	(702)	-	-	-	(702)
Distribution to shareowners	15	-	-	-	-	-	(4,044)	-	(4,044)	(4,044)
Dividend paid on April 23, 2015 with respect to fiscal year 2014 (€1 per share)		-	-	-	-	-	*(1,363)*	-	*(1,363)*	*(1,363)*
First interim dividend paid on June 29, 2015 with respect to fiscal year 2015 (€1 per share)		-	-	-	-	-	*(1,364)*	-	*(1,364)*	*(1,364)*
Second interim dividend paid on February 3, 2016 with respect to fiscal year 2015 (€1 per share)		-	-	-	-	-	*(1,318)*	-	*(1,318)*	*(1,318)*
Capital increase related to share-based compensation plans		16,722	92	183	1	276	11	-	11	287
of which Employee Stock Purchase Plans (July 16, 2015)	18	*3,914*	*22*	*53*	-	*75*	-	-	-	*75*
exercise of stock-options by executive management and employees		*10,882*	*60*	*140*	-	*200*	-	-	-	*200*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**(382)**	**-**	**(382)**	**(382)**
of which acquisition of SECP's non-controlling interests		-	-	-	-	-	*(375)*	-	*(375)*	*(375)*
Changes in equity attributable to Vivendi SA shareowners (A)		***16,722***	**92**	**183**	**(701)**	**(426)**	**(4,415)**	**-**	**(4,415)**	**(4,841)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(41)**	**-**	**(41)**	**(41)**
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	(41)	-	(41)	(41)
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**(150)**	**-**	**(150)**	**(150)**
Acquisition of SECP's non-controlling interests		-	-	-	-	-	(150)	-	(150)	(150)
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(191)**	**-**	**(191)**	**(191)**
Earnings		-	-	-	-	-	1,978	-	1,978	1,978
Charges and income directly recognized in equity	8	-	-	-	-	-	31	1,121	1,152	1,152
Total comprehensive income (C)		**-**	**-**	**-**	**-**	**-**	**2,009**	**1,121**	**3,130**	**3,130**
Total changes over the period (A+B+C)		***16,722***	***92***	***183***	***(701)***	***(426)***	***(2,597)***	***1,121***	***(1,476)***	***(1,902)***
Attributable to Vivendi SA shareowners		*16,722*	*92*	*183*	*(701)*	*(426)*	*(2,446)*	*1,120*	*(1,326)*	*(1,752)*
Attributable to non-controlling interests		-	-	-	-	-	*(151)*	*1*	*(150)*	*(150)*
BALANCE AS OF DECEMBER 31, 2015		***1,368,323***	**7,526**	**5,343**	**(702)**	**12,167**	**8,014**	**905**	**8,919**	**21,086**
Attributable to Vivendi SA shareowners		*1,368,323*	*7,526*	*5,343*	*(702)*	*12,167*	*7,764*	*923*	*8,687*	*20,854*
Attributable to non-controlling interests		-	-	-	-	-	*250*	*(18)*	*232*	*232*

The accompanying notes are an integral part of the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Vivendi is a limited liability company (*société anonyme*) incorporated under French law and subject to French commercial company law including the French Commercial Code (*Code de commerce*). Vivendi was incorporated on December 18, 1987, for a term of 99 years expiring on December 17, 2086, except in the event of an early dissolution or unless its term is extended. Its registered office is located at 42 avenue de Friedland - 75008 Paris (France). Vivendi is listed on Euronext Paris (Compartment A).

Vivendi is an integrated content and media group. The company operates businesses throughout the media value chain, from talent discovery to the creation, production and distribution of content. Universal Music Group is engaged in recorded music, music publishing and merchandising. It owns more than 50 labels covering all music genres. Canal+ Group is engaged in pay-TV in France, as well as in Africa, Poland and Vietnam. Its subsidiary Studiocanal is a leading European player in production, sales and distribution of movies and TV series. Gameloft creates games for all digital platforms. Vivendi Village brings together Vivendi Ticketing (in the United Kingdom, the United States and France), MyBestPro (expert counseling), Watchever (subscription streaming services), Radionomy (digital radio), the venues L'Olympia and Théâtre de L'Œuvre in Paris, and CanalOlympia in Africa, as well as Olympia Production. New Initiatives groups together certain projects being launched or developed, including Dailymotion, Vivendi Content (Studio+), Canal Factory and GVA (Group Vivendi Africa).

The Consolidated Financial Statements reflect the financial and accounting situation of Vivendi and its subsidiaries (the "group") together with interests in equity affiliates. Amounts are reported in euros and all values are rounded to the nearest million.

On February 16, 2017, at a meeting held at the headquarters of the company, the Management Board approved the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2016. They were reviewed by the Audit Committee at its meeting held on February 20, 2017 and the Supervisory Board, at its meeting held on February 23, 2017.

The Consolidated Financial Statements for the year ended December 31, 2016 will be submitted to Vivendi's shareholders for approval at the Annual General Shareholders' Meeting to be held on April 25, 2017.

Note 1. Accounting policies and valuation methods

1.1. Compliance with accounting standards

The 2016 Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and in accordance with IFRS published by the International Accounting Standards Board (IASB) with mandatory application as of December 31, 2016.

The amendments to IAS 38 – *Intangible Assets* apply mandatorily from January 1, 2016. These amendments, related to clarification of acceptable methods of depreciation and amortization, were issued by the IASB on May 12, 2014, endorsed by the EU on December 2, 2015, and published in the Official Journal of the EU on December 3, 2015.

Their application had no significant impact on Vivendi. Regarding its film production and television rights activities, Vivendi considers that using the amortization method based on revenues generated by these activities, according to the estimated revenue method described in Note 1.3.5.3, is appropriate because revenue and the consumption of the economic benefits embodied in the intangible assets are highly correlated.

1.2. Presentation of the Consolidated Financial Statements

1.2.1. CONSOLIDATED STATEMENT OF EARNINGS

The main line items presented in Vivendi's Consolidated Statement of Earnings are revenues, income from equity affiliates, interest, provision for income taxes, earnings from discontinued or held for sale operations, and earnings. The Consolidated Statement of Earnings presents a subtotal of Earnings Before Interest and Tax (EBIT) equal to the difference between charges and income (excluding those financing activities, equity affiliates, discontinued or held for sale operations, and income taxes).

The charges and income related to financing activities consist of interest, income from investments, as well as other financial charges and income as defined in paragraph 1.2.3 and presented in Note 5.

1.2.2. CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash provided by operating activities

Net cash provided by operating activities is calculated using the indirect method based on EBIT. EBIT is adjusted for non-cash items and changes in net working capital. Net cash provided by operating activities excludes the cash impact of financial charges and income and net changes in working capital related to property, plant and equipment, and intangible assets.

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment, and intangible assets as well as cash from investments (particularly dividends received from equity affiliates). It also includes any cash flows arising from the gain or loss of control of subsidiaries.

Net cash used for financing activities

Net cash used for financing activities includes net interest paid on borrowings, cash and cash equivalents, bank overdrafts, as well as the cash impact of other items related to financing activities such as premiums from the early redemption of borrowings and the settlement of derivative instruments. It also includes cash flows from changes in ownership interests in a subsidiary that do not result in a loss of control (including increases in ownership interests).

1.2.3. OPERATING PERFORMANCE OF EACH OPERATING SEGMENT AND THE GROUP

Vivendi considers Adjusted Earnings Before Interest and Tax (EBITA), income from operations, Adjusted Net Income (ANI), and Cash Flow From Operations (CFFO), non-GAAP measures, to be relevant indicators of the group's operating and financial performance.

EBITA

Vivendi considers EBITA, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. It enables Vivendi to compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or by acquisitions. To calculate EBITA, the accounting impact of the following items is excluded from the income from EBIT:

- the amortization of intangible assets acquired through business combinations;
- impairment losses on goodwill and other intangibles acquired through business combinations; and
- other income and charges related to transactions with shareowners and to financial investing transactions, which include gains and losses recognized in business combinations, capital gains or losses related to divestitures, or the depreciation of equity affiliates and other financial investments, as well as gains or losses incurred from the gain or loss of control in a business.

Income from operations

Vivendi considers income from operations, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. As defined by Vivendi, income from operations is calculated as EBITA, before share-based compensation costs related to equity-settled plans, and special items due to their unusual nature or particular significance.

Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. Vivendi Management uses adjusted net income because it provides a better illustration of the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Adjusted net income includes the following items:

- EBITA **(2)**;
- income from equity affiliates **(1)**;
- interest **(1)**, equal to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments **(1)**, including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations **(2)** as well as impairment losses on goodwill and other intangibles acquired through business combinations **(1) (2)**;
- other income and charges related to financial investing transactions and to transactions with shareowners **(1)**, as defined above;
- other financial charges and income **(1)**, equal to the profit and loss related to the change in value of financial assets and the termination or change in value of financial liabilities, which primarily include changes in the fair value of derivative instruments, premiums from the early redemption of borrowings, the early unwinding of derivative instruments, the cost of issuing or cancelling credit facilities, the cash impact of foreign exchange transactions (other than those related to operating activities, included in the EBIT), as well as the effect of undiscounting assets and liabilities, and the financial components of employee benefits (interest cost and expected return on plan assets);
- earnings from discontinued operations **(1)**; and
- provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets pursuant to Vivendi SA's tax group and the Consolidated Global Profit Tax Systems, and the reversal of tax liabilities relating to risks extinguished over the period).

Cash Flow From Operations (CFFO)

Vivendi considers Cash Flow From Operations (CFFO), a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. The CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash flows, as well as dividends received from equity affiliates and unconsolidated companies. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

The difference between CFFO and net cash provided by operating activities, consists of dividends received from equity affiliates and unconsolidated companies and capital expenditures, net (which are included in net cash used for investing activities), income tax paid, net and net cash provided by operating activities of discontinued operations, which are excluded from CFFO.

(1) Items as presented in the Consolidated Statement of Earnings.

(2) Items as reported by each operating segment as reported in the segment data.

1.2.4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets and liabilities that are expected to be realized, or intended for sale or consumption, within the entity's normal operating cycle (generally 12 months), are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities. Moreover, certain reclassifications have been made to the 2015 and 2014 Consolidated Financial Statements to conform to the presentation of the 2016 and 2015 Consolidated Financial Statements.

1.3. Principles governing the preparation of the Consolidated Financial Statements

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of certain assets and liabilities, for which IFRS 13 – *Fair Value Measurement* relating to measurement and disclosures applies. Relevant categories are detailed below.

The Consolidated Financial Statements include the financial statements of Vivendi and its subsidiaries after eliminating intragroup items and transactions. Vivendi has a December 31 year-end. Subsidiaries that do not have a December 31 year-end prepare interim financial statements at that date, except when their year-end falls within the three months prior to December 31.

Acquired subsidiaries are included in the Consolidated Financial Statements of the group as of the date of acquisition.

1.3.1. USE OF ESTIMATES

The preparation of Consolidated Financial Statements in compliance with IFRS requires the group's management to make certain estimates and assumptions that they consider reasonable and realistic. Although these estimates and assumptions are regularly reviewed by Vivendi Management, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which could have an impact on the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- revenue: estimates of provisions for returns and price guarantees (please refer to Note 1.3.4);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 16);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and inflation rate (please refer to Notes 1.3.8 and 17);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 18);
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually with factors such as expected tax rates and future tax results of the group (please refer to Notes 1.3.9 and 6);
- goodwill and other intangible assets: valuation methods adopted for the identification of intangible assets acquired through business combinations (please refer to Note 1.3.5.2);
- goodwill, intangible assets with indefinite useful lives and assets in progress: assumptions are updated annually relating to impairment tests performed on each of the group's cash-generating units (CGUs), future cash flows and discount rates (please refer to Notes 1.3.5.7 and 9);
- UMG content assets: estimates of the future performance of beneficiaries who were granted advances are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10); and
- certain financial instruments: valuation method at fair value defined according to the three following classification levels (please refer to Notes 1.3.5.8, 1.3.7, 12, 14 and 19):
  - level 1: fair value measurement based on quoted prices in active markets for identical assets or liabilities,
  - level 2: fair value measurement based on observable market data (other than quoted prices included within level 1), and
  - level 3: fair value measurement based on valuation techniques that use inputs for the asset or liability that are not based on observable market data.

  The fair value of trade accounts receivable and other, cash and cash equivalents, and trade accounts payable is a reasonable approximation of fair value, due to the short maturity of these instruments.

1.3.2. PRINCIPLES OF CONSOLIDATION

A list of Vivendi's major subsidiaries, joint ventures and associated entities is presented in Note 24.

Consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies in order to obtain benefits from their operations, are fully consolidated.

The Control defined by IFRS 10 is based on the following three criteria to be fulfilled simultaneously to conclude that the parent company exercises control:

- a parent company has power over a subsidiary when the parent company has existing rights that give it the current ability to direct the relevant activities of the subsidiary, i.e., the activities that significantly affect the subsidiary's returns. Power may arise from existing or potential voting rights, or contractual arrangements. Voting rights must be substantial, i.e., they shall be exercisable at any time without limitation, particularly during decision making related to significant activities. The assessment of the exercise of power depends on the nature of the subsidiary's relevant activities, the internal decision-making process, and the allocation of rights among the subsidiary's other shareowners;
- the parent company is exposed, or has rights, to variable returns from its involvement with the subsidiary which may vary as a result of the subsidiary's performance. The concept of returns is broadly defined and includes, among other things, dividends and other economic benefit distributions, changes in the value of the investment in the subsidiary, economies of scale, and business synergies; and
- the parent company has the ability to use its power to affect the returns. Exercising power without having any impact on returns does not qualify as control.

Consolidated Financial Statements of a group are presented as if the group was a single economic entity with two categories of owners: (i) the owners of the parent company (Vivendi SA shareowners) and (ii) the owners of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as the interest in a subsidiary that is not attributable, directly or indirectly, to a parent. As a result, changes to a parent company's ownership interest in a subsidiary that do not result in a loss of control only impact equity, as control does not change within the economic entity. Hence, in the event of the acquisition of an additional interest in a consolidated entity after January 1, 2009, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners. Conversely, any acquisition of control achieved in stages or a loss of control gives rise to profit or loss in the statement of earnings.

Accounting for joint arrangements

IFRS 11 – *Joint Arrangements* establishes principles for Financial Reporting by parties to a joint arrangement.

In a joint arrangement, parties are bound by a contractual arrangement, giving these parties joint control of the arrangement. An entity that is a party to an arrangement shall assess whether the contractual arrangement gives all the parties or a group of the parties, control of the arrangement collectively. Once it has been established that all the parties or a group of the parties collectively control the arrangement, joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

Joint arrangements are classified into two categories:

- joint operations: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint operator shall recognize 100% of wholly-owned assets/liabilities, expenses/revenues of the joint operation, and its share of any of those items held jointly; and
- joint ventures: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Each joint venturer shall recognize its interest in a joint venture as an investment, and shall account for that investment using the equity method in accordance with IAS 28 (please refer below).

Equity accounting

Entities over which Vivendi exercises significant influence as well as joint ventures are accounted for under the equity method.

Significant influence is presumed to exist when Vivendi holds, directly or indirectly, at least 20% of the voting rights in an entity unless it can be clearly demonstrated that Vivendi does not exercise a significant influence. Significant influence can be evidenced through other criteria, such as representation on the Board of Directors or the entity's equivalent governing body, participation in policy-making of financial and operational processes, material transactions with the entity or the interchange of managerial personnel.

1.3.3. FOREIGN CURRENCY TRANSLATION

The Consolidated Financial Statements are presented in millions of euros. The functional currency of Vivendi SA and the presentation currency of the group is the euro.

Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date. All foreign currency differences are expensed, with the exception of differences resulting from borrowings in foreign currencies which constitute a hedge of the net investment in a foreign entity. These differences are allocated directly to charges and income directly recognized in equity until the divestiture of the net investment.

Financial statements denominated in a foreign currency

Except in cases of significant exchange rate fluctuation, financial statements of subsidiaries, joint ventures or other associated entities for which the functional currency is not the euro are translated into euros as follows: the Consolidated Statement of Financial Position is translated at the exchange rate at the end of the period, and the Consolidated Statement of Earnings and the Consolidated Statement of Cash flows are translated using average monthly exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation differences in charges and income directly recognized in equity. In accordance with IFRS 1, Vivendi elected to reverse the accumulated foreign currency translation differences against retained earnings as of January 1, 2004. These foreign currency translation differences resulted from the translation into euros of the financial statements of subsidiaries that use foreign currencies as their functional currencies. Consequently, these adjustments are not applied to earnings on the subsequent divestiture of subsidiaries, joint ventures or associates whose functional currency is not the euro.

1.3.4. REVENUES FROM OPERATIONS AND ASSOCIATED COSTS

Revenues from operations are recorded when it is probable that future economic benefits will be obtained by the group and when they can be reliably measured. Revenues are reported net of discounts.

1.3.4.1. Universal Music Group (UMG)

Recorded music

Revenues from the physical sale of recorded music, net of a provision for estimated returns (please refer to Note 1.3.4.4) and rebates, are recognized upon shipment to third parties, at the shipping point for products sold free on board (FOB) and on delivery for products sold free on destination.

Revenues from the digital sale of recorded music, for which UMG has sufficient, accurate, and reliable data from certain distributors, are recognized based on their estimate at the end of the month in which those sales were made to the final customer. In the absence of such data, revenues are recognized upon notification by the distribution platform (on-line or mobile music distributor) to UMG of a sale to the final customer.

Music publishing

Revenues from the third-party use of copyright on musical compositions owned or administered by UMG are recognized when royalty statements are received and collectability is assured.

Costs of revenues

Costs of revenues include manufacturing and distribution costs, royalty and copyright expenses, artists' costs, recording costs, and direct overheads. Selling, general and administrative expenses primarily include marketing and advertising expenses, selling costs, provisions for doubtful receivables and indirect overheads.

1.3.4.2. Canal+ Group

Pay and free-to-air television

Revenues from television subscription services for terrestrial, satellite or cable pay-television platforms are recognized over the service period, net of gratuities granted. Revenues from advertising are recognized over the period during which the advertising commercials are broadcast. Revenues from ancillary services (such as interactive or video-on-demand services) are recognized when the service is rendered. Subscriber management and acquisition costs, as well as television distribution costs, are included in selling, general and administrative expenses.

Equipment rentals

IFRIC 4 - *Determining Whether an Arrangement Contains a Lease* applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Film and television programming

Theatrical revenues are recognized as the films are screened. Revenues from film distribution and from video and free-to-air or pay television licensing agreements are recognized when the films and television programs are available for telecast and all other conditions of sale have been met. Home video product revenues, less a provision for estimated returns (please refer to Note 1.3.4.4) and rebates, are recognized upon shipment and availability of the product for retail sale. Amortization of capitalized film and television production and acquisition costs, theatrical print costs, home video inventory costs and television and home video marketing costs are included in costs of revenues.

1.3.4.3. Gameloft

Video Games

Revenues from mobile game activity are determined using information from the distribution network (e.g., operators, affiliates and manufacturers) showing the number of downloaded games from their various servers and based on the terms of the contracts.

The accounting method for revenues related to home console game download services (Xbox LIVE Arcade, 3DS, PS Vita and PlayStation(R) Network), the latest generation of set-top boxes and Smart TVs is the same as for mobile game activity.

Revenues from video, mobile and console games are measured at the fair value of the consideration received or receivable, net of VAT and other taxes.

For every contract signed, Gameloft determines whether the company is acting as principal or, on the contrary, as agent. The principal recognizes as revenue the amount invoiced to the final customers, net of service fees rendered by the agent. Determining whether the company is acting as principal or as agent requires an evaluation of the risks and responsibilities taken by the entity during the transaction to deliver the goods or to provide a service.

Cost of sales

Cost of sales includes game hosting and production costs, royalties and costs related to the sale of games based on the various download options.

1.3.4.4. Other

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. The provisions are estimated based on past sales statistics and take into account the economic environment and product sales forecast to final customers.

Selling, general and administrative expenses primarily include salaries and employee benefits, rent, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses.

Advertising costs are expensed when incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising at UMG is treated as a marketing expense and expensed when its expected benefit is individualized and can be estimated.

1.3.5. ASSETS

1.3.5.1. Capitalized financial interest

When appropriate, Vivendi capitalizes financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment, these interests being included in the cost of qualifying assets.

1.3.5.2. Goodwill and business combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is initially measured as the difference between:

(i) the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and

(ii) the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in an increase in goodwill up to the extent attributable to these interests, thereby leading to the recognition of a "full goodwill". The purchase price allocation shall be performed within 12 months after the acquisition date. If goodwill is negative, it is recognized in the Statement of Earnings. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 below).

In addition, the following principles are applied to business combinations:

- on the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statements of Earnings;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004. IFRS 3, as published by the IASB in March 2004, retained the acquisition method. However, its provisions differed from those of its revised standard in respect of the main following items:

- minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option for measurement at fair value;
- contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and the amounts could be reliably measured;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of the acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3. Content assets

UMG

Music rights and catalogs include music catalogs, artists' contracts and music publishing rights, acquired through business combinations, amortized in selling, general and administrative expenses over a period not exceeding 15 years.

Royalty advances to artists, songwriters, and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Royalties earned by artists, songwriters, and co-publishers are recognized as an expense in the period during which the sale of the product occurs, less a provision for estimated returns.

Canal+ Group

Film, television or sports broadcasting rights

When entering into contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are classified as contractual commitments. They are recorded in the Statement of Financial Position and classified as content assets as follows:

- film and television broadcasting rights are recognized at their acquisition cost when the program is available for screening and are expensed over their broadcasting period;
- sports broadcasting rights are recognized at their acquisition cost at the opening of the broadcasting period of the related sports season or upon the first payment and are expensed as they are broadcast; and
- expensing of film, television or sports broadcasting rights is included in cost of revenues.

Theatrical films and television rights produced or acquired to be sold to third parties

Theatrical films and television rights produced or acquired before their initial exhibition to be sold to third parties, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. The cost of theatrical films and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Vivendi considers that amortization pursuant to the estimated revenue method reflects the rate at which the entity plans to consume the future economic benefits related to the asset.

Where appropriate, estimated losses in value are provided in full against earnings for the period in which the losses are estimated, on an individual product basis.

Film and television rights catalogs

Catalogs comprise film rights acquired for a second television screening, or produced or acquired film and television rights that are sold to third parties after their first television screening (i.e., after their first broadcast on a free terrestrial channel). They are recognized as an asset at their acquisition or transfer cost and amortized as groups of films, or individually, based respectively on the estimated revenue method.

1.3.5.4. Research and Development costs

Research costs are expensed when incurred. Development expenses are capitalized when the feasibility and, in particular, profitability of the project can reasonably be considered certain.

Cost of internal use software

Direct internal and external costs incurred for the development of computer software for internal use, including website development costs, are capitalized during the application development stage. Application development stage costs generally include software configuration, coding, installation and testing. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized. These capitalized costs are amortized over 5 to 10 years. Maintenance, minor upgrade, and enhancement costs are expensed as incurred.

Cost of developing video games

Development costs of video games are capitalized when both the technical feasibility and the management's intention to complete the game so that it will be available for use and sale are verified, and when the recoverability is reasonably assured. Because of the uncertainty that exists regarding those criteria, the recognition requirements of IAS 38 are usually not met until the game is launched. Therefore, costs of developing mobile games are expensed as incurred.

1.3.5.5. Other intangible assets

Intangible assets separately acquired are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Assets with an indefinite useful life are not amortized but are subject to an annual impairment test. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

Other intangible assets include trade names, customer bases and licenses. By contrast, music catalogs, trade names, subscribers' bases and market shares generated internally are not recognized as intangible assets.

1.3.5.6. Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost, costs directly attributable to transporting an asset to its physical location and preparing it for its operational use, the estimated costs relating to the demolition and the collection of property, plant and equipment, and the rehabilitation of the physical location resulting from the incurred obligation.

When property, plant and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is calculated using the straight-line method based on the estimated useful life of the assets. Useful lives of the main components are reviewed at the end of each reporting period and are as follows:

- buildings: 5 to 40 years;
- equipment and machinery: 3 to 8 years;
- set-top boxes: 5 to 7 years; and
- other: 2 to 10 years.

Assets financed by finance lease contracts are capitalized at the lower of the fair value of future lease payments and of the market value and the related debt is recorded as "Borrowings and other financial liabilities". In general, these assets are amortized on a straight-line basis over their estimated useful life, corresponding to the duration applicable to property, plant and equipment from the same category. Amortization expenses on assets acquired under such leases are included in amortization expenses.

After initial recognition, the cost model is applied to property, plant and equipment.

Vivendi has elected not to apply the option available under IFRS 1, involving the remeasurement of certain property, plant and equipment at their fair value as of January 1, 2004.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to apply IFRIC Interpretation 4 - *Determining whether an arrangement contains a lease*, which mainly applies to commercial supply agreements for the Canal+ Group satellite capacity, which are commercial service agreements that, in general, do not convey a right to use a specific asset. Contract costs under these agreements are consequently expensed as operational costs for the period.

1.3.5.7. Asset impairment

Each time events or changes in the economic environment indicate a risk of impairment of goodwill, other intangible assets, property, plant and equipment, and assets in progress, Vivendi re-examines the value of these assets. In addition, in accordance with the applicable accounting standards, goodwill, other intangible assets with an indefinite useful life, and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year. This impairment test is performed to compare the recoverable amount of each Cash-Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Vivendi operates through different media and content businesses. Each business offers different products and services that are marketed through various channels. CGUs are independently defined at each business level, corresponding to the group operating segments. Vivendi's CGUs and groups of CGUs are presented in Note 9.

The recoverable amount is determined as the higher of: (i) the value in use; or (ii) the fair value (less costs to sell) as described hereafter, for each individual asset. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, an impairment test of goodwill is performed by Vivendi for each CGU or group of CGUs, depending on the level at which Vivendi Management measures return on operations.

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (Discounted Cash Flow method (DCF)) by using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by Vivendi of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation of CGUs are those used to prepare budgets for each CGU or group of CGUs, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

The fair value (less costs to sell) is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, on the basis of discontinued cash flows.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss equal to the difference is recognized in EBIT. In the case of a group of assets, this impairment loss is first recorded against goodwill.

The impairment losses recognized in respect of property, plant and equipment, and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

1.3.5.8. Financial assets

Financial assets are initially recognized at fair value corresponding, in general, to the consideration paid, which is best evidenced by the acquisition cost (including associated acquisition costs, if any). Thereafter, financial assets are measured at fair value or at amortized cost depending on which financial asset category they belong to.

Financial assets at fair value

Financial assets at fair value include available-for-sale securities, derivative financial instruments with a positive value (please refer to Note 1.3.7) and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized public markets, their fair value being calculated by reference to the published market price at period end. Fair value is estimated for financial assets which do not have a published market price on an active market. As a last resort, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market, the group values financial assets at historical cost, less any impairment losses.

Available-for-sale securities consist of unconsolidated interests and other securities that cannot be classified in the other financial asset categories described below. Unrealized gains and losses on available-for-sale securities are recognized in charges and income directly recognized in equity until the financial asset is sold, collected or removed from the Statement of Financial Position in another way, or until there is objective evidence that the investment is impaired, at which time the accumulated gain or loss previously reported in charges and income directly recognized in equity is expensed in other financial charges and income.

Other financial assets measured at fair value through profit or loss mainly consist of assets held for trading which Vivendi intends to sell in the near future (primarily marketable securities). Unrealized gains and losses on these assets are recognized in other financial charges and income.

Financial assets at amortized cost

Financial assets at amortized cost consist of loans and receivables (primarily loans to affiliates and associates, current account advances to equity affiliates and unconsolidated interests, cash deposits, securitized loans and receivables, and other loans and receivables, and debtors) and held-to-maturity investments (financial assets with fixed or determinable payments and fixed maturity). At the end of each period, these assets are measured at amortized cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred, the amount of this loss, measured as the difference between the financial asset's carrying value and its recoverable amount (equal to the present value of estimated future cash flows discounted at the financial asset's initial effective interest rate), is recognized in profit or loss. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

1.3.5.9. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. They are usually calculated using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs.

1.3.5.10. Trade accounts receivable

Trade accounts receivable are initially recognized at fair value, which is generally equal to their nominal value. Provisions for the impairment of receivables are specifically valued in each business unit, generally using a default percentage based on the unpaid amounts during one reference period. For the group's businesses which have an economic model based partly or fully on subscription (Canal+ Group), the depreciation rate of trade account receivables is assessed on the basis of historical account receivables from former customers, primarily on a statistical basis. In addition, account receivables from customers subject to insolvency proceedings or customers with whom Vivendi is involved in litigation or a dispute are generally impaired in full.

1.3.5.11. Cash and cash equivalents

The "cash and cash equivalents" category, defined in accordance with IAS 7, consists of cash in banks, monetary UCITS, which satisfy AMF position No. 2011-13, and other highly liquid investments with initial maturities of generally three months or less. Investments in securities, investments with initial maturities of more than three months without an early termination option and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets. Moreover, the historical performances of the investments are monitored regularly to confirm their cash equivalents accounting classification.

1.3.6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lowest value between the fair value (net of divestiture fees) and the carrying value, or cost less accumulated depreciation and impairment losses and are no longer depreciated.

An operation is qualified as discontinued when it represents a separate major line of business and the criteria for classification as an asset held for sale have been met or when Vivendi has sold the asset. Discontinued operations are reported on a single line of the Statement of Earnings for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to divest the assets and liabilities of the discontinued operations. In addition, cash flows generated by discontinued operations are reported on a separate line of the Statement of Consolidated Cash flows for the relevant periods.

1.3.7. FINANCIAL LIABILITIES

Long-term and short-term borrowings and other financial liabilities include:

- bonds and credit facilities, as well as various other borrowings (including commercial paper and debt related to finance leases) and related accrued interest;
- obligations arising out of commitments to purchase non-controlling interests;
- bank overdrafts; and
- the negative value of other derivative financial instruments. Derivatives with positive values are recorded as financial assets in the Statement of Financial Position.

Borrowings

All borrowings are initially accounted for at fair value net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that discounts future cash flows over the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument. In the event of a change in expected future cash flows (e.g., redemption occurs earlier than initially expected), the amortized cost is adjusted against earnings to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase non-controlling interests

Vivendi has committed to purchase the non-controlling interests of some of the minority shareowners of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or mandatory (e.g., forward purchase contracts).

The following accounting treatment has been applied in respect of commitments made on or after January 1, 2009:

- upon initial recognition, the commitment to purchase non-controlling interests is recognized as a financial liability for the present value of the purchase price under the put option or forward purchase contract, mainly offset by the book value of non-controlling interests and the remaining balance through equity attributable to Vivendi SA shareowners;
- subsequent changes to the value of the commitment are recognized as a financial liability through an adjustment to equity attributable to Vivendi SA shareowners; and
- upon maturity of the commitment, if the non-controlling interests are not purchased, the previously recognized entries are reversed; if the non-controlling interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the non-controlling interests.

Derivative financial instruments

Vivendi uses derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. These instruments include interest rate and currency swaps, and forward exchange contracts. All these derivative financial instruments are used for hedging purposes.

When these contracts qualify as hedges for accounting purposes, gains and losses arising on these contracts are offset in earnings against the gains and losses relating to the hedged item. When the derivative financial instrument hedges exposures to fluctuations in the fair value of an asset or a liability recognized in the Statement of Financial Position or of a firm commitment which is not recognized in the Statement of Financial Position, it is a fair value hedge. The instrument is remeasured at fair value in earnings, with the gains or losses arising on remeasurement of the hedged portion of the hedged item offset on the same line of the Statement of Earnings, or, as part of a forecasted transaction relating to a non-financial asset or liability, at the initial cost of the asset or liability. When the derivative financial instrument hedges cash flows, it is a cash flow hedge. The hedging instrument is remeasured at fair value and the portion of the gain or loss that is determined to be an effective hedge is recognized through charges and income directly recognized in equity, whereas its ineffective portion is recognized in earnings, or, as part of a forecasted transaction on a non-financial asset or liability, they are recognized at the initial cost of the asset or liability. When the hedged item is realized, accumulated gains and losses recognized in equity are released to the Statement of Earnings and recorded on the same line as the hedged item. When the derivative financial instrument hedges a net investment in a foreign operation, it is recognized in the same way as a cash flow hedge. Derivative financial instruments which do not qualify as a hedge for accounting purposes are remeasured at fair value and resulting gains and losses are recognized directly in earnings, without remeasurement of the underlying instrument.

Furthermore, income and expenses relating to foreign currency instruments used to hedge highly probable budget exposures and firm commitments contracted pursuant to the acquisition of editorial content rights (including sports, audiovisual and film rights) are recognized in EBIT. In all other cases, gains and losses arising on the fair value remeasurement of instruments are recognized in other financial charges and income.

1.3.8. OTHER LIABILITIES

Provisions

Provisions are recognized when, at the end of the reporting period, Vivendi has a legal obligation (legal, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. If the amount of the obligation cannot be reliably estimated, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements.

Employee benefit plans

In accordance with the laws and practices of each country in which it operates, Vivendi participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and post-employment benefits to eligible employees, former employees, retirees and such of their beneficiaries who meet the required conditions. Retirement pensions are provided for substantially all employees through defined contribution plans, which are integrated with local social security and multi-employer plans, or defined benefit plans, which are generally managed via group pension plans. The plan funding policy implemented by the group is consistent with applicable government funding requirements and regulations.

Defined contribution plans

Contributions to defined contribution and multi-employer plans are expensed during the year.

Defined benefit plans

Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding Vivendi shares or debt instruments.

Pension expenses and defined benefit obligations are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan. The assumptions adopted in 2015 and 2016, and the means of determining these assumptions, are presented in Note 17. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and includes past service cost and actuarial gains and losses.

The cost of defined benefit plans consists of three components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;
- the financial component, recorded in other financial charges and income, consists of the undiscounting of the obligation, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and
- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified to profit and loss, mainly consist of actuarial gains and losses, i.e., changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective impact).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial calculation comparable to the method used for pension provisions.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

1.3.9. DEFERRED TAXES

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the group proved to differ significantly from those expected, the group would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not earnings, if the tax relates to items that are credited or charged directly to equity.

1.3.10. SHARE-BASED COMPENSATION

With the aim of aligning the interests of its executive management and employees with its shareholders' interests by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans, performance share plans and bonus share plans) or other equity instruments based on the value of the Vivendi share price (stock options), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board and the Supervisory Board. In addition, the definitive grant of stock options and performance shares is contingent upon the achievement of specific performance objectives set by the Management Board and the Supervisory Board. Moreover, all granted plans are conditional upon active employment at the vesting date.

In addition, Dailymotion has set up a long-term incentive plan for certain key executives. This plan will be settled in cash and the value will be derived from the growth of Dailymotion's enterprise value.

Please refer to Note 18 for details of the features of these plans.

Share-based compensation is recognized as a personnel cost at the fair value of the equity instruments granted. This expense is spread over the vesting period, i.e., three years for stock option plans and for performance share plans (two years for performance shares granted before June 24, 2014), and two years for Vivendi's bonus share plans, other than in specific cases.

Vivendi use a binomial model to assess the fair value of such instruments. This method relies on assumptions updated at the valuation date such as the calculated volatility of the relevant shares, the discount rate corresponding to the risk-free interest rate, the expected dividend yield, and the probability of relevant managers and employees remaining employed within the group until the exercise of their rights.

However, depending on whether the instruments granted are equity-settled or cash-settled, the valuation and recognition of the expense will differ:

Equity-settled instruments:

- the expected term of the option granted is deemed to be the mid-point between the vesting date and the end of the contractual term;
- the value of the instruments granted is estimated and fixed at grant date; and
- the expense is recognized with a corresponding increase in equity.

Cash-settled instruments:

- the expected term of the instruments granted is deemed to be equal to one-half of the residual contractual term of the instrument for vested rights, and to the average of the residual vesting period at the remeasurement date and the residual contractual term of the instrument for unvested rights;
- the value of instruments granted is initially estimated at grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date;
- the expense is recognized as a provision; and
- moreover, as plans settled in cash are primarily denominated in US dollars, the value fluctuates based on the EUR/USD exchange rate.

Share-based compensation cost is allocated to each operating segment, pro rata to the number of equity instruments or equivalent instruments granted to their managers and employees.

The dilutive effect of stock options and performance shares settled in equity through the issuance of Vivendi shares which are in the process of vesting is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 1, Vivendi elected to retrospectively apply IFRS 2 as of January 1, 2004. Consequently, all share-based compensation plans for which rights remained to be vested as of January 1, 2004 were accounted for in accordance with IFRS 2.

1.4. Related parties

Group-related parties are those companies over which the group exercises exclusive control, joint control or significant influence, shareholders exercising joint control over group joint ventures, non-controlling interests exercising significant influence over group subsidiaries, Corporate Officers, group management and directors and companies over which the latter exercise exclusive control, joint control, or significant influence.

The transactions realized with subsidiaries over which the group exercises control are not included in the intersegment operations (a list of the group's major consolidated entities is presented in Note 24). Moreover, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties. The operating costs of Vivendi SA's headquarters, after the allocation of a portion of these costs to each of the group's businesses, are included in the Corporate operating segment.

1.5. Contractual obligations and contingent assets and liabilities

Once a year, Vivendi and its subsidiaries prepare detailed reports on all material contractual obligations, commercial and financial commitments and contingent obligations, for which they are jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. To ensure completeness, accuracy and consistency of these reports, some dedicated internal control procedures are carried out, including (but not limited to) the review of:

- minutes of meetings of the shareholders, Management Board, Supervisory Board and Committees of the Supervisory Board in respect of matters such as contracts, litigation, and authorization of asset acquisitions or divestitures;
- pledges and guarantees with banks and financial institutions;
- pending litigation, claims (in dispute) and environmental matters as well as related assessments for unrecorded contingencies with internal and/or external legal counsels;
- tax examiner's reports and, if applicable, notices of reassessments and tax expense analyses for prior years;
- insurance coverage for unrecorded contingencies with the risk management department and insurance agents and brokers with whom the group contracted;
- related-party transactions for guarantees and other given or received commitments; and more generally
- major contracts and agreements.

1.6. New IFRS standards and IFRIC interpretations that have been published but are not yet effective

Among IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC as of the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application, the main standards which may have an impact on Vivendi are the following:

- IFRS 15 – *Revenue from Contracts with Customers*, which applies mandatorily from January 1, 2018, was issued by the IASB on May 28, 2014, endorsed by the EU on September 22, 2016, and published in the Official Journal of the EU on October 29, 2016;
- IFRS 9 – *Financial Instruments*, which applies mandatorily from January 1, 2018, was issued by the IASB on July 24, 2014, endorsed by the EU on November 22, 2016 and published in the Official Journal of the EU on November 29, 2016;
- IFRS 16 – *Leases*, which applies mandatorily from January 1, 2019, was issued by the IASB on January 13, 2016, and is still to be endorsed by the EU.

Vivendi is currently assessing the potential impact on the Statement of Earnings, the aggregate comprehensive income, the Statement of Financial Position, the Statement of Cash Flows, and the content of the Notes to the Consolidated Financial Statements in applying these standards.

Note 2. Major changes in the consolidation scope and the equity portfolio

2.1. Acquisition of Gameloft

On February 18, 2016, Vivendi filed a proposed public tender offer ("the offer") with the *Autorité des marchés financiers* ("AMF") for all the shares of Gameloft S.E. ("Gameloft"), following its crossing of the 30% threshold of Gameloft's share capital. As of that date, Vivendi held 25,649,006 Gameloft shares **(1)** representing 30.01% of the share capital and 26.72% of the voting rights of this company **(2)**.

The offer period ran from March 21 until May 27, 2016, and then from June 2 until June 15, 2016, at a price of €8.00 per share (compared to the prices initially announced of €6.00, and then €7.20). Following completion of the offer, Vivendi held 83,611,458 Gameloft shares, representing 95.93% of the share capital and 95.80% of the voting rights **(3)** as of June 30, 2016.

On June 29, 2016, at Gameloft General Shareholders' Meeting, Gameloft's Board of Directors was reconstituted with the appointment of five members proposed by Vivendi. Following the Shareholders' Meeting, the Board of Directors appointed Stéphane Roussel, a member of Vivendi's Management Board, as Chairman and Chief Executive Officer of Gameloft.

On July 18, 2016, the Paris Court of Appeal acknowledged the withdrawal of Gameloft's appeal against the AMF's conformity clearance decision with respect to Vivendi's offer. Given that the conditions required by Article L.433-4 III of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 237-14 to 237-16 of the AMF General Regulations (*Règlement général*) for the implementation of a squeeze-out procedure had been met, Vivendi, as it had reserved the right to do in its tender offer documentation (*note d'information*), requested from the AMF the implementation of a squeeze-out for the remaining Gameloft shares not held by Vivendi.

In its notice published on July 20, 2016, the AMF stated that the squeeze-out for the 3,550,064 Gameloft shares not yet held by Vivendi would be implemented on July 26, 2016. On that date, Gameloft shares were transferred to Vivendi in exchange for the payment of compensation to the holders and delisted from Euronext Paris. The squeeze-out was made at the same price as the public tender offer, i.e., a cash payment of €8 for each Gameloft share.

Consolidation of Gameloft by Vivendi

Between September 2015 and July 2016, Vivendi acquired 100% of Gameloft's share capital for an aggregate amount of €621 million (of which €499 million was paid in 2016).

Vivendi has consolidated Gameloft under the full goodwill method since June 29, 2016, and performed a preliminary allocation of the purchase price for 100% of Gameloft, based on a full enterprise value of €697 million. The allocation of the purchase price will be finalized within the 12-month period following the acquisition date, as required by accounting standards. The provisional goodwill amounted to €609 million. The final amount of goodwill may differ from the amount initially recorded.

(in millions of euros)	June 29, 2016
Carrying value of Gameloft's assets and liabilities acquired by Vivendi	102
Fair value adjustment of Gameloft's acquired assets and incurred or assumed liabilities	(14)
Fair value of Gameloft's acquired assets and incurred or assumed liabilities	**88**
Provisional goodwill	**609**
Purchase price for 100% of Gameloft	697
of which cash proceeds	*621*
revaluation of the shares to €8	*76*

Pro forma supplementary financial information related to Gameloft

Based on 12-month pro forma figures, in 2016, Gameloft's revenues and income from operations would have amounted to €257 million and €10 million, respectively (compared to €256 million and €2 million in 2015, respectively, as publicly disclosed by Gameloft). These 12-month *pro forma* figures were calculated as though the acquisition of Gameloft had occurred on January 1, 2016, and therefore do not necessarily reflect the results that would have been achieved if the acquisition had actually been completed on January 1, 2016.

(1) Of which 225,000 Gameloft shares borrowed and considered as owned by Vivendi, in accordance with Article L.233-9 I, 6° of the French Commercial Code (Code de commerce).

(2) Based on a share capital comprised of 85,465,122 shares representing 95,995,288 voting rights (information as of January 31, 2016, as disclosed on Gameloft's website).

(3) Based on a share capital comprised of 87,161,522 shares representing 87,276,552 voting rights (information as of June 30, 2016, as disclosed on Gameloft's website).

2.2. Acquisition of Telecom Italia shares

On June 24, 2015, Vivendi announced that it had become the largest shareholder of Telecom Italia, holding 14.9% of Telecom Italia's ordinary shares. As of December 31, 2015, Vivendi held 2,887.74 million of Telecom Italia ordinary shares (i.e., 21.4%, representing 14.8% of the total share capital), pursuant to the following transactions:

- on June 24, 2015, pursuant to the agreement entered into with Telefonica for the sale of GVT, Vivendi swapped a 4.5% interest in Telefonica Brasil with Telefonica in exchange for a block of 1,110 million shares, representing 8.24% of Telecom Italia ordinary shares;
- between June 10 and June 18, 2015, Vivendi purchased 1.90% of Telecom Italia ordinary shares directly on the stock market (256 million shares) and, on June 22, 2015, Vivendi acquired a block of 642 million shares, representing 4.76% of Telecom Italia ordinary shares from a financial institution; and
- during the second half of 2015, Vivendi purchased 880 million Telecom Italia ordinary shares directly on the stock market.

In November 2016, pursuant to the conversion at the maturity date of a bond redeemable in Telecom Italia shares, Vivendi's interest in Telecom Italia was diluted from 24.7% to 21.9%. As a result of such dilution, Vivendi purchased additional Telecom Italia ordinary shares to bring its interest back to previous levels.

In total, in 2016, Vivendi made net acquisitions of 752.37 million additional Telecom Italia ordinary shares for an aggregate consideration of €622 million. As of December 31, 2016, Vivendi held 3,640 million Telecom Italia ordinary shares (i.e., 23.9%, representing 17.2% of the total share capital). Since December 15, 2015 and to the date of this report, Vivendi's interest in Telecom Italia has been accounted for under the equity method (please refer to Note 11).

2.3. Acquisition of an interest in Banijay Group

On February 23, 2016, Vivendi completed the acquisition of a 26.2% interest in Banijay Group, resulting from the combination of Banijay and Zodiak Media. Vivendi's investment in Banijay Group represented a cash payment of €290 million, including €100 million for a 26.2% interest in the new combined entity. On the same date, Vivendi also subscribed to two bonds:

(i) a €100 million bond redeemable into either shares or cash ("ORAN1") issued by Banijay Group. Upon maturity of ORAN1, Banijay Group will have the option of either redeeming the bond in cash or converting it into a number of Banijay Group shares which, in addition to the shares already held by Vivendi, would bring Vivendi's interest in Banijay Group to a maximum of 49.9%; and

(ii) a €90 million bond redeemable into either shares or cash ("ORAN2") issued by Lov Banijay, a holding company controlled by Financière Lov. Upon maturity of ORAN2, Lov Banijay will have the option of either redeeming the bond in cash or converting it into a number of shares that would give Vivendi a 25% interest in Lov Banijay.

Both bonds have a 7-year maturity period.

In addition, on October 14, 2016, Vivendi subscribed to a €50 million bond redeemable in cash issued by Lov Banijay, maturing on February 23, 2023.

Vivendi has two representatives on Banijay Group's Board of Directors, and certain veto and liquidity rights. Since February 23, 2016, in accordance with IAS 28, the interest in Banijay Group has been accounted for under the equity method.

2.4. Acquisition of Ubisoft shares

In 2015, Vivendi purchased 15.659 million Ubisoft Entertainment ("Ubisoft") shares, representing 13.98% of the share capital and 12.35% of the voting rights, pursuant to purchases on the stock market for €351 million.

In 2016, Vivendi purchased 13.592 million additional Ubisoft shares for €405 million. As of December 31, 2016, Vivendi held 29.251 million Ubisoft shares, i.e., 25.72% of the share capital, representing 23.39% of the voting rights **(1)** as of that date. Vivendi's position toward Ubisoft has changed as follows:

- on September 29, 2016, Vivendi participated in Ubisoft's General Shareholders' Meeting, as the largest shareholder, holding, as of that date, 22.8% of Ubisoft's share capital. Vivendi considers that it would be good corporate governance to be represented on the company's Board of Directors given its equity ownership. In the meantime, Vivendi abstained from voting on the resolutions. As a result, resolutions 22, 23, 24 and 25 presented by the Board of Directors failed to be passed;

(1) Based on a share capital comprised of 113,719,410 shares, representing 125,050,097 voting rights (information as of December 31, 2016, as disclosed on Ubisoft's website).

- on December 7, 2016, Vivendi crossed the 25% threshold of Ubisoft's share capital, holding 28.574 million Ubisoft shares, representing equivalent voting rights, i.e., 25.15% of the share capital and 22.92% of the voting rights **(1)**. In accordance with Article L.233-7 VII of the French Commercial Code (*Code de commerce*), Vivendi stated the following objectives it intends to pursue over the six coming months:
  - Vivendi's acquisitions were financed using its available cash,
  - Vivendi is not acting in concert with any third party in connection with its investments in Ubisoft and did not enter into a temporary sale agreement concerning Ubisoft shares or voting rights,
  - Vivendi does not hold instruments and is not a party to agreements such as those referred to in paragraphs 4° and 4°bis of Article L.233-9 of the French Commercial Code (*Code de commerce*),
  - Vivendi contemplates continuing the acquisition of Ubisoft shares depending on market conditions,
  - Vivendi does not contemplate filing a public tender for Ubisoft shares, nor acquiring control of the company,
  - Vivendi continues to express its desire to establish a fruitful cooperation with Ubisoft,
  - Vivendi intends to seek a restructuring of Ubisoft's Board of Directors, in particular to obtain a representation consistent with its shareholding; and
  - Vivendi's investment in Ubisoft's business sector is part of a strategic vision of operational convergence between Vivendi's content and platforms, and Ubisoft's productions in video games. Since this strategy does not require any modification to Ubisoft's legal or financial organization, Vivendi does not contemplate implementing any of the transactions referred to in Article 223-17 I, 6° of the AMF General Regulations (*Règlement Général*).

The initial Ubisoft shares that Vivendi acquired as from September 2015 were registered under the registered form (*au nominatif*) on November 19, 2015. They constituted an aggregate interest of 12.896 million shares and will be entitled to double voting rights as from November 20, 2017, the date on which, based on Vivendi's interest in Ubisoft as of December 31, 2016, such shares would represent a theoretical percentage of close to 30% of the voting rights **(2)**.

As of December 31, 2016 and 2015, Vivendi's interest in Ubisoft was accounted for as "available for-sale securities" in Vivendi's Consolidated Statement of Financial Position and, in accordance with IAS 39, is revalued at the stock market price at each reporting date, as the unrealized capital gains or losses are directly recognized in equity. As of December 31, 2016, the interest in Ubisoft was valued at €989 million, representing a cumulative unrealized capital gain of €231 million (please refer to Note 12).

As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), Vivendi held 30.5 million Ubisoft shares, i.e., 26.80% of the share capital, representing 24.37% of the voting rights **(3)**.

2.5. Acquisition of Mediaset shares

On April 8, 2016, Vivendi announced that it had entered into a strategic and industrial partnership with Mediaset. This partnership provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium. This agreement is the subject of litigation: please refer to Note 23.

As Vivendi believes that the strategic interest of the industrial partnership announced on April 8, 2016 extends beyond the litigation at stake, Vivendi resolved to become Mediaset's second largest industrial shareholder by initially acquiring 20% of Mediaset's share capital. Following a meeting between Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, and Mr. Pier Silvio Berlusconi, Chief Executive Officer of Mediaset, on December 16, 2016, and in light of the press release issued by Mediaset on December 17, 2016, and considering the positions taken by Fininvest during this period, Vivendi's Management Board met on December 19, 2016 and decided, with the Supervisory Board's authorization, to increase its interest in Mediaset by acquiring additional shares, subject to market conditions, up to a maximum of 30% of the share capital and voting rights. As of December 31, 2016, Vivendi held 340.246 million Mediaset shares, representing 28.80% of the share capital and 29.94% of the voting rights, pursuant to purchases made on the stock market for €1,256 million, as follows:

- on December 12, 2016, Vivendi crossed the 3% threshold of Mediaset's share capital;
- on December 13, 2016, Vivendi crossed the 5% and 10% thresholds of Mediaset's share capital;
- on December 14, 2016, Vivendi crossed the 15% threshold and reached 20% of Mediaset's share capital;
- on December 20, 2016, Vivendi crossed the 20% and 25% thresholds of Mediaset's share capital; and
- on December 22, 2016, Vivendi announced that it held 28.80% of Mediaset's share capital and 29.94% of the voting rights.

In accordance with applicable regulations, the Italian stock exchange authority, the Consob, and Mediaset were both notified of the crossing of such thresholds. Vivendi's entry into Mediaset's share capital is consistent with the group's determination to expand its operations in Southern Europe and reflects its strategic ambitions as a major international, European-based, media and content group.

Vivendi's interest in Mediaset has been accounted for as "available-for-sale-securities" in Vivendi's Consolidated Statement of Financial Position and, in accordance with IAS 39, it is revalued at the stock market price at each reporting date, as the unrealized capital gains or losses are directly recognized in equity. As of December 31, 2016, the interest in Mediaset is valued at €1,398 million, representing an unrealized capital gain of €140 million (please refer to Note 12).

(1) Based on a share capital comprised of 113,595,887 shares, representing 124,667,212 voting rights, in accordance with paragraph 2 of Article 223-11 of the AMF General Regulations (Règlement Général).

(2) Theoretical percentage based on the restated number of voting rights as of December 31, 2016.

(3) Based on a share capital comprised of 113,765,391 shares, representing 125,108,774 voting rights (information as of January 31, 2017, as disclosed on Ubisoft's website).

2.6. Acquisition of a minority interest in Groupe Fnac

On May 24, 2016, the Extraordinary General Shareholders' Meeting of Groupe Fnac approved the implementation of a strategic partnership between Vivendi and Groupe Fnac. Vivendi notably acquired a minority interest in Groupe Fnac through a reserved share capital increase for €159 million, i.e., €54.00 per share. Upon completion of the transaction, Vivendi held 15% of Groupe Fnac's share capital and voting rights. In addition, the General Shareholders' Meeting approved the appointment of two new representatives of Vivendi on Groupe Fnac's Board of Directors. On August 2, 2016, Groupe Fnac completed the acquisition of Darty and issued 6,471 thousand new shares. Following completion of this transaction, Vivendi held 11.3% of the share capital and voting rights of the new combined entity.

As part of a strategic partnership dedicated to cultural activities, both companies intend to develop an innovative project creating long-term value and focusing on several key areas, including:

- enhancement of cultural content, which could take the form of distribution partnerships;
- increased co-operation in live events, a sector in which Vivendi has implemented several initiatives, and in ticketing in certain countries by teaming up with Vivendi Ticketing;
- privileged access to extended digital services for customers of the two groups; and
- acceleration of Groupe Fnac's international development, in particular in Southern Europe, as well as in Africa where Vivendi has been operating for over 20 years.

On July 11, 2016, Vivendi and Groupe Fnac launched their first joint initiative to enhance their respective subscription programs.

Since May 24, 2016, this interest has been accounted for as "available-for-sale-securities" in Vivendi's Consolidated Statement of Financial Position and, in accordance with IAS 39, it is revalued at the stock market price at each reporting date, as the unrealized capital gains or losses are directly recognized in equity. As of December 31, 2016, this interest was valued at €189 million, representing an unrealized capital gain of €30 million (please refer to Note 12).

2.7. Other acquisitions

In 2016, Vivendi strengthened its position in content production and distribution, notably through the acquisition of interests in several fiction production companies in Spain and the United Kingdom (33% in Bambu Producciones, 20% in Urban Myth Films, and 20% in SunnyMarchTV), in non-scripted television production companies (50% in Kissman Productions), and in distribution companies (100% in Alterna'TV, renamed Thema America). Moreover, Vivendi and its subsidiaries granted or received put and call options on the shares of some of these companies.

In June 2016, Vivendi purchased 100% of the companies that own and manage all Paddington Bear intellectual property rights, except for the publishing rights. The fair value of the consideration transferred, including the fixed price and estimated potential earn-out payments, amounted to £58 million (i.e., approximately €75 million). The purchase agreement provides for earn-outs payable in 2020 and 2022, as well as general and specific guarantees given to Vivendi (please refer to Note 22). As required by accounting standards, the purchase price and its allocation will be finalized within the 12-month period following the acquisition date. The provisional goodwill amounted to £49 million (i.e., €65 million). The final amount of goodwill may differ from the amount initially recorded. These companies have been fully consolidated first by Canal+ Group as from June 30, 2016, and then by Vivendi Village as from December 31, 2016.

In addition, Vivendi acquired the assets of Flavorus, a ticketing company in the United States.

The other acquisitions carried out by Vivendi in 2016 represented an aggregate payment of approximately €100 million.

2.8. Sale of interest in Activision Blizzard

On January 13, 2016, Vivendi unwound the hedge of the value of the 41.5 million Activision Blizzard shares denominated in USD that it held, and sold its entire interest. The capital gain on the sale amounted to €576 million (before taxes), classified as "other income" in EBIT and the net proceeds received from these transactions amounted to $1,063 million, i.e., €976 million. Completion of these transactions also enabled Vivendi to recover a cash deposit of $480 million, i.e., €439 million.

Note 3. Segment data

3.1. Operating segment data

Vivendi Management evaluates the performance of its business segments and allocates necessary resources to them based on certain operating performance indicators (segment earnings and cash flow from operations). Income from operations and EBITA reflect the earnings of each business segment.

The operating segments presented hereunder are strictly identical to the information given to Vivendi's Management Board.

Vivendi's main businesses are aggregated within the following operating segments:

- **Universal Music Group:** sale of recorded music (physical and digital media), exploitation of music publishing rights, as well as artist services and merchandising;
- **Canal+ Group:** publishing and distribution of premium and thematic pay-TV and free-to-air channels in France, Poland, Africa and Vietnam, as well as production, sales and distribution of cinema films and TV series;
- **Gameloft:** creation and publishing of downloadable video games for mobile phones, tablets, triple-play boxes and smart TVs;
- **Vivendi Village:** Vivendi Ticketing (including See Tickets and Digitick), MyBestPro (experts counseling), Watchever (subscription streaming services), Radionomy (digital radio), the venues L'Olympia and Théâtre de L'Œuvre in Paris, and CanalOlympia in Africa, as well as Olympia Production. In addition, Paddington Bear has been integrated within Vivendi Village since December 31, 2016 (please refer to Note 2.7);
- **New Initiatives:** Dailymotion (video content aggregation and distribution platform), Vivendi Content (notably including Flab Prod and Studio+), Canal Factory and Group Vivendi Africa (business in the process of being developed);
- **Corporate:** central services.

Intersegment commercial operations are conducted on an arm's-length basis, on terms and conditions similar to those which would be offered by third parties.

MAIN AGGREGATES OF THE STATEMENT OF EARNINGS

	Year ended December 31,	
(in millions of euros)	2016	2015
Revenues		
Universal Music Group	5,267	5,108
Canal+ Group	5,253	5,513
Gameloft	132	-
Vivendi Village	111	100
New Initiatives	103	43
Elimination of intersegment transactions	(47)	(2)
	10,819	**10,762**
Income from operations		
Universal Music Group	687	626
Canal+ Group	303	542
Gameloft	10	-
Vivendi Village	(7)	10
New Initiatives	(44)	(18)
Corporate	(96)	(99)
	853	**1,061**
Restructuring charges		
Universal Music Group	(44)	(51)
Canal+ Group	(41)	(47)
Gameloft	-	-
Vivendi Village	(2)	(1)
New Initiatives	(6)	-
Corporate	(1)	(3)
	(94)	**(102)**
Charges related to equity-settled share-based compensation plans		
Universal Music Group	(3)	(5)
Canal+ Group	(3)	(3)
Gameloft	(3)	-
Vivendi Village	-	-
New Initiatives	-	-
Corporate	(5)	(8)
	(14)	**(16)**
Other non-current operating charges and income		
Universal Music Group	4	23
Canal+ Group	(19)	(38)
Gameloft	-	-
Vivendi Village	-	-
New Initiatives	(6)	(2)
Corporate	-	16
	(21)	**(1)**
Adjusted earnings before interest and income taxes (EBITA)		
Universal Music Group	644	593
Canal+ Group	240	454
Gameloft	7	-
Vivendi Village	(9)	9
New Initiatives	(56)	(20)
Corporate	(102)	(94)
	724	**942**

RECONCILIATION OF EBIT TO EBITA AND TO INCOME FROM OPERATIONS

(in millions of euros)	Year ended December 31, 2016	2015
EBIT (a)	**1,194**	**1,231**
Adjustments		
Amortization of intangible assets acquired through business combinations	223	408
Impairment losses on intangible assets acquired through business combinations (a)	23	3
Reversal of reserve related to the Liberty Media litigation in the United States (a)	(240)	-
Other income (a)	(661)	(745)
Other charges (a)	185	45
EBITA	**724**	**942**
Adjustments		
Restructuring charges (a)	94	102
Charges related to equity-settled share-based compensation plans	14	16
Other non-current operating charges and income	21	1
Income from operations	**853**	**1,061**

(a) As reported in the Consolidated Statement of Earnings.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	December 31, 2016	December 31, 2015
Segment assets (a)		
Universal Music Group	9,310	9,242
Canal+ Group	7,546	7,575
Gameloft	718	-
Vivendi Village	264	216
New Initiatives	587	387
Corporate	8,579	8,026
of which investments in equity affiliates	*4,156*	*3,319*
listed equity securities	*3,011*	*2,520*
	27,004	**25,446**
Segment liabilities (b)		
Universal Music Group	3,701	3,552
Canal+ Group	2,588	2,615
Gameloft	65	-
Vivendi Village	154	117
New Initiatives	94	50
Corporate	1,279	3,550
	7,881	**9,884**

(a) Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade accounts receivable, and other.

(b) Segment liabilities include provisions, other non-current liabilities, and trade accounts payable and other.

Additional operating segment data is presented in the following Notes: Note 9 "Goodwill" and Note 10 "Content assets and commitments".

DEPRECIATIONS AND AMORTIZATIONS

(in millions of euros)	Year ended December 31, 2016	2015
Capital expenditures, net (capex net) (a)		
Universal Music Group	49	53
Canal+ Group	150	181
Gameloft	4	-
Vivendi Village	14	7
New Initiatives	15	4
Corporate	1	1
	233	**246**
Increase in tangible and intangible assets		
Universal Music Group	50	53
Canal+ Group	137	175
Gameloft	3	-
Vivendi Village	15	7
New Initiatives	14	5
Corporate	1	1
	220	**241**
Depreciation of tangible assets		
Universal Music Group	58	67
Canal+ Group	156	163
Gameloft	4	-
Vivendi Village	2	2
New Initiatives	7	2
Corporate	-	-
	227	**234**
Amortization of intangible assets excluding those acquired through business combinations		
Universal Music Group	-	-
Canal+ Group	77	70
Gameloft	-	-
Vivendi Village	4	-
New Initiatives	1	1
Corporate	-	-
	82	**71**
Amortization of intangible assets acquired through business combinations		
Universal Music Group	208	398
Canal+ Group	10	8
Gameloft	-	-
Vivendi Village	2	2
New Initiatives	3	-
Corporate	-	-
	223	**408**
Impairment losses on intangible assets acquired through business combinations		
Universal Music Group	-	2
Canal+ Group	2	1
Gameloft	-	-
Vivendi Village	(b) 21	-
New Initiatives	-	-
Corporate	-	-
	23	**3**

(a) Relates to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.
(b) Related to the impairment loss on the goodwill of Radionomy (please refer to Note 9).

3.2. Geographic information

Revenues are broken down by customer location.

(in millions of euros)	Year ended December 31, 2016		2015	
Revenues				
France	4,273	*40%*	4,464	*42%*
Rest of Europe	2,476	*23%*	2,567	*24%*
United States	2,300	*21%*	2,191	*20%*
Rest of the world	1,770	*16%*	1,540	*14%*
	10,819	***100%***	**10,762**	***100%***

(in millions of euros)	December 31, 2016		December 31, 2015	
Segment assets				
France	10,270	*38%*	9,568	*38%*
Rest of Europe	8,215	*30%*	6,109	*24%*
United States	7,769	*29%*	9,078	*36%*
Rest of the world	750	*3%*	691	*2%*
	27,004	***100%***	**25,446**	***100%***

Note 4. EBIT

BREAKDOWN OF REVENUES AND COST OF REVENUES

(in millions of euros)	Year ended December 31, 2016	2015
Product sales, net	5,325	5,269
Services revenues	5,484	5,437
Other	10	56
Revenues	**10,819**	**10,762**
Cost of products sold, net	(2,839)	(2,658)
Cost of service revenues	(3,992)	(3,897)
Other	2	-
Cost of revenues	**(6,829)**	**(6,555)**

PERSONNEL COSTS AND AVERAGE EMPLOYEE NUMBERS

		Year ended December 31,	
(in millions of euros)	Note	2016	2015
Salaries		1,248	1,138
Social security and other employment charges		303	310
Capitalized personnel costs		-	(3)
Wages and expenses		**1,551**	**1,445**
Share-based compensation plans	18	14	19
Employee benefit plans	17	40	40
Other		51	41
Personnel costs		**1,656**	**1,545**
Annual average number of full-time equivalent employees (in thousands)		20.3	16.6

ADDITIONAL INFORMATION ON OPERATING EXPENSES

Advertising costs amounted to €350 million in 2016 (compared to €348 million in 2015).

Expenses recorded in the Statement of Earnings, with respect to service contracts related to satellite transponders amounted to €129 million in 2016 (compared to €120 million in 2015).

Net expense recorded in the Statement of Earnings, with respect to operating leases amounted to €112 million in 2016 (compared to €113 million in 2015).

Research and Development costs amounted to a net charge of €77 million in 2016 (compared to €6 million in 2015), primarily attributable to Gameloft, consolidated since June 29, 2016.

TAXES ON PRODUCTION

Taxes on production amounted to €175 million in 2016 (compared to €179 million in 2015), of which €91 million related to taxes on television services (compared to €98 million in 2015) and €20 million related to the territorial economic contribution (compared to €22 million in 2015).

OTHER INCOME AND OTHER CHARGES

		Year ended December 31,	
(in millions of euros)	Note	2016	2015
Capital gain on financial investments		657	745
of which net capital gain on the sale of the remaining interest in Activision Blizzard	2.8	*576*	-
net capital gain on the sale of the 20% interest in Numericable-SFR		-	*651*
reversal of the impairment reserve related to the interest in TVN in Poland		-	*54*
Other		4	-
Other income		**661**	**745**
Downside adjustment on financial investments		(170)	(7)
Other		(15)	(38)
Other charges		**(185)**	**(45)**
Net total		**476**	**700**

Note 5. Financial charges and income

INTEREST

(in millions of euros)	Note	Year ended December 31, 2016	2015
(Charge)/Income			
Interest expense on borrowings	19	(63)	(a) (61)
Interest income from cash, cash equivalents and investments		23	31
Interest		**(40)**	**(30)**
Fees and premium on borrowings and credit facilities issued		*(3)*	*(4)*
		(43)	***(34)***

(a) In 2015, interest expense on borrowings included interest received by Vivendi SA from the financing provided to GVT until its effective sale on May 28, 2015 (€4 million).

OTHER FINANCIAL INCOME AND CHARGES

(in millions of euros)	Note	Year ended December 31, 2016	2015
Effect of undiscounting assets (a)		11	-
Expected return on plan assets related to employee benefit plans	17.2	11	12
Foreign exchange gain		-	4
Change in value of derivative instruments		7	-
Other		2	-
Other financial income		**31**	**16**
Effect of undiscounting liabilities (a)		(14)	(9)
Interest cost related to employee benefit plans	17.2	(27)	(29)
Fees and premium on borrowings and credit facilities issued		(3)	(4)
Foreign exchange loss		(8)	(7)
Change in value of derivative instruments		(12)	(17)
Other		(5)	(7)
Other financial charges		**(69)**	**(73)**
Net total		**(38)**	**(57)**

(a) In accordance with applicable accounting standards, where the effect of the time value of money is material, assets and liabilities are initially recorded in the Statement of Financial Position in an amount corresponding to the present value of the expected revenues and expenses. At the end of each subsequent period, the present value of such assets and liabilities is adjusted to account for the passage of time.

Note 6. Income taxes

6.1. French Tax Group and Consolidated Global Profit Tax Systems

Vivendi SA benefits from the French Tax Group System and considers that, until December 31, 2011 inclusive, it benefited from the Consolidated Global Profit Tax System as permitted under Article 209 *quinquies* of the French Tax Code. Since January 1, 2012, Vivendi SA only benefits from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of French subsidiaries that are at least 95% owned directly or indirectly by it. This mainly applies to Universal Music and Canal+ Group entities in France, as well as the companies involved in the group's development projects in France (e.g., Vivendi Village, Vivendi Content, Watchever and Studio+).
- Until December 31, 2011, the Consolidated Global Profit Tax System enabled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that were at least 50% owned directly or indirectly by it and located in France or abroad, i.e., other than the French companies that were at least 95%-owned directly or indirectly by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Édition de Canal Plus (SECP). As a reminder, on May 19, 2008, Vivendi lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with fiscal year 2009 and ending with fiscal year 2011.
- In addition, as a reminder, on July 6, 2011, Vivendi lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period, from January 1, 2012 to December 31, 2014.
- In 2011, the changes in French Tax Law terminated the Consolidated Global Profit Tax System as of September 6, 2011 and capped the deduction for tax losses carried forward at 60% of taxable income. Since 2012, the deduction for tax losses carried forward has been capped at 50% of taxable income and the deductibility of interest limited to 85% of financial charges, net (75% as from January 1, 2014).

The impacts of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- As Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi submitted a €366 million refund request with respect to the tax saving for fiscal year ended December 31, 2011. As this request was denied by the tax authorities, Vivendi accrued a €366 million provision for the associated risk in its Financial Statements for the year ended December 31, 2012. On October 6, 2014, the Administrative Court of Montreuil ruled in favor of Vivendi. On December 23, 2014, pursuant to this ruling, Vivendi received a €366 million refund and moratorium interest of €43 million, which was received on January 16, 2015. On December 2, 2014, the tax authorities lodged an appeal to this ruling. On July 5, 2016, the Versailles Administrative Court of Appeal ruled in favor of Vivendi. On October 28, 2016, the French Council of State (*Conseil d'État*) notified Vivendi that the Minister had filed an appeal against this ruling. To date, the review of this appeal is underway. In its Financial Statements for the year ended December 31, 2016, Vivendi maintained the provision related to the €366 million principal refund and increased it by €43 million to take into account the moratorium interest, for a total amount of €409 million (please refer to Note 6.5).
- Moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the end of the authorization on December 31, 2011, Vivendi requested a refund of taxes due under the French Tax Group System for the year ended December 31, 2012, i.e., €208 million, increased to €221 million in 2013 at the time of the tax return filing with respect to fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a €201 million refund related to the tax installment paid in 2012. This position was challenged by the tax authorities in relation to a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained the €221 million principal refund and increased it by €11 million (the amount of additional default interest), for a total amount of €232 million as of December 31, 2014, decreased to €228 million as of December 31, 2015 after deduction of ordinary tax credits. As part of this process, on March 31, 2015, Vivendi made a payment of €321 million, comprising a tax payment of €221 million due under the French Tax Group System for the year ended December 31, 2012, €11 million in default interest and additional penalties of €89 million. After completion of the audit, on June 29, 2015, Vivendi filed a claim requesting a refund of the principal tax amount and default interest, as well as penalties, for which no provision has been accrued, following the recommendation of the company's advisors. On January 15, 2016, Vivendi brought this case before the Administrative Court of Montreuil.
- In the Financial Statements for the year ended December 31, 2016, the tax results of the subsidiaries comprised within the scope of Vivendi SA's French Tax Group System were estimated, and as a result, the amount of tax attributes as of December 31, 2016 could not be reliably determined. Taking into account the impact of the

estimated 2016 tax results and before the effects of the ongoing tax audits (please refer to Note 6.5) on the amount of tax attributes, Vivendi SA will likely be able to achieve €889 million in tax savings from tax attributes (based on the income tax rate applicable as of December 31, 2016, i.e., 34.43%). At a rate of 28.92%, Vivendi would achieve €747 million in tax savings from tax attributes.

- As of December 31, 2016, Vivendi SA valued its tax attributes under the French Tax Group System on the basis of one year's forecasted results, taken from the following year's budget. On this basis, in 2017, Vivendi will likely be able to achieve tax savings of €117 million from the French Tax Group System (based on the income tax rate applicable as of December 31, 2016, i.e., 34.43%).

6.2. Provision for income taxes and income tax paid by geographic area

PROVISION FOR INCOME TAXES

	Year ended December 31,	
(in millions of euros)	2016	2015
(Charge)/Income		
Current		
France	(75)	(339)
Rest of Europe	(29)	(28)
United States	3	-
Rest of the world	(54)	(25)
	(155)	***(392)***
Deferred		
France	39	(100)
Rest of Europe	(18)	34
United States	24	(30)
Rest of the world	33	47
	78	***(49)***
Provision for income taxes	**(77)**	**(441)**

INCOME TAX PAID

	Year ended December 31,	
(in millions of euros)	2016	2015
France	(203)	(608)
Rest of Europe	(24)	(8)
United States	5	(9)
Rest of the world	(49)	(a) (412)
Income tax (paid)/collected	**(271)**	**(1,037)**

(a) Included taxes paid in Brazil related to the sale of GVT for €395 million recorded in the Consolidated Statement of Earnings under the line "Earnings from discontinued operations".

6.3. Effective tax rate

(in millions of euros, except %)	Year ended December 31, 2016	2015
Earnings (before non-controlling interests)	**1,275**	**1,978**
Eliminations		
Income from equity affiliates	(169)	10
Earnings from discontinued operations	(20)	(1,233)
Provision for income taxes	77	441
Earnings from continuing operations before provision for income taxes	**1,163**	**1,196**
French statutory tax rate	**34.43%**	**38.00%**
Theoretical provision for income taxes based on French statutory tax rate	**(400)**	**(454)**
Reconciliation of the theoretical and effective provision for income taxes		
Earnings tax rates differences	28	39
Impacts of the changes in tax rates	6	(25)
Use or recognition of tax losses	239	231
Depreciation or non-recognition of tax losses	(200)	(112)
Changes in deferred tax assets related to Vivendi SA's French Tax Group and the Consolidated Global Profit Tax Systems	33	(42)
Adjustments to tax expense from previous years	6	64
Capital gain or loss on the divestiture of or downside adjustments on financial investments or businesses	(a) 301	21
3% tax on Vivendi SA's dividends	(38)	(122)
Other	(52)	(41)
Provision for income taxes	**(77)**	**(441)**
Effective tax rate	**6.6%**	**36.9%**

(a) The sale of the remaining interest in Activision Blizzard included a long-term capital gain of €995 million, non-taxable except for the non-deductible share of fees and charges (12%), i.e., a non-taxable net amount of €875 million.

6.4. Deferred tax assets and liabilities

CHANGES IN DEFERRED TAX ASSETS/(LIABILITIES), NET

(in millions of euros)	Year ended December 31, 2016	2015
Opening balance of deferred tax assets/(liabilities), net	**(83)**	**53**
Provision for income taxes	78	(49)
Charges and income directly recorded in equity	40	(67)
Business combinations	(27)	-
Changes in foreign currency translation adjustments and other	18	(20)
Closing balance of deferred tax assets/(liabilities), net	**26**	**(83)**

COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

(in millions of euros)	December 31, 2016	December 31, 2015
Deferred tax assets		
Recognizable deferred taxes		
Tax attributes - Vivendi SA - French Tax Group System (a) (b)	889	809
Tax attributes - US Tax Group (a) (c)	356	445
Tax attributes - Other (a)	498	573
Other	714	609
of which non-deductible provisions	*126*	*107*
employee benefits	*218*	*193*
working capital	*168*	*136*
Total gross deferred taxes	**2,457**	**2,436**
Deferred taxes, unrecognized		
Tax attributes - Vivendi SA - French Tax Group System (a) (b)	(772)	(725)
Tax attributes - US Tax Group (a) (c)	(327)	(445)
Tax attributes - Other (a)	(440)	(476)
Other	(166)	(168)
Total deferred tax assets, unrecognized	**(1,705)**	**(1,814)**
Recorded deferred tax assets	**752**	**622**
Deferred tax liabilities		
Asset revaluations (d)	(422)	(422)
Other	(304)	(283)
Recorded deferred tax liabilities	**(726)**	**(705)**
DEFERRED TAX ASSETS/(LIABILITIES), NET	**26**	**(83)**

(a) The amounts of tax attributes, as reported in this table, were estimated at the end of the relevant fiscal years. In jurisdictions which are significant to Vivendi, mainly in France and in the United States, tax returns are filed on May 1 and September 15 of the following year at the latest, respectively. The amounts of tax attributes reported in this table and the amounts reported to the tax authorities may therefore differ, and if necessary, may need to be adjusted at the end of the following year in the table.

(b) Related to deferred tax assets recognizable in respect of tax attributes by Vivendi SA as head of the French Tax Group, representing €889 million as of December 31, 2016 (please refer to Note 6.1), in respect of tax losses only, taking into account the estimated impact (+€80 million) of 2016 transactions (taxable income and use or expiration of tax credits), but before taking into account the effects of ongoing tax audits (please refer to Note 6.5). In France, tax losses can be carried forward indefinitely and Vivendi considers that tax credits can be carried forward for a minimum period of five years upon exit from the Consolidated Global Profit Tax System.

(c) Related to deferred tax assets recognizable in respect of tax attributes carried forward by Universal Music Group, Inc. in the United States as head of the US Tax Group, representing $373 million as of December 31, 2016, taking into account the estimated impact (-$113 million) of 2016 transactions (taxable income, tax credits that expired and tax credits generated, but before taking into account the final outcome of ongoing tax audits (please refer to Note 6.5). In the United States, tax losses can be carried forward for a period of up to 20 years and tax credits can be carried forward for a period of up to 10 years. No tax losses will mature prior to December 31, 2024 and $19 million tax credits matured in 2016.

(d) These tax liabilities, generated by asset revaluations as part of the purchase price allocation of companies acquired by the group, are terminated upon the amortization or divestiture of the related assets and never generates any current tax charges.

6.5. Tax audits

The fiscal year ended on December 31, 2016 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed adjustments to the taxable income reported for prior years. At this stage of the current tax audits, the impact that could result from an unfavorable outcome of these audits cannot be reliably assessed. Vivendi Management believes that these tax audits are unlikely to have a material unfavorable impact on the group's financial position or liquidity.

Regarding Vivendi SA, in respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007 and 2008 is still ongoing and, likewise, the tax audits for fiscal years 2009 and 2010 are still ongoing. Finally, the audit of Vivendi SA's Tax Group System for fiscal years 2011 and 2012 began in July 2013. As of December 31, 2016, all of these tax audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit. In any event, Vivendi has accrued a provision for the impact of the Consolidated Global Profit Tax System in 2011 (€409 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€228 million).

In respect of the US Tax Group, the fiscal years 2008, 2009 and 2010 were under audit. At the beginning of November 2016, Vivendi received a tax reimbursement of $6 million, marking the end of the audit for these fiscal years. In June 2014, the US tax authorities began a tax audit for fiscal years 2011 and 2012, and in December 2014, they undertook a tax audit for fiscal year 2013. As of December 31, 2016, these audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

In addition, Vivendi was informed that the tax authorities are challenging the validity of the merger between SFR and Vivendi Telecom International (VTI), which was completed in December 2011 and, consequently, intend to challenge the inclusion of SFR in the Vivendi tax group in respect of fiscal year 2011. The tax authorities contemplate requiring that SFR be carved-out from Vivendi's tax group for that fiscal year and making a claim against SFR for a total amount of €1,374 million, representing a principal tax amount of €711 million plus default interest and penalties of €663 million. Under the agreement entered into on February 27, 2015 among Vivendi, Altice and Numericable-SFR, Vivendi agreed to return to SFR, if applicable, taxes and contributions that could be borne by SFR for fiscal year 2011 and that SFR would have already paid at that time to Vivendi, up to a maximum amount of €711 million (including €154 million corresponding to the use by SFR of VTI's tax losses in 2011 or 2012) covering the entire period during which SFR was part of the Vivendi tax group, if the 2011 merger of SFR and VTI were to be ultimately invalidated for tax purposes. Vivendi and Altice/Numericable-SFR have agreed to cooperate in challenging the position of the tax authorities. Vivendi Management believes that it has solid legal grounds on which to defend the inclusion of SFR in the Vivendi tax group in respect of fiscal year 2011 or, failing that, its consolidation by applying the Consolidated Global Profit Tax System in respect of the relevant fiscal year. Therefore, Vivendi believes that the agreement entered into on February 27, 2015 between Vivendi and Altice/Numericable-SFR is unlikely to have a materially adverse impact on the company's financial position or liquidity.

Note 7. Earnings per share

	Year ended December 31,			
	2016		2015	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners	1,236	(a) 1,186	699	699
Earnings from discontinued operations attributable to Vivendi SA shareowners	20	20	1,233	1,233
Earnings attributable to Vivendi SA shareowners	**1,256**	**1,206**	**1,932**	**1,932**
Number of shares (in millions)				
Weighted average number of shares outstanding (b)	1,272.6	1,272.6	1,361.5	1,361.5
Potential dilutive effects related to share-based compensation	-	3.1	-	5.3
Adjusted weighted average number of shares	**1,272.6**	**1,275.7**	**1,361.5**	**1,366.8**
Earnings per share (in euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners per share	0.97	0.93	0.51	0.51
Earnings from discontinued operations attributable to Vivendi SA shareowners per share	0.02	0.02	0.91	0.90
Earnings attributable to Vivendi SA shareowners per share	**0.99**	**0.95**	**1.42**	**1.41**

(a) Corresponded only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information for the first nine months of 2016 disclosed by Telecom Italia.

(b) Net of the weighted average number of treasury shares (51.4 million shares in 2016, compared to 1.6 million shares in 2015).

Note 8. Charges and income directly recognized in equity

DETAILS OF CHANGES IN EQUITY RELATED TO OTHER COMPREHENSIVE INCOME

(in millions of euros)	Actuarial gains/ (losses) related to employee defined benefit plans (a)	Unrealized gains/(losses) Available-for-sale securities (b)	Unrealized gains/(losses) Hedging instruments (c)	Unrealized gains/(losses) Total	Foreign currency translation adjustments	Other comprehensive income from equity affiliates, net	Other comprehensive income
Balance as of December 31, 2014	**(146)**	**1,144**	**(23)**	**1,121**	**(1,191)**	**-**	**(216)**
Charges and income directly recognized in equity	(16)	461	(69)	392	580	-	956
Items to be reclassified to profit or loss	na	(d) (682)	(10)	(692)	(e) 933	-	241
Tax effect	(5)	(63)	1	(62)	-	-	(67)
Other	-	(8)	(1)	(9)	-	-	(9)
Balance as of December 31, 2015	**(167)**	**852**	**(102)**	**750**	**322**	**-**	**905**
Charges and income directly recognized in equity	(89)	(f) 267	155	422	43	(g) 115	491
Items to be reclassified to profit or loss	na	(h) (661)	(9)	(670)	-	(2)	(672)
Tax effect	9	31	-	31	-	-	40
Balance as of December 31, 2016	**(247)**	**489**	**44**	**533**	**365**	**113**	**764**

na: not applicable.

(a) Please refer to Note 17.
(b) Please refer to Note 12.
(c) Please refer to Note 19.
(d) Included -€651 million related to the gain realized on the sale of the 20% interest in Numericable-SFR in May 2015.
(e) Attributable to the foreign currency translation EUR/BRL related to GVT, sold in May 2015.
(f) Included the unrealized capital gain on the listed equity portfolio held by Vivendi.
(g) Mainly included foreign currency translation from Telecom Italia (€134 million).
(h) Attributable to the net capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (€576 million), as well as the revaluation of Gameloft shares to €8 in June 2016 (€76 million).

Note 9. Goodwill

(in millions of euros)	December 31, 2016	December 31, 2015
Goodwill, gross	25,630	24,384
Impairment losses	(14,643)	(14,207)
Goodwill	**10,987**	**10,177**

9.1. Changes in goodwill

(in millions of euros)	December 31, 2015	Impairment losses	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2016
Universal Music Group	5,172	-	7	222	5,401
Canal+ Group	4,582	-	7	(16)	4,573
Gameloft	-	-	(a) 609	-	609
Vivendi Village	160	(b) (21)	(c) 76	(19)	196
New Initiatives	263	-	(d) (55)	-	208
Total	**10,177**	**(21)**	**644**	**187**	**10,987**

(in millions of euros)	December 31, 2014	Impairment losses	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2015
Universal Music Group	4,656	-	3	(e) 513	5,172
Canal+ Group	4,573	-	3	6	4,582
Vivendi Village	100	-	(f) 41	19	160
New Initiatives	-	-	(d) 263	-	263
Total	**9,329**	**-**	**310**	**538**	**10,177**

(a) Related to the provisional goodwill attributable to the acquisition of Gameloft, consolidated since June 29, 2016 (please refer to Note 2.1).

(b) Related to the partial goodwill impairment attributable to Radionomy.

(c) Included the provisional goodwill of €65 million attributable to the acquisition in June 2016 of 100% of the companies that own and manage all Paddington Bear intellectual property rights, except for the publishing rights.

(d) Related to the impact of the purchase price allocation for Dailymotion on June 30, 2015, including the trade name (€80 million; indefinite useful life) and technology revaluation (€9 million; useful life estimated at 7 years), as well as the resulting deferred tax liabilities (€31 million), based on analyses and estimates prepared with the assistance of an independent third party expert. The final amount of goodwill amounted to €207 million (compared to a provisional goodwill of €262 million recorded as of June 30, 2015).

(e) Primarily attributable to foreign currency translation (EUR/USD) for €525 million in 2015.

(f) Related to the provisional goodwill attributable to Radionomy, acquired on December 17, 2015.

9.2. Goodwill impairment test

In 2016, Vivendi tested the value of goodwill allocated to its Cash-Generating Units (CGU) or groups of CGU applying valuation methods consistent with previous years. Vivendi ensured that the recoverable amount of CGU or groups of CGU tested exceeded their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (Discounted Cash Flow method (DCF)) and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent transactions). For a description of the methods used for the impairment test, please refer to Note 1.3.5.7.

PRESENTATION OF CGU OR GROUPS OF CGU

Operating Segments	Cash-Generating Units (CGU)	CGU or groups of CGU tested
Universal Music Group	Recorded music	Universal Music Group (a)
	Music publishing	
	Artist services and merchandising	
Canal+ Group	Pay-TV in Mainland France	Pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France (a)
	Canal+ Overseas (b)	
	nc+ (Poland)	
	Free-to-air TV in France	
	Studiocanal	Studiocanal
Gameloft (c)	Gameloft	Gameloft (c)
Vivendi Village	See Tickets	See Tickets
	Digitick	Digitick
	MyBestPro	MyBestPro
	Radionomy	Radionomy (d)
	L'Olympia	L'Olympia
	Paddington Bear	Paddington Bear (c)
	CanalOlympia	CanalOlympia
New Initiatives	Dailymotion	Dailymotion (d)
	Vivendi Content	Vivendi Content
	Group Vivendi Africa	Group Vivendi Africa

(a) Corresponds to the level of monitoring return on investments.
(b) Relates to pay-TV in France overseas, Africa and Vietnam.
(c) As of December 31, 2016, no goodwill impairment tests attributable to Gameloft and Paddington Bear were undertaken given that the acquisition dates of Gameloft and Paddington Bear (June 29, 2016 and June 30, 2016, respectively) were close to the financial closing date.
(d) As of December 31, 2015, no goodwill impairment tests attributable to Dailymotion and Radionomy were undertaken given that the acquisition dates of Dailymotion and Radionomy (June 30, 2015 and December 17, 2015, respectively) were close to the financial closing date.

During the fourth quarter of 2016, Vivendi performed a goodwill impairment test on each CGU or group of CGU, on the basis of (i) valuations of recoverable amounts determined with the assistance of third-party appraisers, for pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France, as well as for Universal Music Group and Dailymotion; (ii) internal valuations for other CGU or groups of CGU tested, in particular Studiocanal and See Tickets. As a result, except for the partial goodwill impairment attributable to Radionomy (please refer above), Vivendi Management concluded that, as of December 31, 2016, the recoverable amount for each CGU or group of CGU tested exceeded their carrying value.

PRESENTATION OF KEY ASSUMPTIONS USED FOR THE DETERMINATION OF RECOVERABLE AMOUNTS

The value in use of each CGU or group of CGU is determined as the discounted value of future cash flows by using cash flow projections consistent with the 2017 budget and the most recent forecasts prepared by the operating segments. These forecasts are prepared for each operating segment, on the basis of financial targets as well as the following main key assumptions: discount rate, perpetual growth rate and EBITA as defined in Note 1.2.3, capital expenditures, the competitive and regulatory environments, technological developments and level of commercial expenses. The recoverable amount for each CGU or group of CGU was determined based on its value in use in accordance with the main key assumptions set out below.

Operating segments	CGU or groups of CGU tested	Valuation Method 2016	Valuation Method 2015	Discount Rate (a) 2016	Discount Rate (a) 2015	Perpetual Growth Rate 2016	Perpetual Growth Rate 2015
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	8.50%	8.50%	1.75%	1.125%
Canal+ Group	Pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France	DCF & comparables model (b)	DCF & comparables model (b)	(c)	(c)	(c)	(c)
	Studiocanal	DCF	DCF	9.25%	9.25%	0.50%	0.50%
Vivendi Village	See Tickets	DCF	DCF	11.00%	11.00%	2.00%	2.00%
New Initiatives	Dailymotion	DCF & comparables model	na	16.00%	na	2.00%	na

(a) The determination of recoverable amounts using a post-tax discount rate applied to post-tax cash flows provides recoverable amounts consistent with the ones that would have been obtained using a pre-tax discount rate applied to pre-tax cash flows.

(b) Except for nc+ in Poland: comparables model in 2015.

(c) Discount rates and perpetual growth rates applied to test this group of UGT were the following:

	Discount rate 2016	Discount rate 2015	Perpetual growth rate 2016	Perpetual growth rate 2015
Pay-TV				
Mainland France	8.14%	7.56%	1.20%	1.20%
France overseas	8.64%	8.80%	1.20%	1.20%
Africa	10.14%	9.80%	3.00%	3.00%
Poland	8.62%	na	2.25%	na
Vietnam	11.25%	10.30%	3.00%	3.00%
Free-to-air TV in France	8.58%	8.26%	1.50%	1.50%

na: not applicable.

SENSITIVITY OF RECOVERABLE AMOUNTS

	December 31, 2016				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Universal Music Group	8.50%	+3.30 pts	1.75%	-4.56 pts	-33%
Canal+ Group					
Pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France	(a)	+1.82 pt	(a)	-3.69 pts	-23%
Studiocanal	9.25%	+1.02 pt	0.50%	-1.60 pt	-13%

	December 31, 2015				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Universal Music Group	8.50%	+1.25 pt	1.125%	-1.55 pt	-15%
Canal+ Group					
Pay-TV in France (mainland and overseas), Africa and Vietnam, and free-to-air TV in France	(a)	+1.16 pt	(a)	-2.11 pts	-17%
Studiocanal	9.25%	+1.97 pt	0.50%	-2.81 pts	-21%

(a) For a presentation of the applied rates, please refer to the table in reference (c) above.

Note 10. Content assets and commitments

10.1. Content assets

(in millions of euros)	December 31, 2016 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	9,153	(7,596)	1,557
Advances to artists and repertoire owners	549	-	549
Merchandising contracts and artists services	21	(20)	1
Film and television costs	6,312	(5,605)	707
Sports rights	404	-	404
Other	39	(34)	5
Content assets	**16,478**	**(13,255)**	**3,223**
Deduction of current content assets	(1,068)	14	(1,054)
Non-current content assets	**15,410**	**(13,241)**	**2,169**

(in millions of euros)	December 31, 2015 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	8,756	(7,076)	1,680
Advances to artists and repertoire owners	611	-	611
Merchandising contracts and artists services	27	(23)	4
Film and television costs	6,145	(5,483)	662
Sports rights	415	-	415
Other	6	(4)	2
Content assets	**15,960**	**(12,586)**	**3,374**
Deduction of current content assets	(1,102)	14	(1,088)
Non-current content assets	**14,858**	**(12,572)**	**2,286**

CHANGES IN CONTENT ASSETS

	Year ended December 31,	
(in millions of euros)	2016	2015
Opening balance	**3,374**	**3,685**
Amortization of content assets excluding those acquired through business combinations	(27)	(21)
Amortization of content assets acquired through business combinations	(208)	(398)
Impairment losses on content assets acquired through business combinations	-	(2)
Increase	2,480	2,354
Decrease	(2,473)	(2,465)
Business combinations	6	4
Changes in foreign currency translation adjustments and other	71	217
Closing balance	**3,223**	**3,374**

10.2. Contractual content commitments

COMMITMENTS GIVEN RECORDED IN THE STATEMENT OF FINANCIAL POSITION: CONTENT LIABILITIES

Content liabilities are mainly recorded in "Trade accounts payable and other" or in "Other non-current liabilities" whether they are current or non-current, as applicable.

	Minimum future payments as of December 31, 2016				Total minimum future payments as of December 31, 2015
		Due in			
(in millions of euros)	Total	2017	2018 - 2021	After 2021	
Music royalties to artists and repertoire owners	1,938	1,920	18	-	1,848
Film and television rights (a)	175	175	-	-	196
Sports rights	461	461	-	-	455
Creative talent, employment agreements and others	69	48	19	2	90
Content liabilities	**2,643**	**2,604**	**37**	**2**	**2,589**

OFF-BALANCE SHEET COMMITMENTS GIVEN/(RECEIVED)

	Minimum future payments as of December 31, 2016				Total minimum future payments as of December 31, 2015
		Due in			
(in millions of euros)	Total	2017	2018 - 2021	After 2021	
Film and television rights (a)	2,785	1,259	1,523	3	3,080
Sports rights	(b) 2,661	879	1,682	100	2,965
Creative talent, employment agreements and others (c)	1,003	464	506	33	790
Given commitments	**6,449**	**2,602**	**3,711**	**136**	**6,835**
Film and television rights (a)	(189)	(100)	(89)	-	(174)
Sports rights	(25)	(10)	(15)	-	(39)
Creative talent, employment agreements and others (c)			not available		
Received commitments	**(214)**	**(110)**	**(104)**	**-**	**(213)**
Total net	**6,235**	**2,492**	**3,607**	**136**	**6,622**

(a) Mainly includes contracts valid over several years for the broadcast of movies and TV productions (mainly exclusivity contracts with major US studios), for the pre-purchases relating to the French cinema industry, for Studiocanal films production and co-production commitments (given and received), and for broadcasting rights of Canalsat and nc+ multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release or after the initial significant payment. As of December 31, 2016, provisions recorded relating to these commitments amounted to €25 million (compared to €45 million as of December 31, 2015).

In addition, these amounts do not include commitments in relation to contracts in respect of channel diffusion rights and non-exclusive distribution of channels, under which Canal+ Group did not grant or receive minimum guarantees. The variable amount of these commitments cannot be reliably determined and is not reported in either the Statement of Financial Position or in the commitments and is instead recorded as an expense for the period in which it was incurred. Based on an estimate of the future subscriber base at Canal+ Group, given commitments would have increased by a net amount of €768 million as of December 31, 2016, compared to €203 million as of December 31, 2015. This increase mainly resulted from the renewal of the distribution agreement with beIN Sports on July 11, 2016, for a four-year period. As a reminder, on February 18, 2016, Vivendi's Supervisory Board authorized the Management Board to enter into an exclusive distribution agreement with beIN Sports. On June 9, 2016, Vivendi took note of the French Competition Authority's decision not to authorize the exclusive distribution of beIN Sports channels within Canal+ Group's offerings.

Moreover, on May 7, 2015, Société d'Edition de Canal Plus (SECP) renewed its agreement with all the cinema professional organizations (ARP, BLIC, BLOC and UPF). This five-year agreement (2015/2019) confirmed the historical and strong partnership between Canal+ and the French cinema. Pursuant to this agreement, SECP is required to invest every year 12.5% of its annual revenues in the financing of European cinematographic works. With respect to audiovisual, in accordance with the agreements entered into with producers' and authors' organizations in France, Canal+ Group is required to invest 3.6% of its total net annual revenue in the financing of heritage works every year. Only films for which an agreement has been given in principle to producers are accounted for in the off-balance sheet commitments, as it is not possible to reliably determine a future and total estimate of commitments under agreements with cinema professional organizations and with producers' and authors' organizations.

(b) Notably included broadcasting rights held by Canal+ Group for the following sport events:
- the French professional Soccer League 1, for the three seasons 2017/2018 to 2019/2020 for the two premium lots (€1,646 million);
- the National French Rugby Championship "TOP 14", on an exclusive basis, for the four seasons 2019/2020 to 2022/2023 awarded on May 12, 2016. It also included the broadcasting rights for the seasons 2017/2018 and 2018/2019 awarded on January 19, 2015; and
- the Soccer Champions League, for the season 2017/2018 for one lot.

These commitments will be accounted for in the Statement of Financial Position either upon the start of every season or upon an initial significant payment.

(c) Primarily relates to UMG which routinely commits to pay agreed amounts to artists and other parties upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or the other party has delivered his or her content or until the repayment of an advance, UMG discloses its obligation as an off-balance sheet given commitment. While the artist or the other party is obligated to deliver content or another product to UMG (these arrangements are generally exclusive), this counterpart cannot be reliably determined and, thus, is not reported in received commitments.

Note 11. Investments in equity affiliates

11.1. Main investments in equity affiliates

As of December 31, 2016, the main companies accounted for by Vivendi under the equity method were as follows:

- Telecom Italia: fixed and mobile telephony operator in Italy and Brazil;
- Banijay Group: producer and distributor of television programs; and
- Vevo: premium music video and entertainment platform.

	Voting interest		Net carrying value of equity affiliates	
(in millions of euros)	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Telecom Italia (a)	23.9%	21.4%	4,131	3,319
Banijay Group (b)	26.2%	na	129	-
Vevo	49.4%	48.7%	95	76
Other	na	na	61	40
			4,416	**3,435**

na: not applicable.

(a) As of December 31, 2016, Vivendi held 3,640 million Telecom Italia ordinary shares with voting rights (i.e., 23.9%, representing 17.2% of the total share capital).

(b) On February 23, 2016, Vivendi completed the acquisition of a 26.2% interest in Banijay Group (please refer to Note 2.3).

CHANGE IN VALUE OF INVESTMENTS IN EQUITY AFFILIATES

(in millions of euros)	Year ended December 31, 2016	2015
Opening balance	**3,435**	**306**
Acquisitions (a)	769	3,343
Sales	-	(b) (209)
Income from equity affiliates	(c) 169	(10)
Change in other comprehensive income	93	9
Dividends received	(8)	(5)
Other	(42)	1
Closing balance	**4,416**	**3,435**

(a) Notably included the acquisitions of Telecom Italia ordinary shares for €610 million in 2016 and €3,319 million in 2015 (please refer to Note 2.2), as well as the acquisition of the interest in Banijay Group on February 23, 2016 for €100 million.

(b) Related to the sale of the interest in N-Vision B.V. by Canal+ Group on July 1, 2015.

(c) Primarily included Vivendi's share of Telecom Italia's profit for €173 million (please refer below).

11.2. Telecom Italia

EQUITY ACCOUNTING OF TELECOM ITALIA

On December 15, 2015, Telecom Italia's Extraordinary General Shareholders' Meeting appointed four members to Telecom Italia's Board of Directors who were nominated by Vivendi, including three representatives of Vivendi (out of the 16 members of Telecom Italia's Board of Directors) and one independent member (among the nine members considered as independent by Telecom Italia). In addition, on April 27, 2016, Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, was appointed as Vice Chairman of Telecom Italia's Board of Directors. On December 15, 2015, at Telecom Italia's Extraordinary General Shareholders' Meeting, Vivendi held 2,772 million Telecom Italia ordinary shares with voting rights, i.e., 20.5% of the ordinary shares, representing 14.2% of the total share capital, and, given the quorum at this meeting, Vivendi's interest in Telecom Italia represented approximately 36% of the actual voting rights. On May 25, 2016, at Telecom Italia's General Shareholders' Meeting, Vivendi held 3,331 million Telecom Italia ordinary shares with voting rights, i.e., 24.7% of the ordinary shares, representing 17.1% of the total share capital, and, given the quorum at this meeting, Vivendi's interest in Telecom Italia represented approximately 40% of the actual voting rights. As of December 31, 2016, Vivendi held 3,640 million ordinary shares with voting rights, i.e., 23.9% of the ordinary shares, representing 17.2% of Telecom Italia's total share capital.

As from December 15, 2015 and to the date of this report, since Vivendi has been holding a non-controlling equity interest, the group considers that is has the power to participate in Telecom Italia's financial and operating policy decisions, according to IAS 28, and, consequently, it is deemed to exercise a significant influence over Telecom Italia. As from that date, Vivendi's interest in Telecom Italia has been accounted for under the equity method.

PURCHASE PRICE ALLOCATION OF TELECOM ITALIA SHARES

Where an interest is accounted for under the equity method, the purchase price for the shares is allocated to the identifiable assets and liabilities recognized at their fair value, based on analyses and estimates prepared with the assistance of an independent expert. The goodwill, included in the carrying value of the shares, is the difference between the purchase price and the group's share of identifiable assets and liabilities at fair value.

As of December 15, 2015, identifiable intangible assets were measured for a net amount of €7,434 million, based on a full enterprise value, representing an annual amortization expense estimated at approximately €482 million, before taxes, based on a full enterprise value. Vivendi's share of the annual amortization expense was estimated at approximately €59 million, after taxes.

VIVENDI'S SHARE OF TELECOM ITALIA'S EARNINGS

Vivendi relies on Telecom Italia's public financial information to account for its interest in Telecom Italia under the equity method. Given Vivendi's and Telecom Italia's respective dates of publication, Vivendi always accounts for its share of Telecom Italia's net earnings with a three-month lag. Therefore, for fiscal year 2016, Vivendi's earnings take into account its share of Telecom Italia's net earnings for the fourth quarter ended December 31, 2015 (on a *prorata temporis* basis for the period from December 15 to December 31, 2015) and for the first nine months of 2016.

In 2016, Vivendi's share of Telecom Italia's net earnings amounted to a profit of €173 million, calculated as follows:

- -€11 million, attributable to Vivendi's share of Telecom Italia's earnings for the period from December 15 to December 31, 2015, calculated based on the financial information as of December 31, 2015, as disclosed by Telecom Italia on March 17, 2016;
- +€249 million, attributable to Vivendi's share of Telecom Italia's earnings for the first nine months of 2016, calculated based on the financial information disclosed by Telecom Italia on November 4, 2016;
- -€22 million, related to the impact, on a *prorata temporis* basis, of the payment of statutory dividends to the owners of savings shares, in the amount up to 5% of the savings shares' nominal value, i.e., €166 million; and
- -€43 million, excluded from the adjusted net income, related to the net amortization expense, on a *prorata temporis* basis (for the period from December 15, 2015 to September 30, 2016), of the revaluation of intangible assets, measured as part of the purchase price allocation of the shares (please refer above).

In addition, Vivendi's share of Telecom Italia's charges and income directly recognized in equity amounted to €113 million in 2016 (including €134 million related to foreign currency translation adjustments). The impact of the dilution of Vivendi's interest in Telecom Italia, as a result of the conversion of a bond redeemable in Telecom Italia shares in November 2016, was recorded under "other charges" in EBIT (€60 million).

FINANCIAL INFORMATION RELATED TO 100% OF TELECOM ITALIA

The main aggregates of the Consolidated Financial Statements, as disclosed by Telecom Italia, are as follows:

(in millions of euros)	Nine months Financial Statements as of September 30, 2016	Annual Financial Statements as of December 31, 2015
Date of publication by Telecom Italia:	*November 4, 2016*	
Non-current assets	57,588	56,436
Current assets	12,104	14,832
Total assets	**69,692**	**71,268**
Total equity	21,637	21,249
Non-current liabilities	35,476	33,922
Current liabilities	12,579	16,097
Total liabilities	**69,692**	**71,268**
of which net financial debt **(a)**	*27,411*	*28,475*
Revenues	13,939	19,719
EBITDA **(a)**	5,878	7,006
Earnings attributable to Telecom Italia shareowners	1,495	(70)
Total comprehensive income/(loss) attributable to Telecom Italia shareowners	2,030	(807)

(a) Non-GAAP measures ("Alternative Performance Measures"), as disclosed by Telecom Italia.

IMPAIRMENT TEST ON TELECOM ITALIA SHARES AS OF DECEMBER 31, 2016

In Vivendi's Consolidated Financial Statement for the year ended December 31, 2016, taking into account the purchases of shares on the stock market in 2016, as well as Vivendi's share of Telecom Italia's earnings, the value of the interest in Telecom Italia accounted for under the equity method amounted to €4,131 million (for a purchase price of €3,899 million). As of December 31, 2016, the stock market price of Telecom Italia ordinary shares (€0.8370 per ordinary share) had decreased compared to the average purchase price paid by Vivendi (€1,0793 per ordinary share). However, Vivendi does not consider such decrease to be permanent, taking into account (i) the expected improvement of Telecom Italia's outlook, notably given the recent changes in the company's General Management; (ii) the volatility of Telecom Italia's stock market price following Vivendi's entry into its share capital; and (iii) the recent unfavorable trend of telecom securities in Europe.

As of December 31, 2016, Vivendi performed an impairment test to determine whether the recoverable amount of its 17.2% interest in Telecom Italia exceeded its carrying value. With the assistance of an independent expert, Vivendi Management concluded that the recoverable amount of its interest in Telecom Italia, which was determined using usual valuation methods (discounted cash flows; market comparables model), exceeded its carrying value.

Note 12. Financial assets

(in millions of euros)	December 31, 2016 Total	Current	Non-current	December 31, 2015 Total	Current	Non-current
Financial assets at fair value						
Term deposits, interest-bearing current accounts and MTN (a)	682	682	-	266	266	-
Level 1						
Bond funds (a)	316	316	-	315	315	-
Listed equity securities	3,019	-	3,019	2,520	-	2,520
Other financial assets (b)	5	5	-	979	5	974
Level 2						
Unlisted equity securities	397	-	397	331	-	331
Derivative financial instruments (c)	79	62	17	115	47	68
Level 3						
Other financial assets	71	-	71	71	1	70
Financial assets at amortized cost (d)	433	37	396	646	477	169
Financial assets	**5,002**	**1,102**	**3,900**	**5,243**	**1,111**	**4,132**

The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1.

(a) Relates to cash management financial assets, included in the cash position: please refer to Note 14.

(b) As of December 31, 2015, they included a cash deposit of €974 million as part of the appeal against the Liberty Media judgment. On February 23, 2016, Vivendi agreed with Liberty Media on a settlement regarding the lawsuit filed by Liberty Media in March 2003 before the U.S. District Court for the Southern District of New York, related to the formation of Vivendi Universal Entertainment in May 2002 (please refer to Note 23). As a result of this settlement, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi.

(c) These derivative financial instruments primarily comprised interest rate and foreign currency hedging instruments, as described in Note 19.

(d) As of December 31, 2016, these financial assets mainly included:

- two bonds redeemable into either shares or cash and one bond redeemable in cash subscribed to by Vivendi as part of its investment in Banijay Group for a total amount of €245 million (please refer to Note 2.3); and
- a $55 million cash deposit (€53 million as December 31, 2016) made as part of the partial judgment entered in the securities class action (please refer to Note 23).

In addition, the deposit of $480 million (€439 million as of December 31, 2015) related to the hedge of Activision Blizzard shares was recovered as part of the unwinding of the hedge in January 2016 (please refer to Note 2.8).

LISTED EQUITY PORTFOLIO

		December 31, 2016							
	Note	Number of shares held (in thousands)	Purchase price (a) (in millions of euros)	Ownership interest	Stock market price (€/share)	Carrying value (in millions of euros)	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)	Sensitivity at +/-10 pts
Mediaset	2.5	340,246	1,259	28.80%	4.11	1,398	140	140	+140/-140
Ubisoft	2.4	29,251	758	25.72%	33.80	989	165	231	+99/-99
Telefonica (c)		49,247	569	0.98%	8.82	434	(65)	(135)	+43/-43
Groupe Fnac	2.6	2,945	159	11.27%	64.23	189	30	30	+19/-19
Other						8	(2)	(2)	-
Total						**3,019**	**268**	**264**	**+301/-301**

		December 31, 2015							
	Note	Number of shares held (in thousands)	Purchase price (a) (in millions of euros)	Ownership interest	Stock market price (€/share)	Carrying value (in millions of euros)	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)	Sensitivity at +/-10 pts
Ubisoft	2.4	15,659	352	13.98%	26.67	418	66	66	+42/-42
Telefonica		47,353	554	0.95%	10.24	485	(70)	(70)	+49/-49
Gameloft	2.1	24,489	122	28.65%	6.06	148	26	26	+15/-15
Activision Blizzard	2.8	41,500	416	5.7%	35.41	1,470	781	1,054	na
Total						**2,520**	**803**	**1,076**	**+106/-106**

na: not applicable.

(a) Includes acquisition fees and taxes.

(b) In accordance with IAS 39, these amounts, before taxes, were accounted for as other charges and income directly recognized in equity, except for the re-measurement at fair value of the underlying instrument offsetting the intrinsic value of the hedge of Activision Blizzard shares as of December 31, 2015 (€467 million).

(c) In December 2016, Vivendi received 1.9 million additional Telefonica shares pursuant to the receipt of dividend payments in shares, representing a value of €15 million. In addition, as of December 31, 2016, Vivendi concluded that there was no objective indication of a permanent impairment loss on this interest.

EQUITY MARKET VALUE RISKS

In 2015, as part of a sustainable investing strategy, Vivendi built an equity portfolio comprising listed and non-listed French and European companies in the telecommunication and media sectors that are leaders in the production and distribution of content. As of December 31, 2016, this portfolio was mainly comprised of minority interests in Telecom Italia (please refer to Note 11), Mediaset, Ubisoft, Telefonica, Groupe Fnac and Banijay Group. It represented an aggregate market value of approximately €6.8 billion (before taxes) as of that date. Vivendi is exposed to the risk of fluctuation in the value of these interests: as of December 31, 2016, the net unrealized loss with respect to the interests in Telecom Italia, Mediaset, Ubisoft, Telefonica and Groupe Fnac amounted to approximately €0.6 billion (before taxes). A uniform decrease of 10% in the value of all of these shares would have a cumulative negative impact of approximately €0.7 billion on Vivendi's financial position; a uniform decrease of 20% in the value of all of these shares would have a cumulative negative impact of approximately €1.4 billion on Vivendi's financial position.

Note 13. Net working capital

TRADE ACCOUNTS RECEIVABLE AND OTHER

(in millions of euros)	December 31, 2016	December 31, 2015
Trade accounts receivable	1,340	1,308
Trade accounts receivable write-offs	(163)	(153)
Trade accounts receivable, net	**1,177**	**1,155**
Other	1,096	984
Trade accounts receivable and other	**2,273**	**2,139**

Credit risk

Vivendi does not consider there to be a significant risk of non-recovery of trade accounts receivables for its business segments: the large individual customer base, the broad variety of customers and markets, as well as the geographic diversity of its business segments (mainly Universal Music Group, Canal+ Group and Gameloft), enable Vivendi to minimize the risk of credit concentration related to trade accounts receivable.

TRADE ACCOUNTS PAYABLE AND OTHER

(in millions of euros)	Note	December 31, 2016	December 31, 2015
Trade accounts payable		2,273	2,224
Music royalties to artists and repertoire owners	10.2	1,920	1,822
Other		1,421	(a) 2,691
Trade accounts payable and other		**5,614**	**6,737**

(a) Notably included the second interim dividend, paid on February 3, 2016, for €1,318 million.

Note 14. Cash position

Vivendi's cash position comprises cash and cash equivalents, as well as cash management financial assets classified as current financial assets. As defined by Vivendi, cash management financial assets relate to investments which do not meet the criteria for classification as cash equivalents set out in IAS 7, and, with respect to money market funds, the criteria set forth in AMF position No. 2011-13.

	December 31, 2016			December 31, 2015		
(in millions of euros)	Carrying value	Fair value	Level (a)	Carrying value	Fair value	Level (a)
Term deposits, interest-bearing current accounts and MTN	682	na	na	266	na	na
Bond funds	316	316	1	315	315	1
Cash management financial assets	**998**			**581**		
Cash	285	na	na	256	na	na
Term deposits and interest-bearing current accounts	1,871	na	na	2,419	na	na
Money market funds	1,916	1,916	1	5,550	5,550	1
Cash and cash equivalents	**4,072**			**8,225**		
Cash position	**5,070**			**8,806**		

na: not applicable.

(a) Level 1 corresponds to a measurement based on quoted prices in active markets (the three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1.)

In 2016, the average interest rate on Vivendi's investments was 0.34% (compared to 0.35% in 2015).

INVESTMENT RISK AND COUNTERPARTY RISK

Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) which are not subject to local regulations restricting the transfer of financial assets, or (b) which are not subject to other contractual agreements.

As of December 31, 2016, the group's cash position amounted to €5,070 million, of which €4,709 million was held by Vivendi SA.

Vivendi's investment policy mainly aims to minimize its exposure to counterparty risk. Consequently, Vivendi allocates a portion of the amounts available within (i) mutual funds with a low risk class (1 or 2) as defined by the European Securities and Markets Authority's (ESMA) synthetic risk and reward indicator (SRRI) which comprises seven risk classes, and (ii) commercial banks with high long-term and short-term credit ratings (at least A-(Standard & Poor's)/A3(Moody's) and A-2(Standard & Poor's)/P-2(Moody's), respectively). Moreover, Vivendi allocates investments among selected banks and limits the amount of each such investment.

LIQUIDITY RISK

As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), Vivendi considers that its Net Cash Position, the cash flows generated by its operating activities, as well as the amounts available through its current bank credit facility will be sufficient to cover its operating expenses and capital expenditures, service its debt (including redemption of bonds), pay its income taxes, dividends and share repurchases, if any, as well as to fund its investment projects, if any, for the next 12 months.

Note 15. Equity

CHANGES IN THE SHARE CAPITAL OF VIVENDI SA

(in thousands)	December 31, 2016	December 31, 2015
Number of shares comprising the share capital (nominal value: €5.5 per share)	**1,287,088**	**1,368,323**
Treasury shares	(27,614)	(25,985)
Number of shares, net	**1,259,474**	**1,342,338**

Following the decision of the Management Board at a meeting held on June 17, 2016, and in accordance with the authorization granted by the Combined Shareholders' Meeting of April 21, 2016, Vivendi implemented a capital reduction through the cancellation of 86,875 thousand treasury shares, i.e., 6.35% of the share capital, for a carrying value of €1,632 million.

Thereafter, on July 28, 2016, Vivendi carried out a capital increase of €27 million, by issuing 4,870 thousand new shares, as part of the employee stock purchase plan (please refer to Note 18).

As of December 31, 2016, Vivendi's share capital amounted to €7,078,983,142, divided into 1,287,087,844 shares. As of January 9, 2017, the number of voting rights amounted to 1,357,619,399. In addition, as of December 31, 2016, 24.6 million stock options and 3.2 million performance shares were outstanding, representing a potential maximum nominal share capital increase of €153 million (i.e., 2.16%).

SHARE REPURCHASES

Vivendi's Management Board implemented the share repurchase program, authorized by the General Shareholders' Meeting on April 21, 2016. As of December 31, 2016, Vivendi held 27,614 thousand treasury shares (compared to €25,985 thousand treasury shares as of December 31, 2015). As of December 31, 2016, they represented 2.15% of the share capital, allocated to cover performance share plans for 343 thousand shares, and to external growth transactions for 27,271 thousand shares. The share repurchases made by Vivendi represented a payment of €1,623 million in 2016 (compared to €492 million in 2015).

As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), Vivendi held 28,389 thousand treasury shares, representing 2.21% of the share capital.

SHAREHOLDERS' DIVIDEND DISTRIBUTIONS

On April 21, 2016, Vivendi's General Shareholders' Meeting notably approved the payment of an ordinary dividend with respect to fiscal year 2015 of €3 per share (comprising a €0.20 distribution related to the group's business performance and a €2.80 return to shareholders) and representing a total distribution of €3,951 million. This dividend was paid as follows:

- the first interim dividend of €1 per share, i.e., €1,364 million, paid on June 29, 2015;
- the second interim dividend of €1 per share, i.e., €1,318 million, paid on February 3, 2016; and
- the balance of €1 per share, i.e., €1,270 million, paid on April 28, 2016.

On February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016 and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.40 per share, representing a total distribution of approximately €500 million. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 23, 2017, and it will be submitted to the Annual General Shareholders' Meeting to be held on April 25, 2017 for approval.

Note 16. Provisions

(in millions of euros)	Note	December 31, 2016	December 31, 2015
Employee benefits (a)		742	674
Restructuring costs (b)		57	74
Litigations (c)	23	286	1,222
Losses on onerous contracts		91	91
Contingent liabilities due to disposal (d)		16	18
Other (e)		949	963
Provisions		**2,141**	**3,042**
Deduction of current provisions		(356)	(363)
Non-current provisions		**1,785**	**2,679**

(a) Included deferred employee compensation as well as provisions for defined employee benefit plans (€708 million as of December 31, 2016, and €646 million as of December 31, 2015), but excluded employee termination reserves recorded under restructuring costs.

(b) Mainly included provisions for restructuring at UMG (€21 million as of December 31, 2016, compared to €38 million as of December 31, 2015) and at Canal+ Group (€30 million as of December 31, 2016, compared to €24 million as of December 31, 2015).

(c) The decrease in provisions for litigation was mainly attributable to a €945 million reversal of reserve related to the Liberty Media litigation recorded since December 31, 2012, following the settlement agreed on February 23, 2016 and the payment of $775 million (€705 million) to settle this lawsuit. This reversal of reserve resulted in a net profit of €240 million. In addition, the provision recorded in relation to the securities class action in the United States remained unchanged at €100 million (please refer to Note 23).

(d) Certain commitments given in relation to divestitures are the subject of provisions. These provisions are not significant and the amount is not disclosed because such disclosure could be prejudicial to Vivendi.

(e) Notably included the provisions with respect to the 2011 Consolidated Global Profit Tax System and to the 2012 French Tax Group System (€409 million and €228 million, respectively, please refer to Note 6.1), as well as litigation provisions for which the amount and nature are not detailed because such disclosure could be prejudicial to Vivendi.

CHANGES IN PROVISIONS

	Year ended December 31,	
(in millions of euros)	2016	2015
Opening balance	**3,042**	**3,178**
Addition	208	309
Utilization	(a) (913)	(426)
Reversal	(a) (325)	(127)
Business combinations	20	6
Divestitures, changes in foreign currency translation adjustments and other	109	102
Closing balance	**2,141**	**3,042**

(a) Notably included the reversal of reserve related to the Liberty Media litigation for an aggregate amount of €945 million, following the settlement agreed to on February 23, 2016 (please refer above).

Note 17. Employee benefits

17.1. Analysis of expenses related to employee benefit plans

The table below provides information about the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is set forth in Note 17.2.2 below.

(in millions of euros)	Note	Year ended December 31, 2016	2015
Employee defined contribution plans		23	22
Employee defined benefit plans	17.2.2	17	18
Employee benefit plans		**40**	**40**

17.2. Employee defined benefit plans

17.2.1. ASSUMPTIONS USED IN THE EVALUATION AND SENSITIVITY ANALYSIS

Discount rate, expected return on plan assets, and rate of compensation increase

The assumptions underlying the valuation of defined benefit plans were made in compliance with the accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably the discount rate) are determined by independent actuaries and other independent advisors and are reviewed by Vivendi's Finance department. The discount rate is therefore determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The discount rates selected are therefore used, at year-end, to determine a best estimate by Vivendi's Finance department of expected trends in future payments from the first benefit payments.

In accordance with amended IAS 19, the expected return on plan assets is estimated using the discount rate used to value the obligations of the previous year.

In weighted average

	Pension benefits		Post-retirement benefits	
	2016	2015	2016	2015
Discount rate (a)	1.7%	2.8%	3.4%	3.9%
Rate of compensation increase	1.7%	1.8%	3.0%	3.1%
Duration of the benefit obligation (in years)	16.0	14.1	9.9	10.1

(a) A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2016 discount rate would have led to a decrease of €1 million in pre-tax expense (or an increase of €1 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €84 million (or an increase of €92 million, respectively).

Assumptions used in accounting for pension benefits, by country

	United States		United Kingdom		Germany		France	
	2016	2015	2016	2015	2016	2015	2016	2015
Discount rate	3.50%	4.00%	2.25%	3.75%	0.75%	1.75%	0.75%	1.75%
Rate of compensation increase (weighted average)	na	na	3.50%	3.75%	1.75%	1.75%	3.44%	3.50%

na: not applicable.

Assumptions used in accounting for post-retirement benefits, by country

	United States		Canada	
	2016	2015	2016	2015
Discount rate	3.50%	4.00%	3.00%	3.50%
Rate of compensation increase	na	na	na	na

na: not applicable.

Allocation of pension plan assets

	December 31, 2016 (a)	December 31, 2015 (a)
Equity securities	2%	3%
Debt securities	33%	34%
Diversified funds	21%	32%
Insurance contracts	20%	19%
Real estate	-	1%
Cash and other	24%	11%
Total	**100%**	**100%**

(a) Pension plan assets are mainly financial assets actively traded in organized financial markets.

Pension plan assets which were not transferred have a limited exposure to stock market fluctuations. These assets do not include occupied buildings or assets used by the group nor shares or debt instruments of Vivendi.

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the annual growth in the per capita cost of covered health care benefits would slow down from 6.8% for the under 65 years of age and 65 years of age and older categories in 2016, to 4.5% in 2024 for these categories. In 2016, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €9 million and the pre-tax expense by €1 million. Conversely, a one-percentage-point decrease in the assumed cost evolution rates would have decreased post-retirement benefit obligations by €8 million and the pre-tax expense by €1 million.

17.2.2. ANALYSIS OF THE EXPENSE RECORDED AND OF THE AMOUNT OF BENEFITS PAID

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2016	2015	2016	2015	2016	2015
Current service cost	17	14	-	-	17	14
Past service cost	(1)	(1)	-	1	(1)	-
(Gains)/losses on settlements	-	-	-	-	-	-
Other	1	4	1	-	2	4
Impact on selling, administrative and general expenses	**17**	**17**	**1**	**1**	**18**	**18**
Interest cost	22	23	5	6	27	29
Expected return on plan assets	(11)	(12)	-	-	(11)	(12)
Impact on other financial charges and income	**11**	**11**	**5**	**6**	**16**	**17**
Net benefit cost recognized in profit or loss	**28**	**28**	**6**	**7**	**34**	**35**

In 2016, benefits paid amounted to (i) €72 million with respect to pensions (€40 million in 2015), of which €47 million paid by pension funds (€15 million in 2015), and (ii) €12 million paid with respect to post-retirement benefits (€12 million in 2015).

17.2.3. ANALYSIS OF NET BENEFIT OBLIGATIONS WITH RESPECT TO PENSIONS AND POST-RETIREMENT BENEFITS

The acquisitions of Dailymotion and Gameloft, on June 30, 2015 and June 29, 2016, respectively, did not have a significant impact on the value of obligations with respect to employee benefits.

Changes in value of benefit obligations, fair value of plan assets, and funded status

		Employee defined benefit plans		
		Year ended December 31, 2016		
		Benefit obligation	Fair value of plan assets	Net (provision)/ asset recorded in the statement of financial position
(in millions of euros)	Note	(A)	(B)	(B)-(A)
Opening balance		**1,085**	**458**	**(627)**
Current service cost		17		(17)
Past service cost		(1)		1
(Gains)/losses on settlements		-	-	-
Other		1	(1)	(2)
Impact on selling, administrative and general expenses				***(18)***
Interest cost		27		(27)
Expected return on plan assets			11	11
Impact on other financial charges and income				***(16)***
Net benefit cost recognized in profit or loss				**(34)**
Experience gains/(losses) **(a)**		7	76	69
Actuarial gains/(losses) related to changes in demographic assumptions		(6)		6
Actuarial gains/(losses) related to changes in financial assumptions **(b)**		167		(167)
Adjustment related to asset ceiling		-	-	-
Actuarial gains/(losses) recognized in other comprehensive income				**(92)**
Contributions by plan participants		1	1	-
Contributions by employers			62	62
Benefits paid by the fund		(47)	(47)	-
Benefits paid by the employer		(37)	(37)	-
Business combinations		-	-	-
Divestitures of businesses		-	-	-
Transfers		-	-	-
Foreign currency translation and other		(35)	(41)	(6)
Closing balance		**1,179**	**482**	**(697)**
of which wholly or partly funded benefits		*714*		
wholly unfunded benefits **(c)**		*465*		
of which assets related to employee benefit plans				*11*
provisions for employee benefit plans **(d)**	16			*(708)*

(in millions of euros)	Note	Employee defined benefit plans Year ended December 31, 2015 Benefit obligation (A)	Fair value of plan assets (B)	Net (provision)/asset recorded in the statement of financial position (B)-(A)
Opening balance		**1,005**	**404**	**(601)**
Current service cost		14		(14)
Past service cost		-		-
(Gains)/losses on settlements		-	-	-
Other		3	(1)	(4)
Impact on selling, administrative and general expenses				***(18)***
Interest cost		29		(29)
Expected return on plan assets			12	12
Impact on other financial charges and income				***(17)***
Net benefit cost recognized in profit or loss				**(35)**
Experience gains/(losses) (a)		29	19	(10)
Actuarial gains/(losses) related to changes in demographic assumptions		(8)		8
Actuarial gains/(losses) related to changes in financial assumptions		15		(15)
Adjustment related to asset ceiling		-	-	-
Actuarial gains/(losses) recognized in other comprehensive income				**(17)**
Contributions by plan participants		1	1	-
Contributions by employers			48	48
Benefits paid by the fund		(15)	(15)	-
Benefits paid by the employer		(37)	(37)	-
Business combinations		-	-	-
Divestitures of businesses		-	-	-
Transfers		-	-	-
Foreign currency translation and other		49	27	(22)
Closing balance		**1,085**	**458**	**(627)**
of which wholly or partly funded benefits		*645*		
wholly unfunded benefits (c)		*440*		
of which assets related to employee benefit plans				*19*
provisions for employee benefit plans (d)	16			*(646)*

(a) Includes the impact on the benefit obligation resulting from the difference between actuarial assumptions at the previous year-end and effective benefits during the year, and the difference between the expected return on plan assets at the previous year-end and the actual return on plan assets during the year.

(b) Included a €183 million decrease in discount rates, of which €11 million in the United States, €113 million in the United Kingdom, €28 million in Germany and €23 million in France.

(c) In accordance with local laws and practices, certain plans are not covered by plan assets. As of December 31, 2016 and December 31, 2015, such plans principally comprised supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

(d) Included a current liability of €61 million as of December 31, 2016 (compared to €62 million as of December 31, 2015).

Benefit obligation, fair value of plan assets, and funded status detailed by country

	Pension benefits (a)		Post-retirement benefits (b)		Total	
	December 31,		December 31,		December 31,	
(in millions of euros)	2016	2015	2016	2015	2016	2015
Benefit obligation						
US companies	136	133	134	130	270	263
UK companies	388	330	3	1	391	331
German companies	222	208	-	-	222	208
French companies	207	202	-	-	207	202
Other	74	66	15	15	89	81
	1,027	**939**	**152**	**146**	**1,179**	**1,085**
Fair value of plan assets						
US companies	60	59	-	-	60	59
UK companies	341	298	-	-	341	298
German companies	3	3	-	-	3	3
French companies	31	55	-	-	31	55
Other	47	43	-	-	47	43
	482	**458**	**-**	**-**	**482**	**458**
Underfunded obligation						
US companies	(76)	(74)	(134)	(130)	(210)	(204)
UK companies	(47)	(32)	(3)	(1)	(50)	(33)
German companies	(219)	(205)	-	-	(219)	(205)
French companies	(176)	(147)	-	-	(176)	(147)
Other	(27)	(23)	(15)	(15)	(42)	(38)
	(545)	**(481)**	**(152)**	**(146)**	**(697)**	**(627)**

(a) No employee defined benefit plan individually exceeded 10% of the aggregate value of the obligations and of the underfunded obligation of these plans.

(b) Primarily relates to medical coverage (hospitalization, surgery, doctor visits and drug prescriptions), post-retirement and life insurance benefits for certain employees and retirees in the United States. In accordance with the current regulation in relation to the funding policy of this type of plan, the plan is not funded. The main risks for the group relate to changes in discount rates as well as the increase in the cost of benefits (please refer to the sensitivity analysis described in Note 17.2.1).

17.2.4. BENEFITS ESTIMATION AND FUTURE PAYMENTS

For 2017, hedge fund contributions and benefit payments by Vivendi to retirees are estimated to be €50 million in respect of pensions, of which €32 million relates to pension funds and €11 million relates to post-retirement benefits.

Estimates of future benefit payments to beneficiaries by the relevant pension funds or by Vivendi (in nominal value for the following 10 years) are as follows:

(in millions of euros)	Pension benefits	Post-retirement benefits
2017	33	12
2018	33	11
2019	30	11
2020	43	11
2021	32	11
2022-2026	239	48

Note 18. Share-based compensation plans

18.1. Plans granted by Vivendi

18.1.1. EQUITY-SETTLED INSTRUMENTS

Transactions on outstanding instruments that occurred in 2015 and 2016 were as follows:

	Stock options		Performance shares
	Number of outstanding stock options (in thousands)	Weighted average strike price of outstanding stock options (in euros)	Number of outstanding performance shares (in thousands)
Balance as of December 31, 2014	**42,722**	**19.3**	**3,867**
Granted	-	na	1,566
Exercised	(a) (10,882)	18.4	(1,968)
Forfeited	(481)	19.0	na
Cancelled	(28)	11.8	(b) (920)
Balance as of December 31, 2015	**31,331**	**19.7**	**2,545**
Granted	-	na	1,320
Exercised	(a) (674)	14.1	(394)
Forfeited	(6,037)	22.9	na
Cancelled	-	na	(c) (255)
Balance as of December 31, 2016	**(d) 24,620**	**19.1**	**(e) 3,216**
Exercisable as of December 31, 2016	**24,620**	**19.1**	**-**
Acquired as of December 31, 2016	**24,620**	**19.1**	**423**

na: not applicable.

(a) In 2016, beneficiaries exercised their stock options at the weighted average stock market price of €18.3 (compared to €22.1 for stock options exercised in 2015).

(b) At its meeting held on February 27, 2015, after review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the level of satisfaction of objectives set for the cumulative fiscal years 2013 and 2014 for performance share plans granted in 2013. It confirmed that not all the criteria had been met for fiscal year 2014. The final grant of the 2013 performance share plans represents, depending on the group subsidiary, between 62% and 80% of the initial grant. Consequently, 828,127 rights to performance shares granted in 2013 were cancelled. In addition, 91,742 rights were cancelled due to the termination of employment of certain beneficiaries.

(c) At its meeting held on February 18, 2016, after review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the level of satisfaction of objectives set for the cumulative fiscal years 2014 and 2015 for performance share plans granted in 2014. It confirmed that not all the criteria had been met for fiscal year 2015. The final grant of the 2014 performance share plans represents, depending on the group subsidiary, between 59% and 75% of the initial grant. Consequently, 77,524 rights to performance shares granted in 2014 were cancelled. In addition, 177,790 rights were cancelled due to the termination of employment of certain beneficiaries.

(d) At stock market price on December 31, 2016, the cumulated intrinsic value of remaining stock options to be exercised could be estimated at €31 million.

(e) The weighted-average remaining period before delivering performance shares was 2.1 years.

Please refer to Note 15 for the potential impact on the share capital of Vivendi SA of the outstanding stock options and performance shares.

Outstanding stock options as of December 31, 2016

Range of strike prices	Number (in thousands)	Weighted average strike price (in euros)	Weighted average remaining life (in years)
Under €15	1,851	11.8	5.3
€15-€17	8,262	15.9	2.8
€17-€19	2,287	17.2	4.3
€19-€21	5,662	20.2	1.3
€21-€23	-	-	-
€23-€25	6,558	24.7	0.3
€25 and more	-	-	-
	24,620	**19.1**	**2.1**

Performance share plans

On May 11, 2016, Vivendi granted 1,312 thousand performance shares to its officers and employees (compared to 1,449 thousand shares granted on February 27, 2015). As of that date, the share price was €16.68 and the expected dividend yield was 1.20% (compared to €21.74 and 4.60%, respectively, in 2015). After taking into account the cost associated with the retention period of the shares (described below), the discount for non-transferability was set at 8.4% of the share price as of May 11, 2016 (compared to 9.0% in 2015). Consequently, the fair value of each granted performance share was estimated at €14.68 (compared to €16.98 in 2015), corresponding to an aggregate fair value of €19 million (compared to €25 million in 2015).

Subject to satisfaction of the performance criteria, performance shares definitely vest at the end of a three-year period, subject to presence of the beneficiaries in the group (vesting period), and the shares must be held by the beneficiaries for an additional two-year period (retention period). The compensation cost is recognized on a straight-line basis over the vesting period. The accounting methods applied to estimate and recognize the value of these granted plans are described in Note 1.3.10.

The satisfaction of the objectives that determine the definitive grant of performance shares is assessed over a three-year consecutive period based on the following performance criteria:

- internal indicators (with a weighting of 80%):
  - the group's adjusted net income per share (40%, compared to 30% in 2015 based on the earnings per share),
  - the group's EBITA growth rate (30%, compared to 10% in 2015), and
  - the relevant subsidiary's EBITA margin rate for beneficiaries in the business segments, or the group's EBITA margin rate for beneficiaries at the corporate headquarters (10%, compared to 40% in 2015);
- external indicators (with a weighting of 20%) tied to changes in Vivendi's share price compared to the STOXX® Europe Media index (15%) and to the CAC 40 (5%).

The granted shares correspond to the same class of common shares making up the share capital of Vivendi SA, and as a result, at the end of the three-year vesting period, beneficiaries will be entitled to the dividends and voting rights attached to these shares. The compensation cost recognized corresponds to the estimated value of the equity instruments granted to the beneficiary, and is equal to the difference between the fair value of the shares to be received and the aggregate discounted value of the dividends that were not received over the vesting period.

In 2016, the charge recognized with respect to all performance share plans amounted to €10 million, compared to €11 million in 2015.

18.1.2. EMPLOYEE STOCK PURCHASE AND LEVERAGED PLANS

On July 28, 2016 and July 16, 2015, Vivendi made capital increases through company mutual funds (*Fonds Commun de Placement d'Entreprise*; employee stock purchase and leveraged plans) which gave the group's employees and retirees an opportunity to subscribe for Vivendi shares.

These shares, which are subject to certain sale or transfer restrictions during a five-year period, are subscribed to at a discount of up to 15% on the average opening market price for Vivendi shares during the 20 trading days preceding the date of the Management Board Meeting which set the subscription price for the new shares to be issued. The difference between the subscription price for the shares and the share price on that date represents the benefit granted to the beneficiaries. In addition, Vivendi applied a discount for non-transferability during a five-year period, which is deducted from the benefit granted to the employees. The value of the subscribed shares is estimated and fixed at the date on which the subscription price for the new shares to be issued is set.

The applied valuation assumptions were as follows:

	2016	2015
Grant date	June 27	June 18
Data at grant date:		
Share price (in euros)	15.28	23.49
Expected dividend yield	1.31%	4.26%
Risk-free interest rate	-0.27%	0.36%
5-year interest rate in fine	4.37%	4.69%
Repo rate	0.36%	0.36%
Discount for non-transferability per share	20.80%	16.69%

Under the Employee Stock Purchase Plan (ESPP), 613 thousand shares were subscribed for in 2016 at a price of €14.58 per share (compared to €696 thousand in 2015 at a price of €18.39 per share). In 2016, no charges were recognized in respect of the ESPP (compared to a €1 million charge in 2015) as the benefit granted, which is equal to the favorable difference between the subscription price and the stock price at the end of subscription period (discount to face value of 4.6%, compared to 21.7% in 2015), was lower than the discount for non-transferability.

Under the leveraged plan, 4,256 thousand shares were subscribed for in 2016 at a price of €14.58 per share (compared to 3,218 thousand in 2015 at a price of €19.21 per share). Through a company mutual fund, the leveraged plan entitles employees and retirees of Vivendi and its French and foreign subsidiaries to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) corresponding to 10 shares for each subscribed share. A financial institution mandated by Vivendi hedges this transaction. In 2016, the charge recognized with respect to employee stock purchase and leveraged plans amounted to €1 million (compared to €4 million in 2015).

Transactions carried out in France and foreign countries through company mutual funds (*Fonds Commun de Placement d'Entreprise*; employee stock purchase and leveraged plans) led to a capital increase on July 28, 2016 (including issue premium) for an aggregate value of €71 million, compared to €75 million on July 16, 2015.

18.1.3. CASH-SETTLED INSTRUMENTS

Stock Appreciation Right (SAR) plan

Under the SAR plan, the beneficiaries will receive a cash payment upon exercise of their rights based on the Vivendi share price equal to the difference between the Vivendi share price upon exercise of the SARs and their strike price as set at the grant date. SARs have a maturity period of ten years, and they will all expire in April 2017.

As of December 31, 2016, the outstanding stock appreciation right plan totaled 1,482 thousand SAR (compared to 2,878 thousand SAR as of December 31, 2015). In 2016, 1,396 thousand SAR expired. In 2015, 1,288 thousand SAR were exercised and 261 thousand have expired.

As of December 31, 2016 and 2015, no provision has been recorded for these instruments.

18.2. Plans granted by Gameloft S.E.

RESTRICTED SHARE PLANS

The restricted share plans were valued based on the stock market price of Gameloft S.E. ("Gameloft") as of the date of the Board of Directors meeting that approved the grant of restricted shares, taking into account the retention period on the shares following vesting. The definitive grant of shares to beneficiaries is conditional upon the beneficiary's employment contract with the company being continuously in force throughout the entire vesting period, of two or four years depending on the plan.

As of June 29, 2016, the date of Gameloft's acquisition by Vivendi, the existing plans were valued by measuring the value of granted shares as if the shares had been granted on such date.

Transactions on outstanding restricted shares that occurred since June 29, 2016 were as follows:

(in thousands)	Number of outstanding restricted shares
Balance as of December 31, 2015	**-**
Resulting from the business combination	2,678
Granted	-
Issued	(410)
Forfeited	-
Cancelled	(b) (935)
Balance as of December 31, 2016	**(a) 1,333**
Acquired as of December 31, 2016	**-**

(a) The weighted-average remaining period before delivering restricted shares was 1.83 year.

In 2016, the charge recognized with respect to restricted share plans amounted to €3 million.

18.3. Dailymotion's long-term incentive plan

In 2015, Vivendi implemented a long-term incentive plan for a five-year period for certain key executives of Vivendi, including Mr. Dominique Delport, a member of Vivendi's Supervisory Board. This plan is tied to the growth of Dailymotion's enterprise value compared to its acquisition value, as it will be measured as of June 30, 2020, based upon an independent expertise. In the event of an increase in Dailymotion's value, the amount of the compensation with respect to the incentive plan is capped at a percentage, depending on the beneficiary, of such increase. Within the six months following June 30, 2020, the plan will be settled by a payment in cash, if applicable.

In accordance with IFRS 2, a compensation expense must be estimated and accounted for at each reporting date until the payment date. As of December 31, 2016, no charges were accounted for with respect to this plan (unchanged compared to December 31, 2015).

18.4. UMG long-term incentive plan

Effective from January 1, 2010, UMG implemented long-term incentive arrangements under which certain key executives of UMG were awarded phantom equity units and phantom stock appreciation rights whose value was intended to reflect the value of UMG. These units were simply account units and did not represent an actual ownership interest in either UMG or Vivendi. The equity units were notional grants of equity that were payable in cash upon settlement in 2015 at the latest, or in certain cases, on an earlier date. The stock appreciation rights were essentially options on those notional shares that provided additional compensation tied to any increase in value of UMG over the term.

In July 2015, following the renewal of the employment contract of one executive who benefited from the plan, the remaining rights under the plan vested, and an amount of €16 million was paid as final settlement to the executive. In 2015, the charge recognized with respect to this plan amounted to €3 million.

Note 19. Borrowings and other financial liabilities and financial risk management

(in millions of euros)	Note	December 31, 2016 Total	Long-term	Short-term	December 31, 2015 Total	Long-term	Short-term
Bonds	19.2	3,550	2,800	750	1,950	1,450	500
Commercial papers issued		100	-	100	-	-	-
Bank overdrafts		77	-	77	53	-	53
Accrued interest to be paid		36	-	36	27	-	27
Other		101	15	86	69	14	55
Bank credit facilities (drawn confirmed)	19.3	-	-	-	-	-	-
Nominal value of borrowings		**3,864**	**2,815**	**1,049**	**2,099**	**1,464**	**635**
Cumulative effect of amortized cost and revaluation due to hedge accounting	19.1	(13)	(13)	-	14	(3)	17
Commitments to purchase non-controlling interests		85	56	29	293	83	(a) 210
Derivative financial instruments (b)	19.7	145	119	26	532	11	521
Borrowings and other financial liabilities		**4,081**	**2,977**	**1,104**	**2,938**	**1,555**	**1,383**

(a) Included the firm commitment of €193 million related to the share repurchase program in place as of December 31, 2015 (please refer to Note 15).

(b) As of December 31, 2016, the derivative financial instruments notably included the fair value of the options (€119 million) pursuant to which Banijay Group and Lov Banijay may redeem their borrowings in shares (please refer to Note 2.3). As of December 31, 2015, they notably included the fair value of the collar hedge (€483 million) denominated in USD of Vivendi's interest in Activision Blizzard; this instrument was unwound on January 13, 2016 (please refer to Note 2.8).

19.1. Fair market value of borrowings and other financial liabilities

(in millions of euros)	December 31, 2016 Carrying value	Fair market value	Level (a)	December 31, 2015 Carrying value	Fair market value	Level (a)
Nominal value of borrowings	3,864			2,099		
Cumulative effect of amortized cost and revaluation due to hedge accounting	(13)			14		
Borrowings at amortized cost	**3,851**	**3,994**	**na**	**2,113**	**2,272**	**na**
Commitments to purchase non-controlling interests	85	85	3	293	293	(b) 1-3
Derivative financial instruments	145	145	2	532	532	2
Borrowings and other financial liabilities	**4,081**	**4,224**		**2,938**	**3,097**	

na: not applicable.

(a) The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1.

(b) Included the firm commitment of €193 million related to the share repurchase program in place as of December 31, 2015 (please refer to Note 15).

19.2. Bonds

(in millions of euros)	Interest rate (%) nominal	effective	Maturity	December 31, 2016	December 31, 2015
€500 million (December 2009) (a)	4.250%	4.39%	Dec-16	-	500
€750 million (March 2010) (a)	4.000%	4.15%	Mar-17	750	750
€700 million (December 2009) (a)	4.875%	4.95%	Dec-19	700	700
€1 billion (May 2016) (b)	0.750%	0.90%	May-21	1,000	-
€600 million (November 2016) (b)	1.125%	1.18%	Nov-23	600	-
€500 million (May 2016) (b)	1.875%	1.93%	May-26	500	-
Nominal value of bonds				**3,550**	**1,950**

(a) Bonds listed on the Luxembourg Stock Exchange.

(b) Bonds listed on the Euronext Paris Stock Exchange.

Bonds issued by Vivendi SA contain customary provisions related to events of default, negative pledge and rights of payment (*pari-passu* ranking). In addition, bonds issued by Vivendi SA contain an early redemption clause in case of a change in control (1) if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

19.3. Bank credit facilities

Vivendi SA has a €2 billion bank credit facility, undrawn as of December 31, 2016. On October 30, 2016, the maturity date of this credit facility was extended by one year, to October 29, 2021. Taking into account the commercial papers backed by this bank credit facility and issued for €100 million, this facility was available for €1.9 billion as of December 31, 2016. As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), taking into account the commercial papers issued for €300 million, this facility was available for €1.7 billion.

This bank credit facility contains customary provisions relating to events of default and covenants relating to negative pledge, divestiture and merger transactions. In addition, at the end of each half year, Vivendi SA is required to comply with a Proportionate Financial Net Debt (2) to EBITDA (3) financial covenant over a 12-month rolling period not exceeding 3 for the duration of the loan. Non-compliance with this covenant could result in the early redemption of the facility if it were drawn, or its cancellation. As of December 31, 2016, Vivendi SA was in compliance with its financial covenant.

The renewal of Vivendi SA's confirmed bank credit facility when it is drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations with respect to loan contracts.

In addition, as a result of the settlement agreement entered into with Liberty Media on February 23, 2016 regarding the lawsuit filed by Liberty Media in March 2003, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi (€974 million).

(1) In the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision.

(2) Relates to Financial Net Debt as defined by Vivendi.

(3) Relates to EBITDA as defined by Vivendi, plus dividends received from unconsolidated companies.

19.4. Borrowings by maturity

(in millions of euros)	December 31, 2016		December 31, 2015	
Maturity				
< 1 year (a)	1,049	*27%*	635	*30%*
Between 1 and 2 years	14	-	762	*36%*
Between 2 and 3 years	701	*18%*	2	-
Between 3 and 4 years	-	-	700	*34%*
Between 4 and 5 years	1,000	*26%*	-	-
> 5 years	1,100	*29%*	-	-
Nominal value of borrowings	**3,864**	***100%***	**2,099**	***100%***

(a) As of December 31, 2016, short-term borrowings (with a maturity period of less than one year) mainly included Vivendi SA's bonds for €750 million, maturing in March 2017, commercial papers for €100 million (whose average remaining period is less than one month), as well as bank overdrafts for €77 million.

As of December 31, 2016, the average "economic" term of the group's financial debt, calculated based on the assumption that the available medium term credit lines may be used to redeem group borrowings with the shortest term, was 5.3 years (compared to 4.6 years at year-end 2015).

As of December 31, 2016, the future undiscounted cash flows related to borrowings and other financial liabilities amounted to €4,289 million (compared to a carrying value of €4,081 million) and are presented in Note 22.1 within the group's contractual minimum future payments schedule.

19.5. Interest rate risk management

Vivendi's interest rate risk management seeks to reduce its net exposure to interest rate increases. Therefore, Vivendi uses pay-floating and pay-fixed interest rate swaps. These instruments thus enable the group to manage and reduce volatility for future cash flows related to interest payments on borrowings. Considering the fixed/floating rate hedging instruments set up, an unfavorable change of 1% in the interest rates would have a cumulative impact of -€2 million on net earnings.

BREAKDOWN BY NATURE OF INTEREST RATE

(in millions of euros)	December 31, 2016		December 31, 2015	
Fixed interest rate	3,639	*94%*	2,002	*95%*
Floating interest rate	225	*6%*	97	*5%*
Nominal value of borrowings before hedging	**3,864**	***100%***	**2,099**	***100%***
Pay-fixed interest rate swaps	*450*		*450*	
Pay-floating interest rate swaps	*(450)*		*(1,450)*	
Net position at fixed interest rate	**-**		***(1,000)***	
Fixed interest rate	3,639	*94%*	1,002	*48%*
Floating interest rate	225	*6%*	1,097	*52%*
Nominal value of borrowings after hedging	**3,864**	***100%***	**2,099**	***100%***

In December 2016, the pay-floating interest rate swaps with a notional amount of €1,000 million were unwound at their maturity date. As of December 31, 2016, Vivendi SA's contracts only included the pay-floating interest rate swaps with a notional amount of €450 million, as well as pay-fixed interest rate swaps for the same amount. These swaps, qualified as economic hedges, will mature in March 2017. The fair value on the Statement of Financial Position of these swaps was as follows:

	December 31, 2016		December 31, 2015	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Pay-fixed interest rate swaps	-	(5)	-	(9)
Pay-floating interest rate swaps	17	-	49	-
	17	**(5)**	**49**	**(9)**
Breakdown by accounting category of rate hedging instruments				
Fair Value Hedge	-	-	19	-
Economic Hedging (a)	17	(5)	30	(9)

(a) The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

19.6. Foreign currency risk management

BREAKDOWN BY CURRENCY

(in millions of euros)	December 31, 2016		December 31, 2015	
Euro - EUR	3,777	*98%*	2,052	*98%*
US dollar - USD	1	-	-	-
Other	86	*2%*	47	*2%*
Nominal value of borrowings before hedging	**3,864**	***100%***	**2,099**	***100%***
Currency swaps USD	*379*		*799*	
Other currency swaps	*125*		*(126)*	
***Net total of hedging instruments* (a)**	***504***		***673***	
Euro - EUR	4,281	*111%*	2,725	*130%*
US dollar - USD	(378)	*-10%*	(799)	*-38%*
Other	(39)	*-1%*	173	*8%*
Nominal value of borrowings after hedging	**3,864**	***100%***	**2,099**	***100%***

(a) Notional amounts of hedging instruments translated into euros at the closing rates.

FOREIGN CURRENCY RISK

The group's foreign currency risk management is centralized by Vivendi SA's Financing and Treasury Department and primarily seeks to hedge budget exposures (at an 80% level) resulting from monetary flows generated by operations performed in currencies other than the euro as well as from external firm commitments (at a 100% level), primarily relating to the acquisition of editorial content (e.g., sports, audiovisual and film rights) and certain capital expenditures (e.g., set-top boxes), realized in currencies other than the euro. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity period of less than one year. Considering the foreign currency hedging instruments set up, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2016, would have a non-significant cumulative impact on net earnings (below €1 million). In addition, the group may hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Moreover, due to their non-significant nature, net exposures related to subsidiaries' net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The associated risks are settled at the end of each month by translating the amounts into the functional currency of the relevant operating entities.

The principal currencies hedged by the group are US dollars (USD) and British pounds (GBP). To hedge against a possible depreciation of its net investment in certain subsidiaries in the United Kingdom due to an unfavorable change in GBP, Vivendi set up a hedge using forward contracts for a notional amount of £832 million, or €984 million at forward rate. From an accounting perspective, these hedge instruments were considered as net investment hedges.

The following tables present the foreign currency risk management instruments used by the group; the positive amounts relate to currencies to be received, the negative amounts relate to currencies to be delivered at contractual exchange rates:

	December 31, 2016						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(1,338)	(92)	(179)	(1,007)	(60)	16	(2)
Purchases against the euro	1,816	267	88	1,236	225	18	(19)
Other	-	175	(160)	(19)	4	14	-
	478	**350**	**(251)**	**210**	**169**	**48**	**(21)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow Hedge							
Sales against the euro	(62)	(17)	(28)	(8)	(9)	-	-
Purchases against the euro	46	28	-	-	18	3	-
Other	-	28	(28)	-	-	2	-
	(16)	**39**	**(56)**	**(8)**	**9**	**5**	**-**
Fair Value Hedge							
Sales against the euro	(241)	(75)	(151)	(15)	-	5	(2)
Purchases against the euro	292	239	-	52	1	14	(2)
Other	-	147	(132)	(19)	4	12	-
	51	**311**	**(283)**	**18**	**5**	**31**	**(4)**
Net Investment Hedge							
Sales against the euro	(984)	-	-	(984)	-	11	-
	(984)	**-**	**-**	**(984)**	**-**	**11**	**-**
Economic Hedging (a)							
Sales against the euro	(51)	-	-	-	(51)	-	-
Purchases against the euro	1,478	-	88	1,184	206	1	(17)
	1,427	**-**	**88**	**1,184**	**155**	**1**	**(17)**

(a) The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

(in millions of euros)	December 31, 2015 Notional amounts Total	USD	PLN	GBP	Other	Fair value Assets	Liabilities
Sales against the euro	(1,535)	(55)	(290)	(1,159)	(31)	18	(2)
Purchases against the euro	2,212	651	70	1,377	114	16	(37)
Other	-	198	(118)	(13)	(67)	5	(1)
	677	**794**	**(338)**	**205**	**16**	**39**	**(40)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow Hedge							
Sales against the euro	(53)	(4)	(35)	-	(14)	-	-
Purchases against the euro	48	47	-	-	1	2	-
Other	-	24	(24)	-	-	1	(1)
	(5)	**67**	**(59)**	**-**	**(13)**	**3**	**(1)**
Fair Value Hedge							
Sales against the euro	(325)	(51)	(255)	(18)	(1)	6	(2)
Purchases against the euro	333	312	-	21	-	11	(2)
Other	-	106	(94)	(8)	(4)	4	-
	8	**367**	**(349)**	**(5)**	**(5)**	**21**	**(4)**
Net Investment Hedge							
Sales against the euro	(1,141)	-	-	(1,141)	-	12	-
	(1,141)	**-**	**-**	**(1,141)**	**-**	**12**	**-**
Economic Hedging (a)							
Sales against the euro	(17)	-	-	-	(17)	-	-
Purchases against the euro	1,832	292	70	1,356	114	3	(35)
Other	-	68	-	(5)	(63)	-	-
	1,815	**360**	**70**	**1,351**	**34**	**3**	**(35)**

(a) The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

19.7. Derivative financial instruments

VALUE ON THE STATEMENT OF FINANCIAL POSITION

(in millions of euros)	Note	December 31, 2016 Assets	Liabilities	December 31, 2015 Assets	Liabilities
Interest rate risk management	19.5	17	(5)	49	(9)
Foreign currency risk management	19.6	48	(21)	39	(40)
Other (a)		14	(119)	27	(483)
Derivative financial instruments		**79**	**(145)**	**115**	**(532)**
Deduction of current derivative financial instruments		(62)	26	(47)	521
Non-current derivative financial instruments		**17**	**(119)**	**68**	**(11)**

(a) As of December 31, 2016, other derivative financial instruments primarily included the fair value of the options (-€119 million) pursuant to which Banijay Group and Lov Banijay may redeem their borrowings in shares (please refer to Note 2.3). As of December 31, 2015, they included the fair value of the collar hedge (-€483 million) denominated in USD of Vivendi's interest in Activision Blizzard; this instrument was unwound on January 13, 2016 (please refer to Note 2.8).

UNREALIZED GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

	Cash flow Hedge			
(in millions of euros)	Interest rate risk management	Foreign currency risk management	Net Investment Hedge	Total
Balance as of December 31, 2014	**24**	**3**	**(50)**	**(23)**
Charges and income directly recognized in equity	-	(3)	(66)	(69)
Items to be reclassified to profit or loss	(11)	1	-	(10)
Tax effect	-	1	-	1
Other	-	(1)	-	(1)
Balance as of December 31, 2015	**13**	**1**	**(116)**	**(102)**
Charges and income directly recognized in equity	-	-	155	155
Items to be reclassified to profit or loss	(11)	3	-	(8)
Tax effect	-	(1)	-	(1)
Other	-	-	-	-
Balance as of December 31, 2016	**2**	**3**	**39**	**44**

19.8. Credit ratings

As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016), Vivendi's credit ratings were as follows:

Rating agency	Type of debt	Ratings	Outlook
Standard & Poor's	Long-term corporate debt	BBB	Stable
	Senior unsecured debt	BBB	
Moody's	Long-term senior unsecured debt	Baa2	Stable

Note 20. Consolidated Cash Flow Statement

20.1. Adjustments

		Year ended December 31,	
(in millions of euros)	Note	2016	2015
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	3	555	716
Change in provision, net		(49)	(53)
Other non-cash items from EBIT		3	(2)
Other			
Reversal of reserve related to the Liberty Media litigation in the United States	23	(240)	-
Other income from EBIT	4	(661)	(745)
Other charges from EBIT	4	185	45
Proceeds from sales of property, plant, equipment and intangible assets		4	1
Adjustments		**(203)**	**(38)**

20.2. Investing and financing activities with no cash impact

In December 2016, Vivendi received 1.9 million Telefonica shares pursuant to a dividend payment in shares, representing a value of €15 million.

In 2015, Vivendi made the following non-cash transactions:

- swap with Telefonica of a 4.5% interest in Telefonica Brasil in exchange for 8.24% of Telecom Italia ordinary shares in June 2015. The value of the interest in Telecom Italia amounted to €1,265 million;
- swap of a 3.5% interest in Telefonica Brasil in exchange for 46 million Telefonica shares (i.e., a 0.95% interest) in September 2015. The value of the interest in Telefonica amounted to €538 million; and
- Vivendi received 1.4 million Telefonica shares pursuant to a dividend payment in shares made in December 2015, representing a value of €16 million.

Note 21. Related parties

Vivendi's related parties are the Corporate Officers, who are members of Vivendi's Supervisory and Management Boards, and other related parties including:

- companies fully consolidated by Vivendi. The transactions between these companies have been eliminated for the preparation of Vivendi's Consolidated Financial Statements;
- companies over which Vivendi exercises a significant influence;
- all companies in which Corporate Officers or their close relatives hold significant voting rights; and
- minority shareholders exercising a significant influence over the group's subsidiaries.

21.1. Corporate Officers

SUPERVISORY BOARD

The Supervisory Board is currently comprised of 14 members, including an employee shareholder representative and an employee representative. It is made up of six women, i.e. a ratio of 46% (in accordance with Law n° 2011-103 of January 27, 2011, the employee representative is not taken into account for the calculation of this percentage). In 2015 and 2016, the composition of the Supervisory Board has changed as follows:

- on April 17, 2015, Vivendi's General Shareholders' Meeting approved the appointments of Mr. Tarak Ben Ammar and Mr. Dominique Delport;
- on April 21, 2016, Vivendi's General Shareholders' Meeting approved the appointment of Ms. Cathia Lawson-Hall; and
- on May 11, 2016, the Supervisory Board co-opted Mr. Yannick Bolloré, Chairman and Chief Executive Officer of Havas Group. This co-option will be submitted to the next General Shareholders' Meeting to be held on April 25, 2017 for ratification.

For 2016, the compensation of the Chairman of the Supervisory Board was set at €400,000, including attendance fees for €60,000. With respect to fiscal year 2015, pursuant to the approval by the Supervisory Board on February 18, 2016, the annual compensation of the Chairman of the Supervisory Board was set at €340,000 and remains subject to the same performance conditions used to calculate the variable compensation of the Management Board members. In addition, he received a fixed annual attendance fee of €60,000.

The gross amount of directors' fees paid to the other members of the Supervisory Board with respect to fiscal year 2016 was an aggregate amount of €1,207,500 (compared to €1,191,666 in 2015).

Moreover, at its meeting held on September 2, 2015, Vivendi's Supervisory Board authorized the Management Board to enter into an agreement with Mr. Dominique Delport, a member of Vivendi's Supervisory Board, for a five-year period starting October 1, 2015. Pursuant to the terms of this services contract, Mr. Dominique Delport provides assistance and advice regarding the creation and use of new digital contents as part of the development of Vivendi Content and Dailymotion. Total annual fees were set at a fixed amount of €300,000, which may be increased, if applicable, by a variable amount of up to €200,000. Vivendi paid €300,000 for 2016 with respect to the fixed compensation under this contract (compared to €75,000 in 2015 on a *prorata temporis* basis). He did not receive any variable compensation with respect to fiscal years 2015 and 2016. In addition, pursuant to the terms of the agreement, Mr. Delport benefits from a long-term incentive plan, as described in Note 18.

MANAGEMENT BOARD

The Management Board is currently comprised of five members. It was comprised of three members until November 10, 2015.

In 2016, the gross compensation paid by the group to the five members of the Management Board amounted to €7.7 million (compared to €4.7 million paid in 2015 pro rata to their term of office). This amount included:

- fixed compensation of €4.5 million (compared to €2.5 million pro rata to their term of office);

- variable compensation of €3.1 million paid in 2016 with respect to fiscal year 2015 to the five members of the Management Board pro rata to their term of office (compared to €2.2 million paid in 2015 with respect to fiscal year 2014 to the three members of the Management Board pro rata to their term of office); and
- benefits in kind.

Moreover, on February 23, 2017, the Supervisory Board approved the variable compensation of the members of the Management Board, to be paid in 2017 for an aggregate amount of €3.4 million.

The charge recorded by Vivendi with respect to equity-settled share-based compensation plans granted to the members of the Management Board amounted to €2.0 million in 2016 (compared to €1.9 million in 2015).

The Supervisory Board, at its meeting held on February 23, 2017, confirmed that the performance criteria applying to the growth rate of rights under the group defined benefit supplemental pension plan had been met with respect to fiscal year 2016. The charge recorded by Vivendi with respect to the vested rights under the pension commitments in favor of the Management Board members amounted to €6.4 million (compared to 4.1 million in 2015). The amount of net pension obligations toward the members of the Management Board amounted to €62.4 million as of December 31, 2016 (compared to €21.2 million as of December 31, 2015).

The Chairman of the Management Board, Mr. Arnaud de Puyfontaine, has renounced his employment contract. In accordance with the provisions approved by the General Shareholders' Meeting held on April 17, 2015, he was granted a severance package in the event of a forced departure and subject to the satisfaction of performance conditions.

Chapter 3 of the Annual Report contains a detailed description of the compensation policy, setting out the principles and criteria for determining, distributing and attributing the fixed, variable and exceptional components of the overall compensation and the benefits of any kind attributable to Vivendi SA's Corporate Officers in connection with their term of office. This chapter also contains the details of the fixed, variable and exceptional components of their compensation and the benefits of any kind that have been paid or attributed to the Corporate Officers with respect to fiscal year 2016.

21.2. Other related parties

Vivendi's other related parties are companies over which Vivendi exercises a significant influence (i.e., primarily Telecom Italia, Banijay Group and Vevo: please refer to Note 11), and companies in which Vivendi's Corporate Officers or their close relatives hold significant voting rights. They notably included:

- Bolloré Group and its subsidiaries, directly or indirectly controlled by Mr. Vincent Bolloré, Chairman of Vivendi's Supervisory Board, and his family;
- Havas Group and its subsidiaries, 60% held by Bolloré Group and whose Chairman and Chief Executive Officer is Mr. Yannick Bolloré, a member of Vivendi's Supervisory Board;
- Quinta Communications Group, held by Mr. Tarak Ben Ammar, a member of Vivendi's Supervisory Board; and
- Groupe Nuxe, controlled by Ms. Aliza Jabès, a member of Vivendi's Supervisory Board.

BOLLORÉ GROUP

In 2016, Vivendi paid an interim dividend of €196 million to Bolloré Group with respect to fiscal year 2015 and the balance of the dividend with respect to fiscal year 2015 of €196 million. In 2015, Vivendi paid a dividend of €196 million to Bolloré Group with respect to fiscal year 2014, and an interim dividend of €196 million with respect to fiscal year 2015.

On October 7, 2016, Bolloré Group crossed the 20% thresholds of Vivendi's share capital and voting rights after having entered a stock borrowing agreement in respect of 34.7 million Vivendi shares (2.7% of the share capital) maturing on June 25, 2019, and the acquisition of call options that enable Bolloré Group to purchase at any time until June 25, 2019, 34.7 million additional shares (2.7% of the share capital). As of that date, taking into account the 34.7 million call options, Bolloré Group held 265.8 million Vivendi shares, representing 288.2 million voting rights, i.e., 20.66% of the share capital and 21.99% of the net voting rights.

In accordance with applicable laws and regulations, and as published by the *Autorité des marchés financiers* (AMF) on October 14, 2016 (reference code 216C2355), Bolloré Group made the following declaration of its intentions *vis-à-vis* Vivendi for the next six months:

- the crossing of the 20% shareholding and voting rights thresholds resulted from the conclusion of an agreement for the temporary acquisition of Vivendi shares on the one hand, and the purchase of call options on Vivendi shares on the other, with both transactions having been financed from Bolloré Group's own funds;
- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- without the intent of gaining control, the foreseeable change in its voting rights, all of which will double by April 20, 2017 (except for those on borrowed shares), could put the declarant in a position to determine decisions at General Shareholders' Meetings;
- the investment in Vivendi reflects Bolloré Group's confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- with regard to the transactions referred to in Article 223-17 I, 6° of the AMF's General Regulations (*Règlement Général*), the declarant plans to explore with Vivendi synergies or possible rapprochements between their respective activities in the field of media and communication;
- the declarant holds 34,700,000 call options that enables it to acquire at any time until June 25, 2019, 34,700,000 Vivendi shares, and it plans to exercise them based, in particular, on market conditions;
- the declarant is party to a temporary sale agreement, as borrower, in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional appointments to the company's Supervisory Board.

As of January 9, 2017, Bolloré Group held 20.65% of Vivendi's share capital and 24.70% of the voting rights (265.8 million Vivendi shares, representing 335.3 million voting rights).

RELATED-PARTY TRANSACTIONS

(in millions of euros)	2016	2015
Assets		
Non-current content assets	1	-
Property, plant and equipment	1	-
Non-current financial assets	254	-
of which Banijay Group and Lov Banijay bonds	*245*	-
Trade accounts receivable and other	27	37
of which Banijay Group **(a)**	*2*	-
Havas Group **(b)**	*2*	*1*
Telecom Italia	*2*	-
Liabilities		
Non-current financial liabilities	119	-
of which Banijay Group and Lov Banijay	*119*	-
Trade accounts payable and other	31	13
of which Banijay Group **(a)**	*6*	-
Havas Group **(b)**	*20*	*3*
Bolloré Group	*2*	*3*
Statement of earnings		
Operating income	171	156
of which Banijay Group **(a)**	*3*	-
Havas Group **(b)**	*5*	*3*
Telecom Italia	*7*	*7*
Operating expenses	(160)	(61)
of which Banijay Group **(a)**	*(64)*	-
Havas Group **(b)**	*(49)*	*(25)*
Bolloré Group	*(9)*	*(9)*
Off-balance sheet contractual obligations, net	**250**	**-**
of which Banijay Group **(a)**	*232*	-
Advertising transactions		
of which advertising sales realized via Havas' agencies **(b)**	*88*	*99*
media costs realized via Havas' agencies **(b)**	*(63)*	*(74)*

The following constitutes complementary information about certain related-party transactions.

(a) Vivendi and its subsidiaries entered into production and program purchase agreements with certain of Banijay Group's subsidiaries, on an arm's-length basis.

(b) Certain Havas Group's subsidiaries render operating services to Vivendi and its subsidiaries on an arm's-length basis. Regarding Canal+ Group:
- as part of their advertising campaigns, customers of Havas Group entered into transactions with Canal+ Group through media agencies for an aggregate amount of €84 million in 2016 (€95 million in 2015);
- as part of the advertising campaigns promoting Canal+, Canalsat and Canalplay, Canal+ Group entered into transactions with major media companies through Havas Group and its media agencies for €59 million in 2016 (€72 million in 2015);
- non-media and production services, broadcasting rights and fees were realized by Havas Group and its subsidiaries for €21 million in 2016 (€13 million in 2015); and
- Havas Group and its subsidiaries designed and developed advertising campaigns promoting Canal+ Group for €13 million in 2016 (€11 million in 2015).

In addition, certain subsidiaries of the group entered into the following contracts with related parties, which represent non-significant amounts for Vivendi:

- on October 8, 2015, Studiocanal and Quinta Communications entered into an agreement to sell video, TV and Video-on-demand exploitation rights in France and in other French-speaking territories for 28 movies. The initial term of this contract is five years;
- on October 18, 2016, L'Olympia and Laboratoire Nuxe SAS (Groupe Nuxe) entered into a one-year partnership agreement; and
- on November 28, 2016, Studio+ and Telecom Italia launched the first global offer of short premium series for mobiles in Italy.

Note 22. Contractual obligations and other commitments

Vivendi's material contractual obligations and contingent assets and liabilities include:

- contracts entered into, which relate to the group's business operations, such as content commitments (please refer to Note 10.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including finance leases, off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to the group's consolidation scope contracted through acquisitions or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from Shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets;
- commitments related to the group's financing: undrawn confirmed bank credit facilities as well as the management of interest rate, foreign currency and liquidity risks (please refer to Note 19); and
- contingent assets and liabilities related to litigation in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 23).

22.1. Contractual obligations and commercial commitments

		Minimum future payments as of December 31, 2016				
			Payments due in			Total minimum future payments as of
(in millions of euros)	Note	Total	2017	2018 - 2021	After 2021	December 31, 2015
Borrowings and other financial liabilities		4,289	1,195	1,928	1,166	3,145
Content liabilities	10.2	2,643	2,604	37	2	2,589
Consolidated statement of financial position items		**6,932**	**3,799**	**1,965**	**1,168**	**5,734**
Contractual content commitments	10.2	6,235	2,492	3,607	136	6,622
Commercial commitments		824	87	509	228	1,040
Operating leases and subleases		659	116	354	189	680
Net commitments not recorded in the Consolidated Statement of Financial Position		**7,718**	**2,695**	**4,470**	**553**	**8,342**
Contractual obligations and commercial commitments		**14,650**	**6,494**	**6,435**	**1,721**	**14,076**

OFF-BALANCE SHEET COMMERCIAL COMMITMENTS

	Minimum future payments as of December 31, 2016				
		Due in			Total minimum future payments as of
(in millions of euros)	Total	2017	2018 - 2021	After 2021	December 31, 2015
Satellite transponders	570	105	317	148	605
Investment commitments	162	71	91	-	64
Other	769	237	451	81	553
Given commitments	**1,501**	**413**	**859**	**229**	**1,222**
Satellite transponders	(169)	(77)	(92)	-	(144)
Other (a)	(508)	(249)	(258)	(1)	(38)
Received commitments	**(677)**	**(326)**	**(350)**	**(1)**	**(182)**
Net total	**824**	**87**	**509**	**228**	**1,040**

(a) Notably includes minimum guarantees to be received by the group as part of distribution agreements entered into with third parties.

In addition, Canal+ Group entered into the following distribution agreements in respect of Canal channels:

- on July 22, 2016, an agreement was entered into with Orange to offer the "Famille by Canal" bouquet of channels to Orange's fiber-optic subscribers, starting October 6, 2016; and
- on September 26, 2016, an agreement was entered into with Free to offer the "TV by Canal Panorama" bouquet of channels to Free's triple-play subscribers, starting October 1, 2016.

The variable amounts of these commitments, which are based on the number of subscribers, cannot be reliably determined and are not reported in either the Statement of Financial Position or in the commitments. They are instead recorded as an expense or income in the period in which they were incurred.

OFF-BALANCE SHEET OPERATING LEASES AND SUBLEASES

	Minimum future leases as of December 31, 2016				Total minimum future leases as of December 31, 2015
		Due in			
(in millions of euros)	Total	2017	2018 - 2021	After 2021	
Buildings	669	124	356	189	701
Other	4	2	2	-	1
Leases	**673**	**126**	**358**	**189**	**702**
Buildings	(14)	(10)	(4)	-	(22)
Subleases	**(14)**	**(10)**	**(4)**	**-**	**(22)**
Net total	**659**	**116**	**354**	**189**	**680**

In addition, in October 2015, Universal Music Group entered into an agreement for lease with respect to the off-plan office space of approximately 15,000 m² located in the King's Cross area in London. The lease is expected to be signed upon delivery of the premises in 2017 for a 15-year period.

22.2. Other commitments given or received relating to operations

Given commitments amounted to a cumulative amount of €67 million (compared to €68 million as of December 31, 2015). In addition, Vivendi grants guarantees in various forms to financial institutions or third parties on behalf of its subsidiaries in the course of their operations.

Received commitments amounted to a cumulative amount of €13 million (compared to €11 million as of December 31, 2015).

22.3. Share purchase and sale commitments

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities:

- Orange was granted a put option on its remaining 10% interest in Dailymotion, exercisable within two months following the General Shareholders' Meeting held to approve Dailymotion's Financial Statements for the year ended December 31, 2016. At the end of this period, Vivendi will have a call option, exercisable within two months;
- Vivendi and the minority shareholders of Radionomy Group were granted call options and put options, respectively, on the interest held by the minority shareholders. The call options are exercisable by Vivendi in June 2018. At the end of this period, the minority shareholders will have put options, exercisable the following month;
- Vivendi subscribed to bonds redeemable in shares or cash issued by Banijay Group and Lov Banijay (please refer to Note 2.3);
- Vivendi has committed to the Brazilian Competition Authority (CADE) to sell its Telefonica shares upon maturity. This commitment remains in force as long as Vivendi simultaneously holds shares of Telefonica and Telecom Italia, provided that these two companies operate in the Brazilian telecom market; and
- liquidity rights in respect of the strategic partnership between Canal+ Group, ITI and TVN described in Note 22.5 below.

In addition, Vivendi and its subsidiaries granted or received put and call options on shares in equity affiliates and unconsolidated investments.

22.4. Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
	Acquisition of the companies that own and manage all Paddington Bear intellectual property rights, except for the publishing rights (June 2016)	Capped earn-outs (please refer to Note 2.7).	2022
	Sale of GVT (May 2015)	Representations and warranties, limited to specifically identified tax matters, capped at BRL 180 million.	-
	Sale of the 20% interest in SFR to Numericable-SFR (February 2015)	Commitments undertaken in connection with the sale (please refer to Note 6.5).	-
(a)	Sale of Maroc Telecom group (May 2014)	Commitments undertaken in connection with the sale.	-
(b)	Sale of Activision Blizzard (October 2013)	◆ Unlimited general guarantees; and ◆ Tax guarantees capped at $200 million, under certain circumstances.	- -
	Merger of Cyfra+ and "n" platforms (November 2012)	Reciprocal guarantees in favor of TVN, not implemented and expired on July 1, 2015: ◆ PLN 1 billion in the event of a breach of any representation or warranty or covenants; and ◆ PLN 300 million in the event of a breach of specific representation or warranty.	2015
(c)	Acquisition of Bolloré Group's channels (September 2012)	Commitments undertaken, in connection with the authorization of the acquisition, with: ◆ the French Competition Authority; and ◆ the French Broadcasting Authority.	2017
	Divestiture of PTC shares (December 2010)	Commitments undertaken in order to end litigation over the share ownership of PTC: ◆ Guarantees given to the Law Debenture Trust Company (LDTC), for an amount up to 18.4% for the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and ◆ Guarantee given to Poltel Investment's (Elektrim) administrator.	- -
(d)	Canal+ Group's pay-TV activities in France (January 2007-July 2017)	Approval of the acquisition of TPS and CanalSatellite subject to compliance with injunctions ordered by the French Competition Authority.	2017
	Divestiture of PSG (June 2006)	Unlimited specific guarantees.	2018
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services, expired at the end of January 2017.	2017
	NBC Universal transaction (May 2004) and subsequent amendments (2005 - 2010)	◆ Breaches of tax representations; and ◆ Obligation to cover the Most Favored Nation provisions.	- -
(e)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees given to Nexity, capped at €150 million in total (tax and decennial guarantees).	2017
	Other contingent liabilities	Cumulated amount of €10 million (unchanged compared to December 31, 2015).	-

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent assets		
	Acquisition of the companies that own and manage all Paddington Bear intellectual property rights, except for the publishing rights (June 2016)	General and specific guarantees (including tax matters and guarantees related to the intellectual property).	2023
	Merger of Cyfra+ and "n" platforms (November 2012)	Reciprocal guarantees in favor of TVN, not implemented and expired on July, 1, 2015: ◆ PLN 1 billion in the event of a breach of any representation or warranty or covenants; ◆ PLN 300 million in the event of a breach of specific representation or warranty; and ◆ PLN 145 million related to Neovision's unutilized tax losses carried forward.	2015
	Acquisition of 40% of N-Vision (November 2012)	Guarantees made by ITI, not implemented and expired in March 2016, capped at approximately €277 million for specific guarantees (including tax matters, free and full ownership of shares sold, authorizations/approvals for the exercise of the activity).	2016
(c)	Acquisition of Bolloré Group's channels (September 2012)	Guarantees capped at €120 million.	2017
	Acquisition of EMI Recorded Music (September 2012)	◆ Commitments relating to full pension obligations in the United Kingdom assumed by Citi; and ◆ Guarantees relating to losses stemming from taxes and litigation claims, in particular those related to pension obligations in the United Kingdom.	- -
	Acquisition of Kinowelt (April 2008)	Specific guarantees, notably on film rights granted by the sellers.	-
	Other contingent assets	Cumulated amount of €113 million (compared to €114 million as of December 31, 2015).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

(a) The main terms of the Maroc Telecom group sale were as follows:

- Vivendi provided certain customary representations and warranties to Etisalat relating to SPT (the holding company of Maroc Telecom group), Maroc Telecom and its subsidiaries. Vivendi also granted a number of specific guarantees;
- the amount of compensation payable by Vivendi in respect of indemnifiable losses incurred by Maroc Telecom or one of its subsidiaries was determined in proportion to the percentage of ownership held indirectly by Vivendi in the relevant company on the closing date (i.e., 53% for Maroc Telecom);
- Vivendi's overall obligation to indemnify was capped at 50% of the initial sale price, with such threshold increased to 100% in respect of claims related to SPT;
- the commitments to indemnify provided by Vivendi under these guarantees, other than those in respect of taxes and SPT, in effect for a 24-month period, expired in May 2016. Claims for tax-related indemnities must be made by January 15, 2018. The indemnity in respect of SPT remains in effect until the end of a four-year period following the closing date (May 14, 2018); and
- to guarantee the payment of any specific indemnity amounts referenced above, Vivendi delivered a bank guarantee with an expiration date of February 15, 2018, to Etisalat in the amount of €247 million. This amount has since been reduced to €9 million.

Vivendi has agreed to counter-guarantee SFR for any amount that could be claimed by Etisalat or any third party other than Etisalat in relation to the sale of its interest in Maroc Telecom:

- with respect to the sale agreement entered into with Etisalat, this commitment will expire upon termination of Etisalat's right to make a claim against Vivendi and SFR, i.e., May 14, 2018; and
- this commitment, which also covers any amount that SFR may be required to pay to any third-party other than Etisalat, will expire in the absence of any request from Numericable Group within the applicable statutes of limitations.

(b) As part of the sale of 88% of Vivendi's interest in Activision Blizzard, which was completed on October 11, 2013 (the "Closing Date"), Vivendi, ASAC II LP, and Activision Blizzard gave certain reciprocal commitments customary for this type of transaction (representations, warranties and covenants). Vivendi, ASAC II LP, and Activision Blizzard undertook to indemnify each other against any losses stemming from any breach of their respective commitments. Such indemnification is unlimited as to time and amount.

In addition, Vivendi has agreed to indemnify Activision Blizzard with respect to any tax or other liabilities of Amber Holding Subsidiary Co. ("Amber"), the Vivendi subsidiary acquired by Activision Blizzard, relating to periods preceding the Closing Date. Such indemnification is unlimited as to time and amount. Tax attributes (mainly net operating loss) held by Amber and assumed by Activision Blizzard were estimated at more than $700 million, which represent a potential future tax benefit of approximately $245 million. Vivendi agreed to indemnify Activision Blizzard, under certain circumstances, with respect to these tax attributes, subject to a cap of $200 million limited to fiscal years ending on or prior to December 31, 2016.

As a reminder, as part of the creation of Activision Blizzard in July 2008, Activision and Vivendi entered into customary agreements for this type of transaction, including tax sharing and indemnity agreements.

(c) On July 23, 2012, as part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), Vivendi and Canal+ Group gave certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a five-year period and are renewable once if the French Competition Authority, after having performed a competition analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations and transfer rights.

On December 23, 2013, the French Council of State annulled, with a delayed effect as from July 1, 2014, the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), which had been approved on July 23, 2012. On January 15, 2014, Vivendi and Canal+ Group submitted a new notification to the French Competition Authority. On April 2, 2014, the French Competition Authority reapproved the transaction, subject to compliance with commitments given by Vivendi and Canal+ Group. These commitments are similar to the ones contained in the previous 2012 authorization except for an additional commitment relating to the acquisition of broadcasting rights covering second and third exhibition windows for French films. All commitments are binding for a period of five years starting July 23, 2012. In 2017, the French Competition Authority will have the opportunity to request a renewal of these commitments for the same duration, if deemed necessary, after a new competitive analysis.

(d) On August 30, 2006, the merger between TPS and the Canal+ Group was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and Video-on-Demand (VoD), which could not exceed five years.

On October 28, 2009, the French Competition Authority opened an enquiry in respect of the implementation of certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.

On December 21, 2012, the French Council of State decided to reduce the €30 million fine previously imposed on Canal+ Group by the French Competition Authority to €27 million and the transaction was once again cleared, subject to compliance with 33 injunctions.

Canal+ Group has implemented a number of these injunctions, some since July 23, 2012 and others since October 23, 2012. The injunctions mainly focus on:

- acquisition of movie rights:
  - by limiting the duration of output deals with American studios to three years, requiring separate agreements for different types of rights (e.g., first pay-TV window, second pay-TV window, series) and prohibiting output deals for French films; and
  - by the Canal+ Group divesting its interest in Orange Cinema Series – OCS SNC or by adopting measures limiting its influence over Orange Cinema Series – OCS SNC. On February 4, 2013, at the request of Multithématiques and to comply with the injunction ordered by the French Competition Authority on July 23, 2012, the members of Orange Cinema Series - OCS SNC's Board of Directors resigned from their positions. As a result, Multithématiques appointed by letter with an effective date of February 4, 2013, two independent representatives with no affiliation to Multithématiques to the Board of Directors of Orange Cinema Series - OCS SNC.
- distribution of pay-TV special-interest channels:
  - by the distribution of a minimum number of independent channels, the distribution of any channel holding premium rights, and by drafting a model distribution deal relating to independent channels included in the Canalsat offer;
  - by the obligation to promote, in a transparent and separate manner, the distribution of exclusive independent channels on each owned platform serving more than 500,000 subscribers; and
  - by making all its own movie channels distributed by Canal+ Group (Ciné+ channels) available to third-party distributors (unbundling).
- Video-on-Demand (VoD) and Subscription Video-on-Demand (SVoD):
  - by separating contracts entered into for the purchase of VoD and SVoD rights on a non-exclusive basis, and not combining them with rights purchased for linear distribution on pay-TV;
  - by offering Studiocanal's VoD and SVoD rights to any interested operator; and
  - by forbidding exclusive distribution deals for the benefit of Canal+ Group's VoD and SVoD offers on Internet Service Providers platforms.

These injunctions are imposed for a period of five years and are renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation to determine whether the injunctions should be kept in place. If market conditions have changed significantly, Canal+ Group will be able to request that these injunctions be lifted or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority on September 25, 2012, will be responsible for monitoring the implementation of the injunctions.

(e) In connection with the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). The guarantees are effective until June 30, 2017.

Several guarantees given during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given notably in connection with the winding-up of certain businesses or the dissolution of entities are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

In addition, when settling disputes and litigation, Vivendi regularly delivers to third parties commitments for damages, which are customary for transactions of this type.

22.5. Shareholders' agreements

Under existing Shareholders' or Investors' agreements (primarily those relating to nc+), Vivendi holds certain rights (e.g., pre-emptive rights and priority rights) that give it control over the capital structure of consolidated companies that are partially owned by minority shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

In addition, pursuant to other Shareholders' agreements or the bylaws of other consolidated entities, equity affiliates or unconsolidated interests, Vivendi or its subsidiaries have given or received certain rights (pre-emptive and other rights) entitling them to maintain their rights as shareholder.

Strategic partnership among Canal+ Group, ITI and TVN

The key liquidity rights provided at the level of nc+ under the strategic partnership formed in November 2012 in relation to television services in Poland are as follows:

- Canal+ Group has a call option to acquire TVN's 32% interest in nc+ at market value, which is exercisable during the three-month period beginning November 30, 2016; and
- in the event that Canal+ Group does not exercise its call option, TVN has liquidity rights in the form of an initial public offering of its interest in nc+.

In addition, in compliance with Article L.225-100-3 of the French Commercial Code, it is hereby stated that certain rights and obligations of Vivendi under existing Shareholders' agreements (nc+) may be amended or terminated in the event of a change in control of Vivendi or a tender offer for Vivendi's shares. These Shareholders' agreements are subject to confidentiality provisions.

22.6. Collaterals and pledges

As of December 31, 2016 and 2015, no material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties.

Note 23. Litigation

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these Legal Proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings. As of December 31, 2016, provisions recorded by Vivendi for all claims and litigation amounted to €286 million, compared to €1,222 million as of December 31, 2015 (please refer to Note 16).

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous 12 months a material effect on the company and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016).

Securities Class Action in the United States

Since July 18, 2002, sixteen claims have been filed against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims under its jurisdiction into a single action entitled *In re Vivendi Universal S.A. Securities Litigation*.

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934, particularly with regard to financial communications. On January 7, 2003, the plaintiffs filed a consolidated class action suit that may benefit potential groups of shareholders.

On March 22, 2007, the Court decided, concerning the procedure for certification of the potential claimants as a class ("class certification"), that persons from the United States, France, England and the Netherlands who purchased or acquired shares or American Depositary Receipts (ADRs) of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class.

Following the class certification decision of March 22, 2007, a number of individual cases were filed against Vivendi on the same grounds as the class action. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action for purposes of discovery. On March 2, 2009, the Court deconsolidated the Liberty Media action from the class action. On August 12, 2009, the Court issued an order deconsolidating the individual actions from the class action.

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and USD 0.13 and USD 10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

On June 24, 2010, the US Supreme Court, in a very clear statement, ruled, in the Morrison v. National Australia Bank case, that American securities law only applies to "the purchase or sale of a security listed on an American stock exchange", and to "the purchase or sale of any other security in the United States.

In a decision dated February 17, 2011 and issued on February 22, 2011, the Court, in applying the "Morrison" decision, confirmed Vivendi's position by dismissing the claims of all purchasers of Vivendi's ordinary shares on the Paris stock exchange and limited the case to claims of French, American, British and Dutch purchasers of Vivendi's ADRs on the New York Stock Exchange. The Court denied Vivendi's post-trial motions challenging the jury's verdict. The Court also declined to enter a final judgment, as had been requested by the plaintiffs, saying that to do so would be premature and that the process of examining individual shareholder claims must take place before a final judgment could be issued. On March 8, 2011, the plaintiffs filed a petition before the Second Circuit Court of Appeals seeking to appeal the decision rendered on February 17, 2011. On July 20, 2011, the Court of Appeals denied the petition and dismissed the claims of purchasers who acquired their shares on the Paris stock exchange.

In a decision dated January 27, 2012 and issued on February 1, 2012, the Court, in applying the "Morrison" decision, also dismissed the claims of the individual plaintiffs who purchased ordinary shares of the company on the Paris stock exchange.

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims have been processed and verified by an independent claims administrator and by the parties. Vivendi has the right to challenge the merits of these claims. On November 10, 2014, at Vivendi's initiative, the parties filed a mutually agreed upon proposed order requesting the Court to enter a partial final judgment on the January 29, 2010 jury verdict, covering a substantial portion of the claims. Certain large claims were excluded from this proposed judgment order while Vivendi continued to analyze whether to challenge the validity of those claims. On December 23, 2014, the Court entered the partial judgment. Vivendi filed its Notice of Appeal with the Second Circuit Court of Appeals on January 21, 2015, and the plaintiffs cross-appealed. This appeal was heard on March 3, 2016.

On August 11, 2015, the Court issued a decision whereby it excluded the claims filed by Southeastern Asset Management (SAM), concluding that Vivendi proved that SAM did not make investment decisions based on Vivendi's supposedly fraudulent statements ("lack of reliance"). On April 25, 2016, the Court issued a similar decision, under which it has excluded claims filed by Capital Guardian.

On July 14, 2016, the Court entered a final judgment covering the remaining claims whose validity had not been challenged and which were not included in the partial judgment entered on December 23, 2014. Vivendi has appealed against this final judgment and the plaintiffs have cross-appealed, challenging the final judgment as well as the summary judgment decisions rendered by the Court concerning the claims of SAM and Capital Guardian.

On September 27, 2016, the Second Circuit Court of Appeals affirmed the District Court's decision. The Court of Appeals rejected, however, the plaintiffs' arguments in their cross-appeal seeking to expand the class of plaintiffs and the scope of their claims. Vivendi filed a petition for rehearing with the Second Circuit Court of Appeals. This petition was denied on November 10, 2016.

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Notes 1.3.1 (Use of Estimates) and 1.3.8 (Provisions), Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to plaintiffs. Vivendi re-examined the amount of the reserve related to the Securities class action litigation in the United States, given the decision of the

District Court for the Southern District of New York on February 17, 2011, which followed the US Supreme Court's decision on June 24, 2010 in the "Morrison" case. Using the same methodology and the same valuation experts as in 2009, Vivendi re-examined the amount of the reserve and set it at €100 million as of December 31, 2010, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who have purchased ADRs in the United States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve.

Vivendi considers that this provision and the assumptions on which it is based may require further amendment as the proceedings progress and, consequently, the amount of damages that Vivendi might have to pay to the plaintiffs could differ from the current estimate. As is permitted by current accounting standards, no details are given of the assumptions on which this estimate is based, because their disclosure at this stage of the proceedings could be prejudicial to Vivendi.

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Securities Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. The judge granted Liberty Media's request that they be permitted to avail themselves of the verdict rendered by the securities class action jury with respect to Vivendi's liability (theory of "collateral estoppel").

The Liberty Media jury returned its verdict on June 25, 2012. It found Vivendi liable to Liberty Media for making certain false or misleading statements and for breaching several representations and warranties contained in the parties' agreement and awarded damages to Liberty Media in the amount of €765 million. Vivendi filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year US Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believed it had strong arguments. On March 13, 2013, Vivendi filed a motion in the Second Circuit Court of Appeals requesting that the Court stay the Liberty Media appeal until the class action judgment was entered so that the two appeals can be heard simultaneously. On April 4, 2013, the Court of Appeals issued an Order granting Vivendi's motion, agreeing to hear the Liberty Media case together with the class action.

On February 23,2016, the parties entered into a settlement agreement pursuant to which Vivendi agreed to pay Liberty Media $775 million (€705 million) in return for the exchange of mutual releases of all claims related to this matter and the dismissal of all appeals before the Second Circuit. The parties notified the Court of this settlement agreement. This agreement resulted in the recording of a reversal of provision in the amount of €240 million in Vivendi's Financial Statements as of March 31, 2016. This settlement should not be construed as a concession by Vivendi of the validity of any of Liberty Media's claims, or as an admission of any wrongdoing by Vivendi. Rather, despite the jury's verdict, Vivendi is convinced that it did not commit any wrongdoing and that this matter has been resolved on terms that it believes are in the interest of both the company and its shareholders.

Trial of Vivendi's Former Officers in Paris

In October 2002, the financial department of the Paris Public Prosecutor's office (*Parquet de Paris*) launched an investigation into the publication of allegedly false or misleading information regarding the financial situation and forecasts of the company and the publication of allegedly untrue or inaccurate financial statements for the fiscal years 2000 and 2001. Additional charges were brought in this investigation relating to purchases by the company of its own shares between September 1, 2001 and December 31, 2001. Vivendi joined the proceedings as a civil party.

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi Officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. On May 19, 2014, the Paris Court of Appeal rendered its judgment. Regarding the acts determined by the lower criminal court to constitute the dissemination of false or misleading information, the Court held that these acts did not meet the criteria for such an offense. The Court upheld the conviction against Mr. Jean-Marie Messier for misuse of corporate assets and he received a 10-month suspended sentence and a €50,000 fine. The Court also upheld the convictions against Messrs. Hannezo and Bronfman for insider trading and they received fines in the amount of €850,000 (of which €425,000 is suspended) and €5 million (of which €2.5 million is suspended), respectively. Finally, the Court set aside the lower court's order for the payment of damages (€10 per share) to certain shareholders and former shareholders of Vivendi (the "civil action"). With regard to Vivendi, the Court upheld the validity of its status as a civil party to the proceedings, exonerated it from any responsibility and voided the demand for damages brought against it by certain shareholders or former shareholders. An appeal has been filed with the French Supreme Court (*Cour de Cassation*) by certain of the defendants and some civil parties.

LBBW et al. against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Subsequently, on April 5 and April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho, and the other by six German and British institutional investors. Lastly, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi based on the same grounds. On January 7, 2015, the Paris Commercial Court appointed a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. These proceedings are continuing.

California State Teachers Retirement System et al. against Vivendi and Mr. Jean-Marie Messier

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi and Mr. Jean-Marie Messier before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi and its former CEO, between 2000 and 2002. On June 7 and September 5 and 6, 2012, 26 new plaintiffs joined these proceedings. In November 2012 and March 2014, 12 plaintiffs withdrew from these proceedings. On January 7, 2015, the Commercial Court of Paris appointed a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. These proceedings are continuing.

Calling of the guarantee issued by Anjou Patrimoine to Unibail

Unibail has called its indemnification guarantee issued by Anjou Patrimoine (a former subsidiary of Vivendi) in connection with the sale of the CNIT offices in 1999. On July 3, 2007, the High Court of Nanterre (Tribunal de grande instance de Nanterre) ordered Anjou Patrimoine to indemnify Unibail for a tax liability arising from the creation of offices and rejected all other claims. On October 31, 2008, the Versailles Court of Appeal reversed the High Court's ruling, denied all of Unibail's claims and ordered it to reimburse Anjou Patrimoine for all sums paid under the first decision. On November 27, 2008, Unibail appealed this decision. On September 11, 2013, the French Supreme Court reversed the October 31, 2008 ruling of the Versailles Court of Appeal and remanded the case to the Paris Court of Appeal. The hearing was held on April 2, 2015. The Paris Court of Appeal rendered its decision on June 4, 2015. It ordered Anjou Patrimoine to pay approximately €5 million for building code related improvements. However, it denied all of Unibail's other claims. Unibail filed an appeal against the judgment of the Paris Court of Appeal, which was notified to Anjou Patrimoine on September 14, 2015. On October 13, 2016, French Supreme Court denied the appeal.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a former subsidiary of Vivendi) against FIG to obtain the release of part of a payment remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the annulment of the sale following a judgment of the Berlin Court of Appeal, which overruled a judgment rendered by the Berlin High Court. CGIS BIM was ordered to repurchase the buildings and to pay damages. Vivendi delivered a guarantee so as to pursue settlement negotiations. As no settlement was reached, on September 3, 2008, CGIS BIM challenged the validity of the reasoning of the judgment. On April 23, 2009, the Regional Berlin Court issued a decision setting aside the judgment of the Berlin Court of Appeal dated May 29, 2008. On June 12, 2009, FIG appealed that decision. On December 16, 2010, the Berlin Court of Appeal rejected FIG's appeal and confirmed the decision of the Regional Berlin Court in April 2009, which decided in CGISBIM's favor and confirmed the invalidity of the reasoning of the judgment and therefore overruled the order for CGIS BIM to repurchase the building and pay damages and interest. This decision is now final. In parallel, FIG filed a second claim for additional damages in the Berlin Regional Court which was served on CGIS BIM on March 3, 2009. On June 19, 2013, the Berlin Regional Court ordered CGIS BIM to pay FIG the sum of €3.9 million together with interest from February 27, 2009. CGIS BIM has appealed this decision.

Mediaset against Vivendi

On April 8, 2016, Vivendi entered into a strategic partnership agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a "due diligence review" carried out by the audit firm Deloitte, as contractually agreed. It became clear from this audit and from Vivendi's analyses that the figures provided by Mediaset prior to signing were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions for several weeks in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly releasing the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares.

Subsequently, in separate filings made on August 10, 2016 and August 22, 2016, respectively, Mediaset together with its affiliate RTI, and Fininvest, Mediaset's majority shareholder, sued Vivendi before the Milan Court seeking to obtain specific performance of the April 8, 2016 agreement and the related Shareholders' agreement. In particular, it is alleged that Vivendi has not filed its notification to the European Commission with respect to the transaction and thus has blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not accept a formal filing while the parties were discussing their differences. Mediaset, RTI and Fininvest are also seeking compensation from Vivendi for damages allegedly suffered by them, namely the damage caused by the delay in the performance of the agreement, for Mediaset and RTI, and of the Shareholders' agreement envisaged to be signed, for Fininvest (estimated by each of the three parties at €50 million per month of delay starting July 25, 2016). Fininvest is also seeking compensation for the alleged damage linked to the change in the Mediaset share price between July 25 and August 2, 2016 plus the harm done to the decision-making procedures of Fininvest and to its image (total estimated damages of €570 million). The first hearing before the Milan Commercial Court will be held on March 21, 2017.

In addition, on October 5, 2016, Mediaset and RTI served Vivendi with a new complaint seeking an ex parte sequestration against 3.5% of Vivendi's share capital. The Milan Court denied the ex parte request and scheduled a hearing for November 23, 2016 in the presence of both parties. On November 18, 2016, Mediaset withdrew its sequestration request in light of the information, which was publicly available, provided by Vivendi in its defense pleadings.

Following Vivendi's entry into the share capital of Mediaset through open market purchases of shares, on December 13, 2016, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob (the Italian financial markets regulator). In addition, on December 21, 2016, the AGCOM (the Italian telecommunications authority) opened an investigation into the compatibility between the increase in Vivendi's holdings in Mediaset's share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

Vivendi categorically denies all of the allegations made by Mediaset and its controlling shareholder as well as the corresponding demands, which it considers unfounded, and will assert its rights before the court.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds, former shareholders of GVT, filed a complaint against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange), seeking compensation amounting to the difference between the value of the shares sold by them before Vivendi's acquisition of GVT and BRL70.00 per share. According to Dynamo, the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting, first, that Dynamo had sold the vast majority of its stake in GVT before November 13, 2009 (the date on which Vivendi took control of GVT) and, second, that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations. The arbitral tribunal's decision is expected in the second quarter of 2017.

Parabole Réunion

In July 2007, the group Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels or replacement channels that have substituted these channels and was ordered to replace the TPS Foot channel in the event it is dropped. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion.

On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre seeking enforcement of the fine imposed by the Paris Tribunal of First Instance and confirmed by the Court of Appeal (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal, brought before the Court by Parabole Réunion on April 23, 2015. On May 12, 2016, the Paris Court of Appeal upheld the decision of the Court of First Instance and dismissed all of Parabole Réunion's claims. On May 27, 2016, Parabole Réunion filed an appeal with the French Supreme Court against the judgment of the Paris Court of Appeal.

At the same time, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages. On April 26, 2012, Parabole Réunion filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance asking the Tribunal to acknowledge the failure of the companies of the group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy. These two actions have been consolidated into a single action. On April 29, 2014, the Paris Tribunal of First Instance partially recognized the admissibility of Parabole Réunion's claim with respect to the period following June 19, 2008 and recognized the contractual liability of Canal+ Group due to the degradation of the quality of channels made available to Parabole Réunion. The Tribunal ordered an expert report on the damages suffered by Parabole Réunion, rejecting the assessment produced by the latter. On November 14, 2014, Canal+ Group appealed against the decision of the Paris Tribunal of First Instance. The court appointed expert issued its report on February 29, 2016 and the case was argued before the Paris Court of Appeal on January 28, 2016. On June 3, 2016, the Paris Court of Appeal upheld the April 29, 2014 decision of the Paris Tribunal of First Instance. Canal+ Group appealed to the French Supreme Court. In an order issued on October 25, 2016, the Pre-Trial Judge held that the April 29, 2014 decision in which Canal+ Group was ordered to compensate Parabole Réunion established in principle a debt of the latter, even if the assessment of its amount was still to be finalized. The Judge ordered Canal+ Group to pay the sum of €4 million as an advance. On January 17, 2017, the Paris Tribunal of First Instance ordered Canal+ Group to pay the sum of €37,720,000, with provisional enforceability.

Action brought by the French Competition Authority regarding Practices in the Pay-TV Sector

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleges that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other. Vivendi and Canal+ Group have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case.

Canal+ Group against TF1, M6 and France Télévision

On December 9, 2013, Canal+ Group filed a complaint with the French Competition Authority against the practices of the TF1, M6 and France Télévision groups in the French-language film market. Canal+ Group accused them of inserting pre-emption rights into co-production contracts, in such a way as to discourage competition. The French Competition Authority is examining the case.

Canal+ Group against TF1 and TMC Régie

On June 12, 2013, Canal+ Group SA and Canal+ Régie filed a complaint with the French Competition Authority against the practices of TF1 and TMC Régie in the television advertising market. Canal+ Group SA and Canal+ Régie accused them of cross-promotion, having a single advertising division and refusing to promote the D8 channel during its launch. The French Competition Authority is examining the case.

Private Copying Levy Case

On February 5, 2014, a claim was filed with Court of First Instance of Nanterre by Copie France who is seeking compensation in respect of external hard drives used in connection with the G5 set-top boxes. Copie France claims that the external drive used by Canal+ is "dedicated" to the set-top box and therefore it should be treated as an integrated hard drive. Copie France therefore believes that the applicable amount of the compensation should be higher. Copie France subsequently expanded its claim, asserting that the amount of compensation applicable to the "multimedia hard drive" with 80 GB capacity should be also higher. On February 2, 2017, the parties entered into a settlement agreement putting an end to this litigation.

Aston France against Canal+ Group

On September 25, 2014, Aston notified the French Competition Authority about Canal+ Group's decision to stop selling its satellite subscription called "cards only" (enabling the reception of Canal+/Canalsat programs on Canal Ready-labeled satellite set-top boxes, manufactured and distributed by third parties, including Aston). In parallel, on September 30, 2014, Aston filed a request for injunctive relief against Canal+ Group before the Commercial Court of Paris, seeking a stay of the decision of the Canal+ Group to terminate the Canal Ready partnership agreement and thus stop the marketing of satellite subscriptions called "cards only". On October 17, 2014, the Paris Commercial Court issued an order denying Aston's requests. On November 4, 2014, Aston appealed this decision and, on January 15, 2015, the Paris Court of Appeal, ruling in chambers, granted its requests and suspended the decision of Canal+ Group to stop selling its "cards only" subscriptions until the French Competition Authority renders its decision on the merits of the case. The case is being examined by the French Competition Authority.

Pro D2

On July 8, 2015, Altice filed an application for interim measures and a referral on the merits with the French Competition Authority concerning the practices of Canal+ Group, Eurosport and the National Rugby League (the "NRL") during the allocation of Pro D2 broadcast rights. Altice is challenging the way the broadcasting rights to French Pro D2 Rugby for the 2015/2016 to 2019/2020 seasons were commercialized by the NRL during December 2014. The rights bidding process resulted in one portion of the rights being allocated to Eurosport and the other portion being allocated to Canal+ Group on April 3, 2015. On March 23, 2016 the French Competition Authority rejected Altice's request for interim measures and a referral on the merits.

Thirel against Canal+ Group

On December 23, 2015, Thirel filed a complaint against Canal+ Group seeking enforcement of a computer services contract, or, in the alternative, an order against Canal+ Group to pay damages. On June 8, 2016, the Paris Commercial Court issued its decision. It denied Thirel's request to have the contract enforced, but ordered Canal+ Group to pay €2.5 million in damages and interest in respect of the termination of the contract and €600,000 for unpaid invoices. Thirel did not appeal against the Court's ruling.

Harry Shearer and Century of Progress Productions against Studiocanal and Vivendi

A complaint was filed in California federal court against Studiocanal and Vivendi by Harry Shearer, through his company Century of Progress Productions, in his capacity as a creator, actor and composer of the film "This Is Spinal Tap", an American film produced and financed in 1984 by Embassy Pictures (Studiocanal is the successor to Embassy's rights). Mr. Shearer is seeking damages for breach of contractual obligations to provide exploitation accounts, fraud, and failure to exploit the film's trademark, and is also seeking attribution of the trademark. On February 8, 2017, Christopher Guest, Michael McKean and Rob Reiner, co-creators of the film, joined the proceedings.

Complaints against Music Industry Majors in the United States

Several complaints have been filed before the Federal Courts in New York and California against Universal Music Group and the other music industry majors for alleged anti-competitive practices in the context of sales of CDs and Internet music downloads. These complaints have been consolidated before the Federal Court in New York. The motion to dismiss filed by the defendants was granted by the Federal Court on October 9, 2008, but this decision was reversed by the Second Circuit Court of Appeals on January 13, 2010. The defendants filed a motion for rehearing which was denied. They filed a petition with the US Supreme Court which was rejected on January 10, 2011. The discovery process is underway.

Complaints against UMG regarding Royalties for Digital Downloads

Since 2011, as has been the case with other music industry majors, several purported class action complaints have been filed against UMG by recording artists generally seeking additional royalties for online sales of music downloads and master ringtones. On April 14, 2015, a global transaction terminating the litigation was entered into. This settlement transaction was formally approved by the Court on April 13, 2016.

Capitol Records and EMI Music Publishing against MP3tunes

On November 9, 2007, Capitol Record and EMI Music Publishing filed a joint complaint against MP3tunes and its founder, Michael Robertson, for copyright infringement on the sideload.com and mp3tunes.com websites. The trial was held in March 2014, and, on March 19, 2014, the jury returned a verdict favorable to EMI and Capital Records. It found the defendants liable for knowingly allowing the unauthorized content on the websites. On March 26, 2014, the jury awarded damages in the amount of $41 million. On October 30, 2014 the Court confirmed the verdict but entered judgment in the reduced amount of $12.2 million. The defendants appealed against the judgment and Capitol Records and EMI cross-appealed. On October 25, 2016, the Second Circuit Court of Appeals ruled in favor of the plaintiffs on several points of their cross-appeal and sent the case back to the trial court.

Mireille Porte against Interscope Records, Inc., Stefani Germanotta and Universal Music France

On July 11, 2013, the artist Mireille Porte (AKA "Orlan") filed a complaint against Interscope Records, Inc., Stefani Germanotta (AKA "Lady Gaga") and Universal Music France with the Paris Tribunal of First Instance for the alleged copyright infringement of several of Orlan's artistic works. On July 7, 2016, the Paris Tribunal of First Instance denied all of Mireille Porte's claims. Ms. Porter has filed an appeal against this decision.

James Clar against Rihanna Fenty, UMG Recordings, Inc. and Universal Music France

On June 13, 2014, the artist James Clar filed a complaint against Rihanna Fenty, UMG Recordings, Inc. and Universal Music France before the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*) for the alleged infringement of his work. On October 6, 2016, the Tribunal dismissed Mr. Clar's claims.

Reti Televisive Italiane (RTI) against Dailymotion

Since 2012, several legal actions have been filed by RTI against Dailymotion before the Civil Court of Rome. Similar to claims it has made against other major online video platforms, RTI is seeking damages for infringement of its neighboring rights (audiovisual production and broadcasting rights) and unfair competition as well as the removal of the contested content from the Dailymotion platform.

Sony Music and certain of its labels against Radionomy

On February 26, 2016, Sony Music and certain of its labels filed a complaint against Radionomy Group B.V., its subsidiaries, and Radionomy's CEO, for copyright infringement and unfair competition, alleging that they did not have the exploitation rights to content owned by Sony Music and its labels which was made available to users of the radionomy.com website. On December 2, 2016, the parties entered into an agreement putting an end to this litigation.

Note 24. Major consolidated entities or entities accounted for under the equity method

As of December 31, 2016, approximately 610 entities were consolidated or accounted for under the equity method (compared to approximately 520 entities as of December 31, 2015).

			December 31, 2016			December 31, 2015		
	Note	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.		**France**	**Parent company**			**Parent company**		
Universal Music Group, Inc.		**United States**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Universal Music Group Holdings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
UMG Recordings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
Vevo		United States	E	49.4%	*49.4%*	E	48.7%	*48.7%*
SIG 104		France	C	100%	*100%*	C	100%	*100%*
Universal International Music B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal Music Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Universal Music Holdings Ltd.		United Kingdom	C	100%	*100%*	C	100%	*100%*
EMI Group Worldwide Holding Ltd.		United Kingdom	C	100%	*100%*	C	100%	*100%*
Groupe Canal+ S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Société d'Édition de Canal Plus		France	C	100%	*100%*	C	100%	*100%*
Multithématiques S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Canal+ Overseas S.A.S.		France	C	100%	*100%*	C	100%	*100%*
C8 (formerly D8)		France	C	100%	*100%*	C	100%	*100%*
Studiocanal S.A.		France	C	100%	*100%*	C	100%	*100%*
ITI Neovision (nc+)		Poland	C	51%	*51%*	C	51%	*51%*
VSTV (a)		Vietnam	C	49%	*49%*	C	49%	*49%*
Gameloft S.E.	2.1	**France**	**C**	**100%**	***100%***	**-**	**-**	**-**
Gameloft Inc.		United States	C	100%	*100%*	-	-	-
Gameloft Inc. Divertissement		Canada	C	100%	*100%*	-	-	-
Gameloft Iberica S.A.		Spain	C	100%	*100%*	-	-	-
Gameloft Software Beijing Ltd.		China	C	100%	*100%*	-	-	-
Gameloft S. de R.L. de C.V.		Mexico	C	100%	*100%*	-	-	-
Vivendi Village S.A.S.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
See Tickets		United Kingdom	C	100%	*100%*	C	100%	*100%*
Digitick		France	C	100%	*100%*	C	100%	*100%*
MyBestPro		France	C	100%	*94%*	C	100%	*91%*
Watchever Group		France	C	100%	*100%*	C	100%	*100%*
L'Olympia		France	C	100%	*100%*	C	100%	*100%*
Radionomy Group		Belgium	C	64%	*64%*	C	64%	*64%*
CanalOlympia		France	C	100%	*100%*	C	100%	*100%*
Paddington and Company Ltd.	2.7	United Kingdom	C	100%	*100%*	-	-	-
New Initiatives								
Dailymotion		France	C	90%	*90%*	C	90%	*90%*
Group Vivendi Africa		France	C	100%	*100%*	C	100%	*100%*
Vivendi Content		France	C	100%	*100%*	C	100%	*100%*
Studio+		France	C	100%	*100%*	C	100%	*100%*
Banijay Group	2.3	France	E	26.2%	*26.2%*	-	-	-
Boulogne Studios (Canal Factory)		France	C	100%	*100%*	C	100%	*100%*
Other equity affiliates								
Telecom Italia	2.2	Italia	E	23.9%	*17.2%*	E	21.4%	*15.0%*
Other								
Poltel Investment		Poland	C	100%	*100%*	C	100%	*100%*

C: Consolidated; E: Equity; na: not applicable.

(a) VSTV (Vietnam Satellite Digital Television Company Limited) is held 49% by Canal+ Group and 51% by VTV (the Vietnamese public television company). This company has been consolidated by Vivendi because Canal+ Group has both operational and financial control over it pursuant to a general delegation that was granted by the majority shareholder and pursuant to the company's bylaws.

Note 25. Statutory Auditors fees

Fees paid by Vivendi SA in 2016 and 2015 to its Statutory Auditors and members of the Statutory Auditor firms (including fees related to discontinued operations in 2015, on a *prorata temporis* basis, if any) were as follows:

	KPMG S.A.				Ernst & Young et Autres					
	Amount		Percentage		Amount		Percentage		Total	
(in millions of euros)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.6	0.6	*21%*	*20%*	0.6	0.6	*10%*	*10%*	1.2	1.2
Fully consolidated subsidiaries	1.4	1.4	*48%*	*47%*	5.3	5.2	*84%*	*82%*	6.7	6.6
Other work and services directly related to the statutory audit										
Issuer	-	0.1	-	*3%*	-	0.2	-	*3%*	-	0.3
Fully consolidated subsidiaries	0.1	0.2	*3%*	*7%*	0.2	0.3	*3%*	*5%*	0.3	0.5
Subtotal	**2.1**	**2.3**	***72%***	***77%***	**6.1**	**6.3**	***97%***	***100%***	**8.2**	**8.6**
Other services provided by the network to fully consolidated subsidiaries										
Legal, tax and social matters	0.8	0.6	*28%*	*20%*	0.2	-	*3%*	-	1.0	0.6
Other	-	0.1	-	*3%*	-	-	-	-	-	0.1
Subtotal	**0.8**	**0.7**	***28%***	***23%***	**0.2**	**-**	***3%***	**-**	**1.0**	**0.7**
Total	**2.9**	**3.0**	***100%***	***100%***	**6.3**	**6.3**	***100%***	***100%***	**9.2**	**9.3**

Note 26. Audit exemptions for UMG subsidiaries in the United Kingdom

Vivendi S.A. has provided guarantees to the following UMG subsidiaries, incorporated in England and Wales, under the registered number indicated, in order for them to claim audit exemptions, with respect to fiscal year 2016, under Section 479A of the UK Companies Act 2006.

Name	Company Number
Backcite Limited	02358972
EGW USD	08107589
E.M.I. Overseas Holdings Limited	00403200
EMI (IP) Limited	03984464
EMI Group (Newco) Limited	07800879
EMI Group Electronics Limited	00461611
EMI Group International Holdings Limited	01407770
EMI Group Worldwide	03158106
EMI Limited	00053317
EMI Recorded Music (Chile) Limited	07934340
EMI Records France Holdco Limited	06405604

Name	Company Number
Universal Music (UK) Holdings Limited	03383881
Universal Music Holdings (UK) Limited	00337803
Universal Music Leisure Limited	03384487
Universal Music Publishing MGB Holding UK Limited	05092413
Universal SRG Group Limited	00284340
Universal SRG Music Publishing Copyrights Limited	02873472
Universal SRG Studios Limited	03050388
V2 Music Group Limited	03205625
Virgin Music Group	02259349
Virgin Records Overseas Limited	00335444

Note 27. Subsequent events

No significant events occurred between the closing date and February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016).

IV - 2016 STATUTORY FINANCIAL STATEMENTS

1. Statutory Auditors' Report on the Financial Statements

This is a free translation into English of the Statutory Auditors' Report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Vivendi;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling methods or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Interests in equity affiliates

Note 1.3 to the financial statements states that your company recognizes impairment losses when the carrying amount of its interests in subsidiaries and affiliates exceeds their recoverable value. Based on the information available at the date of this report, we assessed the approach adopted by your company to determine the recoverable value of its interests in subsidiaries and affiliates. We also verified that the information related to the impairment of the interests in subsidiaries and affiliates presented in Note 3 "Net Financial Income" to the financial statements is appropriate.

Tax

Note 5 to the financial statements describes the accounting policies used by your company to estimate and recognize tax assets and liabilities, and tax position adopted by your company. We verified the assumptions underlying the positions as at December 31, 2016 and ensured that Note 5 to the financial statements gives appropriate information.

Provisions for litigation

Notes 1.7 and 24 to the financial statements describe the methods used to evaluate and recognize provisions for litigation. We assessed the methods used by your company to list, calculate and account for such provisions. We also assessed the data and assumptions underlying the estimates made by the company. As stated in Note 1.1 to the financial statements, some facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of the provisions. We also ensured that Note 16 "Provisions" to the financial statements gives appropriate information.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report section of the "2016 Annual Report –Registration Statement" and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the "2016 Annual Report – Registration Statement".

Paris-La Défense, February 23, 2017

The Statutory Auditors

French original signed by

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2. 2016 Statutory Financial Statements

I. STATEMENT OF EARNINGS

(in millions of euros)	Note	2016	2015
Operating income			
Total revenues		46.0	42.1
Reversal of provisions and expense reclassifications		20.1	4.7
Other income			0.1
Total I		**66.1**	**46.9**
Operating expenses			
Other purchases and external charges		85.9	80.7
Duties and taxes other than income tax		11.0	21.7
Wages and salaries and social security contributions		56.8	52.5
Depreciation, amortization and charges to provisions		21.5	16.4
Other expenses		1.3	1.3
Total II		**176.5**	**172.6**
Loss from operations (I - II)	2	**(110.4)**	**(125.7)**
Financial income			
From subsidiaries and affiliates		976.7	776.1
From other securities and long-term receivables		56.2	56.9
Other interest and similar income		99.6	135.6
Reversal of provisions and expense reclassifications		49.3	130.5
Foreign exchange gains		1,246.3	1,345.0
Net proceeds from the sale of marketable securities		6.0	392.0
Total III		**2,434.1**	**2,836.1**
Financial expenses			
Amortization and charges to financial provisions		369.0	247.8
Interest and similar charges		114.9	138.3
Foreign exchange losses		1,088.1	1,422.0
Net expenses on marketable securities sales			292.0
Total IV		**1,572.0**	**2,100.1**
Net financial income (III - IV)	3	**862.1**	**736.0**
Earnings from ordinary operations before tax (I - II + III - IV)		**751.7**	**610.3**
Exceptional income			
From non-capital transactions		0.3	4.1
From capital transactions		1,028.2	7,414.6
Reversals of provisions and expense reclassifications		1,027.1	145.6
Total V		**2,055.6**	**7,564.3**
Exceptional expenses			
Related to non-capital transactions		1,147.2	22.4
Related to capital transactions		96.8	5,078.6
Exceptional depreciation, amortization and charges to provisions		9.5	34.4
Total VI		**1,253.5**	**5,135.4**
Net exceptional items (V - VI)	4	**802.1**	**2,428.9**
Income tax (charge)/credit (VII)	5	**55.7**	**(212.2)**
Total income (I + III + V + VII)		**4,611.5**	**10,447.3**
Total expenses (II + IV + VI)		**3,002.0**	**7,620.3**
EARNINGS FOR THE YEAR		**1,609.5**	**2,827.0**

II. STATEMENT OF FINANCIAL POSITION

ASSETS (in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net 12/31/2016	Net 12/31/2015
Non-current assets					
Intangible assets	6	**9.1**	**8.3**	**0.8**	**0.7**
Property, plant and equipment	6	**58.2**	**55.3**	**2.9**	**2.6**
Long-term investments (a)	7	**23,390.7**	**3,198.4**	**20,192.3**	**20,697.1**
Investments in affiliates and Long-term portfolio securities		20,703.7	1,713.7	18,990.0	18,623.5
Loans to subsidiaries and affiliates		1,483.7	1,483.7	0.0	0.0
Other long-term investment securities		467.6	1.0	466.6	510.1
Loans				0.0	0.0
Other		735.7		735.7	1,563.5
Total I		**23,458.0**	**3,262.0**	**20,196.0**	**20,700.4**
Current assets	8				
Receivables (b)		**2,929.4**	**230.7**	**2,698.7**	**2,208.4**
Trade accounts receivable and related accounts		6.7	4.0	2.7	1.1
Other receivables		2,922.7	226.7	2,696.0	2,207.3
Marketable securities		**3,881.8**	0.0	**3,881.8**	**7,528.0**
Treasury shares	9	6.2		6.2	0.1
Other securities	10	3,875.6		3,875.6	7,527.9
Cash at bank and in hand	10	**260.7**		**260.7**	**1,042.6**
Prepayments (b)		**37.2**		**37.2**	**8.6**
Total II		**7,109.1**	**230.7**	**6,878.4**	**10,787.6**
Deferred charges (III)	12	**9.5**		**9.5**	**8.0**
Unrealized foreign exchange losses (IV)	13			**0.0**	**2.7**
Total assets (I + II + III + IV)		**30,576.6**	**3,492.7**	**27,083.9**	**31,498.7**
(a) *Portion due in less than one year*				*745.9*	*861.0*
(b) *Portion due in more than one year*				*9.9*	*11.2*

EQUITY AND LIABILITIES (in millions of euros)	Note	12/31/2016	12/31/2015
Equity	14		
Share capital		7,079.0	7,525.8
Additional paid-in capital		9,052.2	10,156.4
Reserves			
Legal reserve		752.7	749.4
Other reserves			
Retained earnings		361.4	1,489.0
Earnings for the year		1,609.5	2,827.0
Interim dividends			(2,681.4)
Total I		**18,854.8**	**20,066.2**
Provisions	16	809.3	1,762.2
Total II		**809.3**	**1,762.2**
Liabilities (a)			
Convertible and other bond issues	17	3,575.9	1,965.1
Bank borrowings (b)	17	218.0	173.4
Other borrowings	17	3,534.8	6,060.2
Trade accounts payable and related accounts		15.4	14.8
Tax and employee-related liabilities		22.7	62.7
Amounts payable in respect of PP&E and related accounts		3.0	24.3
Other liabilities		21.8	1,360.0
Deferred income		0.9	4.6
Total III		**7,392.5**	**9,665.1**
Unrealized foreign exchange gains (IV)	13	**27.3**	**5.2**
Total equity and liabilities (I + II + III + IV)		**27,083.9**	**31,498.7**
(a) *Portion due in more than one year*		*2,812.9*	*1,462.7*
Portion due in less than one year		*4,579.6*	*8,202.4*
(b) *Includes current bank facilities and overdrafts*		*109.4*	*164.7*

III. STATEMENT OF CASH FLOWS

(in millions of euros)	2016	2015
Earnings for the year	1,609.5	2,827.0
Elimination of non-cash income and expenses		
Charges to depreciation and amortization	3.8	3.4
Charges to provisions net of (reversals)		
Operating	2.6	8.8
Financial	320.0	117.0
Exceptional	(996.6)	(105.0)
Capital gains	(942.8)	(2,441.7)
Dividends received in assets	(15.0)	(15.8)
Other income and charges without cash impact	(46.1)	23.9
Operating cash flows before changes in working capital	**(64.7)**	**417.6**
Changes in working capital	(133.4)	(241.3)
Net cash provided by operating activities	**(198.1)**	**176.3**
Capital expenditure	(0.8)	(1.2)
Purchases of investments in affiliates and securities	(3,019.6)	(3,291.9)
Increase in loans to subsidiaries and affiliates	(56.6)	(56.8)
Cash deposits for litigations in the United States (escrow accounts)	974.0	
Receivables related to the sale of non-current assets and other financial receivables	(108.6)	1,426.3
Proceeds from sales of intangible assets and PP&E		
Proceeds from sales of investments in affiliates and securities	1,442.8	4,874.0
Decrease in loans to subsidiaries and affiliates		
Increase in deferred charges relating to financial instruments	(4.9)	(0.5)
Net cash provided by/(used in) investing activities	**(773.7)**	**2,949.9**
Net proceeds from issuance of shares	80.5	276.1
Dividends and interim dividends paid	(2,587.5)	(2,726.3)
New long-term borrowings secured	2,091.2	
Principal payments on long-term borrowings	(500.0)	
Increase (decrease) in short-term borrowings	44.7	(161.2)
Change in net current accounts	(972.7)	1,695.2
Treasury shares	(1,618.6)	(490.2)
Net cash provided by/(used in) financing activities	**(3,462.4)**	**(1,406.4)**
Change in cash	(4,434.2)	1,719.8
Opening net cash (a)	8,570.5	6,850.7
Closing net cash (a)	**4,136.3**	**8,570.5**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

3. Notes to the 2016 Statutory Financial Statements

SIGNIFICANT EVENTS IN 2016

Major changes in the equity portfolio

Gameloft

Between September 2015 and July 2016, Vivendi acquired 100% of the share capital of Gameloft S.E. ("Gameloft") for an aggregate amount of €621.6 million of which €499.3 million was paid in 2016.

Ubisoft

As of December 31, 2016, Vivendi held 25.72% of the share capital and 23.39% of the voting rights of Ubisoft Entertainment ("Ubisoft"), representing a total investment of €756.0 million, including €404.9 million purchases on the stock market paid in 2016.

As of December 31, 2015, Vivendi held 15.7 million Ubisoft shares, representing 13.98% of the share capital and 12.35% of the voting rights, pursuant to purchases on the stock market for €351.1 million.

Telecom Italia

In 2016, Vivendi increased its investment in Telecom Italia to €3,931 million, compared with €3,323 million at year-end 2015, holding 23.94% of the ordinary shares and 17.15% of the share capital as of December 31, 2016.

Mediaset

As publicly disclosed on December 22, 2016, Vivendi announced that, it held 28.80% of Mediaset's share capital and 29.94% of the voting rights of the company, representing a total investment of €1,256.2 million.

Groupe Fnac

In May 2016, Vivendi acquired a minority interest in Groupe Fnac for €159.0 million through a reserved share capital increase.

Following completion of Groupe Fnac's acquisition of Darty in August 2016, Vivendi held 11.27% of the share capital and voting rights of the new combined entity, Fnac Darty.

Investment in Banijay

In 2016, Vivendi, through two wholly-owned-subsidiaries, invested a total of €340 million in Banijay Group as follows:

- acquisition of a 26.2% interest in Banijay Group for consideration of €100 million;
- subscription to a €100 million bond redeemable into either shares or cash, issued by Banijay Group; and
- subscription to a €90 million bond redeemable into either shares or cash, and a €50 million bond redeemable in cash, both issued by Lov Banijay, a holding company.

Sale of the remaining interest in Activision Blizzard

On January 13, 2016, Vivendi unwound the hedge of the value of the 41.5 million Activision Blizzard shares denominated in USD that it held, at a cost of $474.7 million (€435.6 million), and sold its entire interest for $1,537.8 million (€1,411.1 million). Completion of these transactions enabled Vivendi to recover a cash deposit of $480 million (€439 million).

Other significant events in 2016

Share repurchases

As of December 31, 2015, Vivendi SA held 25,984,965 treasury shares, and in fiscal year 2016, it repurchased 88,801,585 shares for an aggregate amount of €1,601.8 million.

Following the decision of the Management Board at its meeting held on June 17, 2016, and in accordance with the authorization given by the Combined General Shareholders' Meeting on April 21, 2016, Vivendi reduced its capital through the cancellation of 86,874,701 treasury shares, representing 6.35% of the share capital and having a book value of €1,631.6 million.

As of December 31, 2016, treasury shares represented 2.15% of the share capital, of which 342,737 shares were allocated to cover share awards under performance share plans, and 27,271,130 shares were allocated to cover external growth transactions (please refer to Note 9, Treasury Shares).

Shareholders' dividend distribution policy

- On April 21, 2016, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend with respect to fiscal year 2015 of €3 per share, representing a total distribution of €3,951.3 million. This dividend was paid as follows:
  - the first interim dividend of €1 per share, i.e., €1,363.7 million, was paid on June 29, 2015;
  - the second interim dividend of €1 per share, i.e., €1,317.7 million, was paid on February 3, 2016; and
  - the balance of €1 per share, i.e., €1,269.9 million, was paid on April 28, 2016.
- On February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Financial Statements for the year ended December 31, 2016 and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.40 per share (excluding treasury shares), representing a total distribution of €504 million.

Issuance and redemption of bonds

As of December 31, 2016, bond issues amounted to €3,550 million, compared to €1,950 million as of December 31, 2015 (please refer to Note 17, Borrowings), including:

- in May, the issuance of two bonds for a total amount of €1,500.0 million;
- in November, the issuance of a €600 million bond; and
- on December 1, the redemption at maturity of a €500 million bond.

Note 1. Accounting Rules and Methods

1.1. General principles and change in accounting methods

The statutory financial statements for the fiscal year ended December 31, 2016 have been prepared and presented in accordance with applicable French laws and regulations.

The accounting rules and methods applied in the preparation of these financial statements are identical to those applied in the preparation of the 2015 statutory financial statements.

The company makes certain estimates and assumptions that it considers reasonable and realistic. Such estimates and assumptions are based on past or anticipated achievements, and relate in particular to the measuring of asset impairment (see Note 7, Long-term Investments) and provisions (see Note 16, Provisions) as well as to employee benefits (see Note 1.9, Employee benefit plans). Despite regular review, facts and circumstances may lead to changes in such estimates and assumptions, which may have an impact on the amount of assets, liabilities, equity or earnings recognized by the company.

1.2. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at acquisition cost.

Depreciation and amortization are calculated using the straight-line method and, where appropriate, the declining balance method over the useful lives of the relevant assets.

1.3. Long-term investments

INVESTMENTS IN AFFILIATES AND LONG-TERM SECURITIES PORTFOLIOS

Shares of companies, the long-term ownership of which is deemed to be beneficial to Vivendi's business, are classified as equity investments.

Equity portfolio securities include securities of companies which the company expects to realize satisfactory returns over the medium to long term without interfering with the management.

Investments in affiliates and long-term securities portfolios are valued at acquisition cost, including any potential impact resulting from related hedging transactions. If this value exceeds the value in use, an impairment loss is recorded for the difference between the two.

Value-in-use is defined as the value of the future economic benefits expected to derive from the use of an asset. This is generally calculated by discounting future cash flows. A more suitable method may be used where appropriate, such as market comparables, transaction valuations, trading comparables for listed entities or proportionate share of equity. The value in use of securities in foreign currencies is calculated using the exchange rate applicable on the closing date for both listed securities (French GAAP (*Plan Comptable Général* or "PCG") 2014, Art. 420-3) and unlisted securities.

Vivendi investment expenses and security acquisition costs are accounted for during the period in which they incur.

LOANS TO SUBSIDIARIES AND AFFILIATES

Loans to subsidiaries and affiliates consist of medium and long-term loans to Group companies. They do not include current account agreements with Group subsidiaries that are used for day-to-day management of cash surpluses and shortfalls. A provision for depreciation is therefore made, as appropriate, based on the risk of non-recovery.

TREASURY SHARES

All treasury shares held by Vivendi that are either: (i) in the process of cancellation, or (ii) allocated to covering performance share plans and to external growth transactions, or (iii) acquired pursuant to the liquidity contract, are recorded as Long-term Investments. Impairment losses are recorded on the latter shares if their net book value is less than their stock market value, based on the average share price during the month of closing.

All remaining treasury shares held by Vivendi are recorded as marketable securities (see Note 1.5, Marketable securities).

1.4. Operating receivables

Operating receivables are recorded at nominal value. A provision is therefore made, as appropriate, based on the risk of non-recovery.

1.5. Marketable securities

TREASURY SHARES

Treasury shares purchased for delivery to employees pursuant to performance share plans are recorded as marketable securities.

At year-end, the shares allocated to specific plans are not depreciated but are subject to a provision (see "Provisions" below). For those shares not allocated to specific plans, an impairment loss is recognized, as appropriate, to reduce their net value down to their stock market value based on the average share price during the month of closing.

OTHER MARKETABLE SECURITIES

All other marketable securities are recorded at acquisition cost. A provision for depreciation is made if the estimated trading value at the end of the period is less than the acquisition cost. The value in use of securities in foreign currencies is calculated using the exchange rates applicable on the closing date.

1.6. Deferred charges relating to financial instruments

Issue costs in relation to bonds and lines of credit are amortized equally over the term of such instruments.

1.7. Provisions

A provision is recorded if Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of equivalent consideration from the third party.

The provision is equal to the best estimate, taken at period-end, of the outflow of resources necessary to settle the obligation, where the risk exists at the end of the period.

The assumptions underlying the provisions are regularly reviewed and any necessary adjustments are recorded.

Where it is not possible to provide a reliable estimate for the amount of the obligation, a provision is not recorded and disclosure is made in the notes to the financial statements (see Note 24, Litigation).

1.8. Stock option plans and performance share plans

When the company grants performance shares or establishes a stock option plan that is settled by the delivery of treasury shares, a provision is recognized. This provision is calculated based on the market price of Vivendi shares at grant date or the estimated share purchase price at year-end. In the case of stock purchase option plans, the entry cost or estimated share purchase price is reduced by the exercise price that is likely to be paid by employees. Pursuant to the PCG, expenses, charges and reversals in relation to the grant of stock options and performance shares to company employees, are recorded as personnel costs.

1.9. Employee benefit plans

Vivendi applies method 1 of Recommendation No. 2013-02 of the National Accounting Council (*Conseil National de la Comptabilité*, CNC) dated November 7, 2013, regarding the valuation and accounting methods for pension commitments and similar benefits.

The provision recorded for obligations in relation to employee benefit plans includes all Vivendi employee benefit plans, i.e., retirement/termination payments, pensions and supplemental pensions. It is calculated as the difference between the value of the actuarial obligations and plan assets, net of actuarial gains and losses and unrecognized past service costs.

The actuarial obligation is calculated using the projected unit credit method (each period of activity generates additional entitlement). Actuarial gains and losses are recognized using the "corridor method". This consists of recording, in the profit or loss account for the relevant period, the amortization calculated by dividing the portion of actuarial gains and losses which exceeds the greater of 10% of: (i) the obligation, and (ii) the fair value of the plans' assets as of the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

1.10. Foreign currency-denominated transactions

Foreign currency-denominated income and expense items are translated using average monthly rates or, as applicable, using the exchange rate negotiated during specific transactions.

Foreign currency-denominated receivables, payables, marketable securities and cash balances are translated at the exchange rates applicable on the accounting closing date (PCG 2014, Art. 420-5).

Unrealized gains and losses recognized on translation of foreign currency borrowings, loans, receivables and payables, using exchange rates prevailing on the accounting closing date, are recorded in the Statement of Financial Position in unrealized foreign exchange gains and losses, except where currency hedging instruments that set the currency rate at maturity have been implemented (see Note 1.11, Derivative financial instruments).

Vivendi seeks to secure the exchange rate of assets and long-term liabilities denominated in foreign currencies, particularly through the implementation of derivative financial instruments. Foreign exchange gains and losses realized on these hedging instruments are reclassified, as applicable, in the Statement of Financial Position as deferred revenue or expenses until the gain or loss on the hedged item is recognized (see Note 1.11, Derivative financial instruments).

A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses (PCG 2014, Art. 420-5).

For transactions in foreign currency that are covered by currency hedging instruments that do not set the currency rate at maturity, provisions are made up to the amount of the uncovered risk.

Unrealized foreign exchange gains and/or losses on cash balances and foreign currency current accounts (similar to cash balances under PCG 2014, Art. 420-7) on the accounting closing date are recorded immediately as foreign exchange gains and/or losses.

1.11. Derivative financial instruments

Vivendi uses derivative financial instruments to: (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations, and (ii) secure the value of certain financial assets. These instruments are traded over-the-counter with highly-rated counterparties.

Pursuant to Article 224 of the PCG 2014, income and expenses generated by interest rate and currency hedging instruments are recorded with the income and expenses of the hedged items.

Loans, borrowings, receivables and payables covered by currency hedging instruments that set the currency at maturity are recorded at hedge rates and no foreign exchange difference is recognized.

Unrealized gains on derivative instruments not eligible for hedge accounting are not recognized. Conversely, unrealized losses on these instruments are recorded directly in foreign exchange gains and losses.

1.12. Tax credit to aid competitiveness and promote employment (CICE)

The CICE, which took effect on January 1, 2013, resulted in Vivendi's recognition of an income recorded in operating income under the line item "social security contributions". The base consists of gross compensation paid, subject to social security contributions and not exceeding 2.5 times the minimum wage as defined by French Law. The tax credit rate for 2016 was 6%.

Note 2. Operating Losses

Revenues

Revenues consisting of charges for services provided by Vivendi and rebilling of costs to its subsidiaries, amounted to €46.0 million.

Operating expenses and expense reclassifications

In 2016, operating expenses amounted to €176.5 million, compared to €172.6 million in 2015.

Within this total, "other purchases and external charges" represented €85.9 million in 2016, compared to €80.7 million in 2015.

Other purchases and external charges, including amounts rebilled to subsidiaries (recorded in revenues) and expense reclassifications (recorded in reversal of provisions and expense reclassifications), are broken-down as follows:

(in millions of euros)	2016	2015
Purchases consumed	0.6	0.6
Rent	8.4	8.3
Insurance (a)	20.0	6.9
Service providers, temporary staff and sub-contracting	7.7	7.0
Commissions and professional fees	29.6	36.6
Bank services	4.0	7.8
Other external services	15.6	13.5
Sub-total other purchases and external charges	**85.9**	**80.7**
Amounts rebilled to subsidiaries (revenues)	(6.3)	(3.2)
Expense reclassifications	(4.9)	(0.5)
Total net of rebilled expenses and expense reclassifications	**74.7**	**77.0**

(a) Including €12.1 million paid in 2016 (€0 in 2015) on plans for the coverage of supplementary pension liabilities, other than retirement termination payments.

Note 3. Net Financial Income

Net financial income is broken-down as follows:

(in millions of euros)	2016	2015
Net financing costs	(8.3)	17.9
Dividends received	976.7	776.1
Foreign exchange gains & losses	158.2	(77.0)
Other financial income and expenses	(4.6)	(19.1)
Movements in financial provisions	(259.9)	(56.3)
Net proceeds from the sale of Telefonica Brasil		94.4
Total	**862.1**	**736.0**

3.1. Financing costs

The net financing costs amounted to -€8.3 million in 2016, compared to a net financing income of €17.9 million in 2015, which, among others, included:

- charges resulting from bond issues amounting to -€66.3 million in 2016, compared to -€56.9 million in 2015 (see Significant Events in 2016, and Note 17, Borrowings);
- external investment income and net capital gains on disposals of marketable securities amounting to €21 million in 2016, compared to €19.6 million in 2015;
- net income earned on current accounts with subsidiaries amounting to €25.8 million in 2016, compared to €29 million in 2015;
- premiums and discounts associated with forward currency transactions used for hedging, resulting in a positive net amount of €11.3 million in 2016, compared to €4.5 million in 2015.
- interest income of €21.7 million was recorded in 2015, on a receivable from Altice relating to the sale of Numéricable-SFR.

The changes in the cost of financing were due to a reduction in the net positive cash position from €6.3 billion in 2015 to €3.5 billion in 2016, reflecting, in particular, the effects of: (i) net proceeds of approximately €1.0 billion in January 2016 from the sale of Activision Blizzard shares, (ii) €1.6 billion in share repurchases, mainly during the first half of 2016, (iii) the payment of the balance of the dividend with respect to fiscal year 2015 for approximately €2.6 billion, and (iv) the net increase in bond issues.

3.2. Dividends received

In 2016, Income from affiliates amounted to €976.7 million and mainly included dividends from Universal Music Group, Inc. (UMG Inc.) of €733 million ($800 million), from SIG 104 (the company which owns the UMG entities apart from those in the United States, Canada and Mexico) of €122.9 million, and from Canal+ Group of €72.7 million. It also included dividends amounting to €31.1 million from Telefonica, including €15.0 million pursuant to the receipt of dividend payments in Telefonica shares.

In 2015, Income from affiliates amounted to €776.1 million and mainly included dividends from GVT (sold in 2015) of €463.5 million, from Groupe Canal+ SA of €227 million, from SIG 104 of €61.4 million and €15.8 million pursuant to the receipt of dividend payments in Telefonica shares.

3.3. Financial provisions and impairments

- Financial provisions and impairments amounted to -€259.9 million and mainly included: (i) the net impairment of €103.9 million recorded with respect to Telefonica shares for which the value in use was calculated based on the average closing share price during the month of December 2016, and (ii) the impairment charge of €50.0 million recorded on shares of Compagnie du Dôme.
- During the fourth quarter of 2016, Vivendi, with the assistance of independent appraisers, reviewed the value in use of its equity holdings, including: (i) Groupe Canal+, (ii) two holding companies engaged in the music sector held by Vivendi, namely UMG Inc. in relation to its operations in North America and Mexico and SIG 104 in relation to operations in other countries, and (iii) Telecom Italia. The value in use of Studiocanal in Poland was reviewed internally.

  As a result, Vivendi's Management determined that the value in use of Groupe Canal+ SA, as of December 31, 2016, was comparable to its net carrying value.

  It also determined that the value in use of the two music holding companies held by Vivendi (UMG Inc. and SIG 104), as well as that of Telecom Italia, was higher than their respective book values.

Note 4. Net Exceptional Items

In 2016, a net exceptional gain of €802.1 million was recorded, compared to a net exceptional gain of €2,428.9 million in 2015. It primarily comprised the following items:

- a net capital gain on the sale of Activision Blizzard shares of €994.1 million following the early unwinding of the hedge, put in place in June 2015, generating an exceptional charge of €435.6 million; and
- the €944.8 million reversal of provision relating to the Liberty Media litigation and the exceptional charge of €705.1 million, relating to the amount paid in that transaction (see Note 16, Provisions and Note 24, Litigation).

Note 5. Income Taxes

Vivendi SA benefits from the French Tax Group System and considers that, until December 31, 2011 inclusive, it benefited from the Consolidated Global Profit Tax System, as permitted under Article 209 *quinquies* of the French Tax Code. Since January 1, 2012, Vivendi only benefits from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of French subsidiaries that are at least 95% owned directly or indirectly by it. This mainly applies to Universal Music in France and Canal+ Group entities in France, as well as the companies involved in the group's development projects in France (e.g., Vivendi Village, Vivendi Content, Watchever, Studio+…).
- Until December 31, 2011, the Consolidated Global Profit Tax System enabled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that were at least 50% owned directly or indirectly by it, and located in France or abroad, i.e., other than the French companies that were at least 95% owned directly or indirectly by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Édition de Canal Plus (SECP). As a reminder, on May 19, 2008, Vivendi lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with fiscal year 2009 and ending with fiscal year 2011.
- In addition, as a reminder, on July 6, 2011, Vivendi lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period, from January 1, 2012 to December 31, 2014.
- In 2011, the changes in French Tax Law terminated the Consolidated Global Profit Tax System as of September 6, 2011 and capped the deduction for tax losses carried forward at 60% of taxable income. Since 2012, the deduction for tax losses carried forward has been capped at 50% of taxable income and the deductibility of interest limited to 85% of financial charges, net (75% as from January 1, 2014).

Taking these elements into account, at year-end 2016, Vivendi recorded a consolidated income tax credit of €97.2 million (under the French Tax Group System).

The impact of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- As Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi submitted a €366 million refund request with respect to the tax saving for fiscal year ended December 31, 2011. As this request was denied by the tax authorities, Vivendi accrued a €366 million provision for the associated risk in its Financial Statements for the year ended December 31, 2012. On October 6, 2014, the Administrative Court of Montreuil ruled in favor of Vivendi. Pursuant to this ruling, on December 23, 2014, Vivendi received a €366 million refund and moratorium interest of €43 million, which was received on January 16, 2015. On December 2, 2014, the tax authorities appealed this ruling. On July 5, 2016, the Versailles Administrative Court of Appeal ruled in favor of Vivendi. On October 28, 2016, the French Council of State (*Conseil d'État*) notified Vivendi that the Minister had filed an appeal against this ruling. To date, the review of this appeal is underway. In its Financial Statements for the year ended December 31, 2016, Vivendi maintained the provision related to the €366 million principal refund, increased by €43 million to take into account the moratorium interest, for a total amount of €409 million (please refer to Note 16, Provisions).
- Moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the end of the authorization on December 31, 2011, Vivendi requested a refund of taxes due, under the French Tax Group System for the year ended December 31, 2012, i.e., €208 million, increased to €221 million in 2013 at the time of the tax return filing with respect to fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a €201 million refund related to the tax installment paid in 2012. This position was challenged by the tax authorities in relation to a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained the €221 million principal refund and increased it by additional default interest of €11 million, for a total amount of €232 million as of December 31, 2014, decreased to

€228 million as of December 31, 2015 after deduction of ordinary tax credits. As part of this process, on March 31, 2015, Vivendi made a payment of €321 million, comprising the payment of taxes for €221 million due under the French Tax Group System for the year ended December 31, 2012, €11 million in default interest and additional penalties of €89 million (see Note 8, Current Assets). After completion of the audit, on June 29, 2015, Vivendi filed a claim requesting a refund of the principal tax amount and default interest, as well as penalties, for which no provision has been accrued, following the recommendation of the company's advisors. On January 15, 2016, Vivendi brought this case before the Administrative Court of Montreuil.

- In the Financial Statements for the year ended December 31, 2016, the tax results of the subsidiaries comprised within the scope of Vivendi SA's French Tax Group System were estimated, and as a result, the amount of tax attributes as of December 31, 2016 could not be reliably determined. Taking into account the impact of the estimated 2016 tax results and before the effects of the ongoing tax audits (see below) on the amount of tax attributes, Vivendi SA will likely be able to achieve €889 million in tax savings from tax attributes (based on the income tax rate applicable as from December 31, 2016, i.e., 34.43%). At a rate of 28.92%, Vivendi would achieve €747 million in tax savings from tax attributes.

Audit by the French tax authorities

In respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006-2010 is still ongoing. The audit of Vivendi SA's Tax Group System for fiscal years 2011 and 2012 began in July 2013. As of December 31, 2016, all of these tax audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit. In any event, Vivendi has accrued a provision for the impact of the Consolidated Global Profit Tax System in 2011 (€409 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€228 million).

In addition, Vivendi was informed that the tax authorities are challenging the validity of the merger between SFR and Vivendi Telecom International (VTI), which was completed in December 2011 and, consequently, intend to challenge the inclusion of SFR in the Vivendi tax group in respect of fiscal year 2011. The tax authorities contemplate requiring that SFR be carved-out from Vivendi's tax group for that fiscal year and making a claim against SFR for a total amount of €1,374 million, representing a principal tax amount of €711 million plus default interest and penalties of €663 million. Under the agreement entered into on February 27, 2015, among Vivendi, Altice and Numericable-SFR, Vivendi agreed to return to SFR, if applicable, taxes and contributions that could be borne by SFR for fiscal year 2011 and that SFR would have already paid at that time to Vivendi, up to a maximum amount of €711 million (including €154 million relating to the use by SFR of VTI's tax losses in 2011 or 2012) covering the entire period during which SFR was part of the Vivendi tax group, if the 2011 merger of SFR and VTI were to be ultimately invalidated for tax purposes. Vivendi and Altice/Numericable-SFR have agreed to cooperate in challenging the position of the tax authorities. Vivendi Management believes that it has solid legal grounds on which to defend the inclusion of SFR in the Vivendi tax group in respect of fiscal year 2011 or, failing that, its consolidation by applying the Consolidated Global Profit Tax System in respect of the relevant fiscal year. Therefore, Vivendi believes that the agreement dated February 27, 2015, entered into by and among Vivendi and Altice/Numericable-SFR is unlikely to have a materially adverse impact on the company's financial position or liquidity.

Note 6. Intangible Assets and Property, Plant and Equipment

6.1. Gross values

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	8.8	0.3		9.1
Property, plant and equipment	57.7	0.5		58.2
Total	**66.5**	**0.8**	**0.0**	**67.3**

6.2. Depreciation and amortization

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal	Closing accumulated depreciation/ amortization
Intangible assets	8.1	0.2		8.3
Property, plant and equipment	55.1	0.2		55.3
Total	**63.2**	**0.4**	**0.0**	**63.6**

Note 7. Long-term Investments

7.1. Long-term investments

Long-term investments (in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and Long-term portfolio securities	20,201.1	3,026.9	(2,524.3)		20,703.7
Loans to subsidiaries and affiliates	1,427.3	56.4			1,483.7
Other long-term investment securities	510.4	1,590.7	(1,633.5)		467.6
Loans and other long-term investments	1,564.1	1,195.9	(2,049.1)	24.8	735.7
Total	**23,702.9**	**5,869.9**	**(6,206.9)**	**24.8**	**23,390.7**

7.2. Investments in affiliates and Long-term securities portfolio

The details concerning the €3,026.9 million increase in affiliates and long-term securities during the year, representing total consideration of €2,961.9 million, are as follows:

- Mediaset: €1,256.2 million, representing 28.8% of the share capital and 29.94% of the voting rights of this company;
- Telecom Italia: €642.4 million, increasing the total investment to €3,931.2 million (23.94% of the common shares of this company);
- Gameloft: €499.3 million in 2016 (100% of the share capital held since July 2016, compared to 28.65% at year-end 2015);
- Ubisoft Entertainment: €404.9 million in 2016, increasing Vivendi's stake to €756 million (25.72% of the share capital and 23.39% of the voting rights of this company as of December 31, 2016, compared to 13.98% of the share capital at year-end 2015); and
- FNAC: €159 million, representing an ownership interest of 11.27% of the share capital and voting rights as of December 31, 2016.

The decrease for the year amounted to €2,524.3 million and related primarily to the following transactions:

- the sale in January 2016 of the remaining Activision Blizzard shares, with a recorded book value of €417.1 million (see Note 4, Net Exceptional Items);
- the capital reduction carried out by SIG 104 for €2,028.2 million; and
- the internal restructuring of the shares of Wengo within the group, which shares had a gross book value of €40.8 million.

7.3. Loans to subsidiaries and affiliates

The value of loans to subsidiaries and affiliates, including accrued interest and net of depreciation, was nil at year-end 2016 (Poltel Investment).

7.4. Other long-term Investments

TREASURY SHARES TO BE CANCELLED

In 2016, acquisitions of treasury shares in the process of being cancelled totaled €1,124.6 million. These acquisitions were made pursuant to the share repurchase program authorized by the Combined General Meeting of April 17, 2015 and which was launched pursuant to a decision of the Management Board dated August 26, 2015.

On June 17, 2016, 86,874,701 shares were cancelled, representing cumulative purchase consideration of €1,631.6 million (see Note 9, Treasury Shares).

TREASURY SHARES HELD FOR EXCHANGE OR DELIVERY AS PART OF EXTERNAL GROWTH TRANSACTIONS

Effective from March 31, 2016, the share repurchase program (see above) was extended to cover the acquisition of shares to be held for exchange or delivery as part of external growth transactions.

In this context, Vivendi acquired and held 27,271,130 treasury shares for a total amount of €465.8 million.

7.5. Loans and other long-term investments

CASH DEPOSITS PLACED IN ESCROW ACCOUNT

- On March 4, 2013, a letter of credit for €975 million, maturing in March 2016, was issued in connection with Vivendi's appeal against the Liberty Media judgment (see Note 24, Litigation). In July 2015, its maturity date was extended to February 28, 2018. This letter of credit was guaranteed by a syndicate of international banks with which Vivendi entered into a Reimbursement Agreement pursuant to which Vivendi agreed to reimburse the banks for any amounts paid out under the letter of credit.

  On July 16, 2014, Vivendi increased the level of guarantees given to the banks that were parties to the Reimbursement Agreement by depositing €975 million in cash in an escrow account. This cash deposit could be used in priority for payments against a claim made against Vivendi, if any, and if the banks were called under the letter of credit.

  On February 26, 2016, as a result of the settlement agreement entered into between Vivendi and Liberty Media (see Note 4, Net Exceptional Items), the cash deposit of €974 million was returned to Vivendi.
- The credit risk support provisions included in the contract for the collar hedge put in place in June 2015 to secure the unrealized capital gain on Vivendi's 41.5 million shares in Activision Blizzard (covering 100% of the US dollar value of this interest) required Vivendi to post a cash deposit with the counterparty for an amount of $479.8 million, or €438.9 million.

  On February 26, 2016, following the early unwinding of this hedge, Vivendi recovered the amount deposited.

CASH DEPOSIT PAID UNDER THE LIQUIDITY AGREEMENT

As of December 31, 2016, the amount paid out by Vivendi under the liquidity agreement totaled €5 million (out of an available balance of €50 million) and was recorded in other financial assets. This balance remains unchanged compared to December 31, 2015 and there were no transactions recorded under this contract in 2016.

In addition, purchases and sales of shares were immediately settled. As in December 31, 2015, as of December 31, 2016, Vivendi did not hold any shares under this liquidity agreement (see Note 9, Treasury Shares).

OTHER CASH ASSETS

In 2016, amounts invested in euro totaled 300 million.

To benefit from more favorable returns, over the period Vivendi chose to invest in financial assets having investment horizons of at least one year through several term deposits amounting in the aggregate to $390 million (€372.8 million) and having a maturity of one year, put in place at year-end 2016, compared to an aggregate amount of $100 million as of December 31, 2015.

7.6. Impairment

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income	Closing accumulated depreciation/ amortization
Investments in affiliates and Long-term portfolio securities	1,577.6	224.4	(48.5)	(39.8)	1,713.7
Loans to subsidiaries and affiliates	1,427.3	56.4			1,483.7
Other long-term investment securities	0.3	0.8		(0.1)	1.0
Loans and other long-term investments	0.6			(0.6)	0.0
Total	**3,005.8**	**281.6**	**(48.5)**	**(40.5)**	**3,198.4**

Note 8. Current Assets

8.1. Receivables

As of December 31, 2016, receivables, net of impairment, amounted to €2,698.7 million compared to €2,208.4 million as of December 31, 2015 and included:

- current account advances by Vivendi to its subsidiaries for a net amount of €2,249.1 million (including €1,322.0 million for Groupe Canal+ SA), compared to €1,834.6 million as of December 31, 2015 (including €1,265.4 million for Groupe Canal+ SA);
- receivables of €315.5 million related to a tax refund request under the French Tax Group System for the year ended December 31, 2012 made by Vivendi on the basis that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon expiry of the authorization on December 31, 2011 (please refer to Note 5, Income taxes); and
- receivables of €103.6 million attributable to excess advance tax paid by Vivendi SA in 2016.

8.2. Prepaid expenses

(in millions of euros)	2016	2015
Expenses relating to the following period	27.9	5.8
Discount paid to subscribers of bonds	8.7	1.9
Amount paid to settle swaps	0.6	0.9
Total	**37.2**	**8.6**

Expenses relating to the following period, for a total amount of €27.3 million, relate to foreign exchange losses realized on derivative financial instruments reclassified in the Statement of Financial Position until the gain on the hedged items is recognized (see Note 13, Unrealized Foreign Exchange Gains and Losses).

Note 9. Treasury Shares

Change in Treasury shares

	As of Dec. 31, 2015		Purchases		Sales		As of Dec. 31, 2016	
(in millions of euros)	No. Shares	Gross value (in millions of euros)	No. Shares	Value (in millions of euros)	No. Shares	Value (in millions of euros)	No. Shares	Gross value (in millions of euros)
Long-term investment securities								
Liquidity contract								
Shares held for cancellation	25,978,246	507.0	60,896,455	1,124.6	(86,874,701)	(1,631.6)		
Shares held for exchange or delivery as part of external growth transactions			27,271,130	465.8			27,271,130	465.8
Marketable securities								
Shares backing performance shares	6,719	0.1	634,000	11.4	(297,982)	(5.3)	342,737	6.2
Total Treasury shares	**25,984,965**	**507.1**	**88,801,585**	**1,601.8**	**(87,172,683)**	**(1,636.9)**	**27,613,867**	**472.0**

Note 10. Other marketable securities and cash

(in millions of euros)	2016	2015
Monetary and Bond funds (a)	2,146.6	5,868.1
Medium-term negotiable notes	25.0	25.0
Other similar accounts	1,704.0	1,634.7
Subtotal-marketable securities	**3,875.6**	**7,527.8**
Cash	260.7	1,042.6
Total	**4,136.3**	**8,570.4**

(a) Including bond funds for €230,3 million in 2016.

As of December 31, 2016, marketable securities, excluding treasury shares (see Note 9, Treasury Shares) amounted to €3,875.6 million which included €7.8 million in accrued interest, compared to €7,527.8 million as of December 31, 2015, which included €8.0 million in accrued interest.

Note 11. Receivables Maturity Schedule

(in millions of euros)	Gross value	Maturing in less than one year	Maturing in more than one year
Non-current assets			
Loans to subsidiaries and affiliates	1,483.7	10.2	1,473.5
Other long-term investments	735.7	735.7	
Current assets			
Trade accounts receivable and related accounts	6.7	6.7	
Other receivables	2,922.7	2,912.8	9.9
Total	**5,148.8**	**3,665.4**	**1,483.4**

Note 12. Deferred Charges

Deferred charges relating to financial instruments

(in millions of euros)	Opening balance	Increase	Amortization	Closing balance
Deferred charges relating to credit lines	6.6		(2.2)	4.4
Issue costs of bonds	1.4	4.9	(1.1)	5.2
Total	**8.0**	**4.9**	**(3.3)**	**9.6**

Note 13. Unrealized Foreign Exchange Gains and Losses

Unrealized foreign exchange losses were nil at year-end 2016, compared to €2.7 million at year-end 2015, and gains, related to cash deposits in U.S. dollars (see Note 7, Long-term Investments) were €27.3 million at year-end 2016 compared to €5.2 million at year-end 2015.

Note 14. Equity

14.1. Changes in equity

Operations (in millions of euros)	Number of shares (a)	Share capital	Additional paid-in capital	Reserves and retained earnings	Earnings	Interim dividends	Total
As of 12/31/2015	1,368,322,570	7,525.8	10,156.4	2,238.4	2,827.0	(2,681.4)	20,066.2
Allocation of earnings and dividends				(1,124.3)	(2,827.0)	2,681.4	(1,269.9)
Group savings plan	4,869,781	26.8	44.2				71.0
grants of free shares	96,137	0.5	(0.5)				0.0
Stock options	674,057	3.7	5.9				9.6
Earnings for the year					1,609.5		1,609.5
cancellation of shares	(86,874,701)	(477.8)	(1,153.8)				(1,631.6)
As of 12/31/2016	**1,287,087,844**	**7,079.0**	**9,052.2**	**1,114.1**	**1,609.5**	**0.0**	**18,854.8**

(a) Par value of €5.50 per share.

14.2. Allocation of earnings

The allocation of earnings to be proposed at the Annual General Shareholders' Meeting to be held on April 25, 2017, is as follows:

Distributable earnings (in euros)	
Retained Earnings	361,356,325.32
2016 Earnings	1,609,534,857.01
Total	**1,970,891,182.33**
Allocation (in euros)	
Amount allocated to legal reserve (a)	
Amount allocated to other reserves	
Total amount allocated to shareholders as a dividend (b)	503,789,590.80
Amount allocated to Retained Earnings	1,467,101,591.53
Total	**1,970,891,182.33**

(a) Estimated amount based on the share capital as of December 31, 2016.

(b) This amount relates to the dividend of €0.40 per share that will be proposed to the General Shareholders' Meeting to be held on April 25, 2017. It is calculated based on the number of shares outstanding as of December 31, 2016, excluding treasury shares, and will be adjusted to reflect the actual number shares entitled to the dividend on the ex-dividend date.

In respect of the last three fiscal years, dividends per share were distributed as follows:

Year	2015	2014	2013 (c)
Number of shares (in millions) (a)	1,317.1	1,362.5	1,347.7
Dividend per share (in euros) (b)	3.00	1.00	
Total distribution (in millions of euros)	**3,951.3**	**1,362.5**	

(a) Number of shares entitled to dividend as of January 1 of the relevant year, after elimination of treasury shares held at the interim dividend and dividend payment dates.

(b) Dividend of €3 per share with respect to fiscal year 2015, including the first interim dividend of €1 per share, i.e., €1,363.7 million, paid on June 29, 2015, the second interim dividend of €1 per share, i.e., €1,317.7, paid on February 3, 2016, the balance of €1 per share, i.e., 1,269.9 million, paid on April 28, 2016.

(c) On June 30, 2014, Vivendi SA paid an ordinary distribution of €1 per share, from additional paid-in capital for an aggregate amount of €1,347.7 million, treated as a return of capital distribution to shareholders.

Note 15. Stock Option Plans and Performance Share Plans

The main features of the plans granted during the current and prior fiscal years are as follows (please refer to PCG art. 833-20/2):

15.1. Stock subscription option plans

No stock option plans were awarded in 2015 or 2016.

The potential number of shares is 24,620,359, issuable upon the exercise of stock subscription options granted before 2013.

15.2. Performance Share Plans

	Number of performance share rights granted						Number of performance share rights		
	Total number of		of which granted to members of governing bodies						
Grant date	beneficiaries	performance share rights	Number of beneficiaries	Number of performance share rights	Vesting date (1)	Availability date	Number of performance share rights cancelled in 2016	Number of shares created at the end of the vesting period	Number of performance share rights outstanding as of December 31, 2016 after adjustments
02/27/2015	3	170,000	3	170,000	02/28/2018	03/02/2020			170,000
02/27/2015	245	857,680	2	75,000	02/28/2018	03/02/2020	133,540		684,610
02/27/2015	86	319,040	0	0	02/28/2018	03/02/2020	20,140		(a) 283,410
02/27/2015	2	102,080	0	0	02/28/2018	03/02/2020	2,080		(b) 100,000
05/05/2015	1	100,000	0	0	05/06/2018	05/07/2020			(c) 100,000
07/06/2015	9	12,000	0	0	07/09/2018	07/10/2020			12,000
07/06/2015	1	2,080	0	0	07/07/2018	07/08/2020			(d) 2,080
08/26/2015	1	3,000	0	0	08/27/2018	08/28/2020			3,000
05/11/2016	5	295,000	5	295,000	05/13/2019	05/14/2021			295,000
05/11/2016	252	695,410	0	0	05/13/2019	05/14/2021	19,450		675,960
05/11/2016	81	322,030	0	0	05/13/2019	05/13/2021	2,580		(e) 319,450
11/07/2016	1	8,000	0	0	11/08/2019	11/09/2021			8,000
						Total	**177,790**	**0**	**2,653,510**

(1) First trading day of quotation at the end of a three-year acquisition period.

(a) Includes 283,410 rights to performance shares granted to US and British resident beneficiaries to be registered in an account in their respective names in 2020.

(b) Includes 100,000 rights to performance shares granted to Brazilian resident beneficiaries to be registered in an account in their respective names in 2020.

(c) Includes 100,000 rights to performance shares granted to a Brazilian resident beneficiary to be registered in an account in his or her name in 2020.

(d) Includes 2,080 rights to performance shares granted to a US resident beneficiary to be registered in an account in his or her name in 2020.

(e) Includes 319,450 rights to performance shares granted to US and British resident beneficiaries to be registered in an account in their respective names in 2021.

The definitive grant of performance shares for plans granted in 2015 will be effective upon the satisfaction of the following performance conditions: (i) three internal indicators (80%) determined by the group's EBITA margin rate (40%), the EBITA growth rate (10%) and the Earning per share (30%), which will be measured as of December 31, 2017 on a cumulative basis including fiscal years 2015, 2016 and 2017, and (ii) an external indicator (20%) determined by Vivendi's stock price performance between January 1, 2015 and December 31, 2017, as compared to two indices: the STOXX® Europe 600 Media and the CAC40.

The definitive grant of performance shares will be effective upon the satisfaction of these performance conditions, subject to presence of the beneficiaries in the group at the end of the third year (vesting period) and provided that: (i) 100% of the performance shares granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%, (ii) 50% of the performance shares granted will vest if the weighted total of the indicators reaches the applicable value thresholds, and (iii) no shares will vest if the weighted total of the indicators is lower than the applicable value thresholds. Performance shares must be retained by their holders for an additional two-year period following the vesting date.

All performance shares granted in 2016 are subject to performance conditions. They are based (i) on three internal indicators (80%): growth in earnings per share (EPS) (40%), the group's EBITA growth rate (30%) and growth in the group's EBITA margin (10%), which will be assessed over a three-year period (2015 and 2018), and (ii) an external indicator (20%): Vivendi share performance between January 1, 2016 and December 31, 2018, compared to two indices: the STOXX® Europe 600 Media index and the CAC 40.

The definitive grant of performance shares will be effective upon satisfaction of the above performance criteria, subject to presence of the beneficiaries in the group at the end of the third year (vesting period) and provided that: (i) 100% of the performance shares granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%, (ii) 50% of the performance shares granted will vest if the weighted total of the indicators reaches the applicable value thresholds, and (iii) no shares will vest if the weighted total of the indicators is lower than the applicable value thresholds. Performance shares must be retained by their holders for an additional two-year period following the definitive acquisition date (retention period).

As of December 31, 2016, the total number of outstanding rights to performance shares (plans for the years 2013 to 2016), after adjustments, amounted to 3,215,951.

Note 16. Provisions

Summary table of Provisions

Nature of provisions (in millions of euros)	Opening balance	Charge	Reversal	Utilization	Closing balance
Employee benefits	31.4	17.3		(15.1)	33.6
Other provisions	1,730.8	10.2	(239.7)	(725.6)	775.7
Total - Provisions	**1,762.2**	**27.5**	**(239.7)**	**(740.7)**	**809.3**
Charges and reversals:					
◆ *operating*		*17.8*		*(15.2)*	
◆ *financial*					
◆ *exceptional*		*9.5*	*(239.7)*	*(725.5)*	

As of December 31, 2016, provisions for employee benefits were €33.6 million, compared to €31.4 million in 2015 (see Note 1.9, Accounting Rules and Methods; Employee benefit plans).

Related obligations are valued using the following assumptions: (i) a 3.5% to 4.0% wage increase rate, (ii) a 0.75% discount rate for the general statutory scheme (retirement termination payments) and "Article 39" schemes, and (iii) an assumed retirement age of between 60 and 65 years. As of December 31, 2016, pension commitments amounted to 143.9 million compared to €136.9 million as of December 31, 2015.

Supplemental pension obligations, other than retirement termination payments, are partially funded by external insurance policies, the actualized value of which is deducted from the actuarial obligation. The expected rate of return on plan assets is 3.0%.

As of December 31, 2016, plan assets (including bonds up to 79% and shares up to 13%) and unrecognized actuarial losses amounted to €5.7 million and €104.3 million, respectively.

As of December 31, 2016, "other provisions" amounted to €775.7 million, including:

- a provision of €100 million related to the securities class action in the United States (see Note 24, Litigation), unchanged;
- an aggregate provision of €637.2 million related to two tax refund requests (see Note 5, Income Taxes and Note 8, Current Assets):
  - €408.9 million related to the tax benefit of the Consolidated Global Profit Tax System for the fiscal year ended December 31, 2011, including moratorium interest, and
  - €228.3 million related to the effects of using tax credits under the French Tax Group System for the year ended December 31, 2012, including interest;
- a provision of €9.2 million recorded at the end of the fiscal year to cover 509,710 shares acquired by their beneficiaries under the performance share plans awarded in 2013 and 2014, such shares to be registered in accounts opened in their names in 2017 and 2018 (no provisions were recorded at the end of the previous year). As of December 31, 2016, Vivendi held 342,737 treasury shares allocated to covering these plans (see Note 9, Treasury Shares).

The provision of €944.8 million in relation to the Liberty Media litigation was reversed following the settlement with Liberty Media (see Note 4, Net Exceptional Items and Note 24, Litigation).

Note 17. Borrowings

As of December 31, 2016, the aggregate amount of borrowings totaled €7,328.7 million, compared to €8,198.8 million as of December 31, 2015.

17.1. Bond issues

As of December 31, 2016, bond issues amounted to €3,550.0 million (as presented in the table below) compared to €1,950.0 million as of December 31, 2015, with accrued interest on bonds and interest-rate swaps amounting to €25.8 million, compared to €15.1 million as of December 31, 2015.

Amounts (in millions of euros)	Issue date	Maturity date	Nominal rate
700.0	12/2009	12/2019	4.88%
750.0	03/2010	03/2017	4.00%
1,000.0	05/2016	05/2021	0.75%
500.0	05/2016	05/2026	1.88%
600.0	11/2016	11/2023	1.13%
3,550.0			

17.2. Bank borrowings

As of December 31, 2016, the aggregate amount of loans and borrowings from credit institutions was €218.0 million, compared to €173.4 million as of December 31, 2015. The majority of loans and borrowings comprised accounting overdrafts for €109.4 million (€164.7 million as of December 31, 2015) and short-term commercial papers for €108.0 million (€8.0 million as of December 31, 2015).

Vivendi SA has a €2 billion bank credit facility, undrawn as of December 31, 2016. On October 30, 2016, the maturity date of this credit facility was extended by one year, to October 29, 2021. As of December 31, 2016, taking into account commercial papers backed by this bank credit facility and issued for €100 million, this facility was available for €1.9 billion. As of February 16, 2017 (the date of Vivendi's Management Board Meeting that approved the Financial Statements for the year ended December 31, 2016), taking into account the commercial papers issued for €300 million, this facility was available for €1.7 billion (please refer to Note 23 Financial Commitments – Financial covenants).

17.3. Other borrowings

As of December 31, 2016, other borrowings amounted to €3.5 billion, compared to €6.1 billion as of December 31, 2015. They comprised current account deposits made by subsidiaries including: (i) UMGT, the financing subsidiary of the music business, for €2.3 billion, (ii) SIG 104, Vivendi's subsidiary that holds the UMG entities outside the United States, Canada and Mexico, for €0.1 billion pursuant to a €2.0 billion capital reduction made in August 2016 (see Note 7, Long-term Investments), and (iii) UMG Inc. for €0.8 billion pursuant to a $800 million dividend distribution (see Note 3, Net Financial Income).

Note 18. Debt Maturity Schedule

Liabilities (including accrued interest) (in millions of euros)	Gross value	Due in less than one year	Due in one to five years	Due within more than five years
Bond issues	3,575.8	775.9	1,699.9	1,100.0
Bank borrowings	218.0	218.0		
Other borrowings	3,534.8	3,534.8		
Trade accounts payable and related accounts	15.4	15.4		
Tax and employee-related liabilities	22.7	22.7		
Amounts payable in respect of PP&E and related accounts	3.0		3.0	
Other liabilities	21.8	11.9	9.9	
Total	**7,391.5**	**4,578.7**	**1,712.8**	**1,100.0**

Note 19. Items Impacting Several Items of the Statement of Financial Position

In the table below, the "Related parties" column shows amounts comprising various items included in the Statement of Financial Position in relation to transactions entered into with subsidiaries fully consolidated in the group's Consolidated Statement of Financial Position. The assets in the table below are presented at gross value.

ASSETS (in millions of euros)	Accrued income	Related parties
Investments in affiliates		17,963.2
Loans to subsidiaries and affiliates	10.4	1,483.7
Other long-term investment securities		0.9
Loans		
Other long-term investments		
Trade accounts receivable and related accounts	1.2	2.0
Other receivables	6.9	2,475.8
Deferred charges		
Prepaid expenses		
Unrealized foreign exchange losses		
Total	**18.5**	**21,925.6**

LIABILITIES (in millions of euros)	Accrued expenses	Related parties
Other bond issues	24.8	
Bank borrowings	0.7	
Other borrowings		3,501.8
Trade accounts payable and related accounts	15.3	0.4
Tax and employee-related liabilities	16.1	
Amounts payable in respect of PP&E and related accounts		
Other liabilities	8.7	9.9
Deferred income		
Unrealized foreign exchange gains		
Total	**65.6**	**3,512.1**

Note 20. Compensation of Directors and Officers

Total gross compensation (including benefits in kind) of the members of the Management Board amounted to €8.7 million in 2016, compared to €4.7 million in 2015.

The members of the Management Board paid by Vivendi SA and in office as of December 31, 2016 also benefited from a supplemental pension plan, the cost of which amounted to €6.4 million in 2016, compared to €4.1 million in 2015.

The aggregate amount of attendance fees paid to members of the Supervisory Board in respect of fiscal year 2016 amounted to €1.2 million. The compensation paid to the Chairman of the Supervisory Board in respect of fiscal year 2016 amounted to €0.3 million.

Note 21. Management Share Ownership

As of December 31, 2016, members of the Management Board, the Supervisory Board and executive management directly held an aggregate of 0.04% of the share capital of the company.

Note 22. Number of Employees

In 2016, the annual average number of employees, weighted for effective presence, including temporary workers and employees under fixed-term contracts, was 206 compared to 190 in 2015.

For the workforce in place as of December 31, 2016, (i.e., 221 employees compared to 196 employees as of December 31, 2015) the breakdown of employees by category is as follows:

	12/31/2016	12/31/2015
Engineers and executives	174	152
Supervisors	25	24
Other employees	22	20
Total	**221**	**196**

Note 23. Financial Commitments and Contingent Liabilities

Vivendi SA has entered into various commitments for its own account or on behalf of its subsidiaries, the main terms and conditions of which are detailed below.

Share purchase and sale commitments

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell the following securities:

- Orange was granted a put option on its remaining 10% interest in Dailymotion, exercisable within two months following the General Shareholders' Meeting held to approve Dailymotion's Financial Statements for the year ended December 31, 2016. At the end of this period, Vivendi will have a call option, exercisable within two months;
- Vivendi and the minority shareholders of Radionomy Group were granted call options and put options, respectively, on the interest held by the minority shareholders. The call options are exercisable by Vivendi in June 2018. At the end of this period, the minority shareholders will have put options, exercisable during the following month;
- Vivendi, through one of its affiliates, subscribed to bonds redeemable into either shares or cash issued by Banijay Group and Lov Banijay (please refer to Significant Events); and
- Vivendi has committed to the Brazilian Competition Authority (CADE) to dispose its Telefonica shares upon maturity. This commitment remains in force so long as Vivendi simultaneously holds shares of Telefonica and Telecom Italia, provided that these two companies operate in the Brazilian telecom market.

Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

- On July 23, 2012, as part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), Vivendi and Canal+ Group gave certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a five-year period and are renewable once if the French Competition Authority, after having performed a competition analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations and transfer rights.

  On December 23, 2013, the French Council of State annulled, with a delayed effect from July 1, 2014, the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), which had been approved on July 23, 2012. On January 15, 2014, Vivendi and Canal+ Group submitted a new notification to the French Competition Authority. On April 2, 2014, the French Competition Authority reapproved the transaction, subject to compliance with commitments given by Vivendi and Canal+ Group. These commitments are similar to the ones contained in the previous 2012 authorization except for an additional commitment relating to the acquisition of broadcasting rights covering second and third exhibition windows for French films. All commitments are binding for a period of five years starting July 23, 2012. In 2017, the French Competition Authority will have the opportunity to request a renewal of these commitments for the same duration, if deemed necessary, after a new competitive analysis.
- On August 30, 2006, the merger between TPS and the Canal+ Group was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VoD, which could not exceed five years.

  On October 28, 2009, the French Competition Authority opened an enquiry in respect of the implementation of certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.

  On December 21, 2012, the French Council of State decided to reduce the €30 million fine previously imposed on Canal+ Group by the French Competition Authority to €27 million and the transaction was once again cleared, subject to compliance with 33 injunctions. Canal+ Group has implemented these injunctions, which mainly focus on the acquisition of movie rights, the distribution of pay-TV special-interest channels and video-on-demand (VoD) and subscription video-on-demand (SVoD).

  These injunctions are imposed for a period of five-years and are renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation to determine whether the injunctions should be kept in place. If market conditions have changed significantly, Canal+ Group will be able to request that these injunctions be lifted or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority on September 25, 2012, will be responsible for monitoring the implementation of the injunctions.

- As part of the sale of 88% of Vivendi's interest in Activision Blizzard, which was completed on October 11, 2013 (the "Closing Date"), Vivendi, ASAC II LP and Activision Blizzard gave certain reciprocal commitments customary for this type of transaction (representations, warranties and covenants). Vivendi, ASAC II LP, and Activision Blizzard undertook to indemnify each other against any losses stemming from any breach of their respective commitments. Such indemnification is unlimited as to time and amount.

  In addition, Vivendi has agreed to indemnify Activision Blizzard with respect to any tax or other liabilities of Amber Holding Subsidiary Co. ("Amber"), the Vivendi subsidiary acquired by Activision Blizzard, relating to periods preceding the Closing Date. Such indemnification is unlimited as to time and amount. Tax attributes (mainly net operating loss) held by Amber and assumed by Activision Blizzard were estimated at more than $700 million, which represent a potential future tax benefit of approximately $245 million. Vivendi agreed to indemnify Activision Blizzard, under certain circumstances, with respect to these tax attributes, subject to a cap of $200 million limited to fiscal years ending on or prior to December 31, 2016.

  As a reminder, as part of the creation of Activision Blizzard in July 2008, Activision and Vivendi entered into customary agreements for this type of transaction, including tax sharing and indemnity agreements.

- The main terms of the Maroc Telecom group sale were as follows:
  - Vivendi provided certain customary representations and warranties to Etisalat relating to SPT (the holding company of Maroc Telecom group), Maroc Telecom and its subsidiaries. Vivendi also granted a number of specific guarantees;
  - the amount of compensation payable by Vivendi in respect of indemnifiable losses incurred by Maroc Telecom or one of its subsidiaries was determined in proportion to the percentage of ownership held indirectly by Vivendi in the relevant company on the closing date (i.e., 53% for Maroc Telecom);
  - Vivendi's overall obligation to indemnify was capped at 50% of the initial sale price, with such threshold increased to 100% in respect of claims related to SPT;
  - the commitments to indemnify provided by Vivendi under these guarantees, other than those in respect of taxes and SPT, in effect for a 24-month time period, expired in May 2016. Claims for tax-related indemnities must be made by January 15, 2018. The indemnity in respect of SPT remains in effect until the end of a four-year period following the closing (until May 14, 2018); and
  - to guarantee the payment of any specific indemnity amounts referenced above, Vivendi delivered a bank guarantee with an expiration date of February 15, 2018, to Etisalat in the amount of €247 million. This amount has since been reduced to €9 million.

  Vivendi has agreed to counter-guarantee SFR for any amount that could be claimed by Etisalat or any third party other than Etisalat in relation to the sale of its interest in Maroc Telecom:
  - with respect to the sale agreement entered into with Etisalat, this commitment will expire upon termination of Etisalat's right to make a claim against Vivendi and SFR, i.e., May 14, 2018; and
  - this commitment, which also covers any amount that SFR may be required to pay to any third party other than Etisalat, will expire in the absence of any request from Numericable Group within the applicable statutes of limitations.

- Sale of the 20% interest in SFR to Numericable-SFR: commitments undertaken in connection with the sale (please refer to Note 5, Income tax – Audit by the French tax authorities).

- Sale of GVT (May 2015): representations and warranties limited to specifically identified tax matters, capped at BRL 180 million.

- NBC Universal transaction (May 2004) and subsequent amendments (2005-2010):
  - breaches of tax representations;
  - obligation to cover the Most Favored Nation provisions.

- Divestiture of Polska Telefonia Cyfrowa (PTC) shares (December 2010). Commitments undertaken to end litigation over the share ownership of PTC:
  - guarantees given to the Law Debenture Trust Company (LDTC), for an amount up to 18.4% of the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and
  - a guarantee given to Poltel Investment's (Elektrim) administrator.

- In June 2016, Vivendi, through one of its affiliates, purchased 100% of the companies that own and manage all Paddington Bear intellectual property rights, except for the publishing rights. The purchase agreement provides for capped earn-outs payable in 2020 and 2022, as well as general and specific guarantees.

- Several guarantees given in connection with asset acquisitions or disposals during prior years have expired. However, the time periods or statutes of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses, are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

  In addition, Vivendi regularly delivers commitments for damages to third parties at the settlement of disputes and litigation. These commitments are typical in such transactions.

Other guarantees

- As of December 31, 2016, in addition to standard comfort letters, Vivendi provided guarantees to several banks that have granted credit facilities to certain UMG or Canal+ subsidiaries to cover working capital requirements, for an aggregate value of approximately €4 million and €18 million, respectively.
- Vivendi provided guarantees of SEK30 million to PRI pensions, on behalf of UMG Sweden, which expire on March 31, 2018.
- Vivendi provided certain UMG companies with guarantees to cover their third party commitments.
- As of December 31, 2016, Vivendi continued to guarantee commitments given by certain subsidiaries of Veolia Environnement for an aggregate amount of approximately €7 million, the majority in relation to a performance bond given to a local US authority. The guarantees expire on June 1, 2018. These guarantees have been counter-guaranteed by Veolia Environnement.
- Vivendi provided counter-guarantees to US financial institutions that issued a certain number of letters of credit in favor of certain US operating subsidiaries for an aggregate amount of €8 million.
- As of December 31, 2016, Vivendi has given a certain number of real estate lease commitments for a total net amount of €17 million.
- In June 2002, in connection with the sale of real estate assets to Nexity, Vivendi granted two autonomous first demand guarantees, one for an amount of €40 million and one for an amount of €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). These guarantees expire on June 30, 2017. As of December 31, 2016, €1.8 million had been called under these guarantees (unchanged in 2016).
- Vivendi gave financial guarantees in favor of several of its affiliates, Watchever GmbH, See Tickets and Digitick, in the course of their operations.
- In connection with the reorganization of the USH English pension plan for certain current and former employees based in the United Kingdom, and the transfer of pension commitments under this plan to Metlife, Vivendi SA guaranteed on behalf of Centenary Holding Limited, its subsidiary, the liabilities under the plan for an estimated amount of GBP 7 million as of December 31, 2016, which does not represent an additional financial commitment for the group.

Shareholders' agreements

Under existing shareholders' or investors' agreements, Vivendi holds certain rights (such as pre-emptive rights and rights of first offer) that give it control over the capital structure of consolidated companies that are partially owned by minority shareholders. Conversely, Vivendi granted reciprocal rights to these other shareholders in the event that it sells its interests to third parties.

Collaterals and pledges

As of December 31, 2016 and December 31, 2015, no material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties.

Financial covenants

Vivendi is subject to certain financial covenants:

- The €2.0 billion bank credit facility (see Note 17, Borrowings) contains customary provisions relating to events of default and covenants in relation to negative pledge, divestiture and merger transactions. In addition, at the end of each half-year, Vivendi SA is required to comply with a specific ratio, based on consolidated data, for the duration of the facilities. Non-compliance with this covenant ratio could result in the early repayment or cancellation of such facilities. On December 31, 2016, Vivendi SA was in compliance with such ratio.

  The renewal of the credit facility when drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its covenants under the loan agreement.
- Bonds issued by Vivendi SA (totaling €3,550 million as of December 31, 2016, see Note 17, Borrowings) contain customary provisions related to events of default, negative pledge and rights of payment (pari-passu ranking) as well as a change in control trigger if the corporate long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-) as a result of such change in control (for the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision).

Note 24. Litigation

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings.

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature, including, to the company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant impact on the company's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 16, 2017, the date of the Management Board Meeting held to approve Vivendi's financial statements for the year ended December 31, 2016.

Securities Class Action in the United States

Since July 18, 2002, sixteen claims have been filed against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims under its jurisdiction into a single action entitled *In re* Vivendi Universal SA Securities Litigation.

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934, particularly with regard to financial communications. On January 7, 2003, the plaintiffs filed a consolidated class action suit that may benefit potential groups of shareholders.

On March 22, 2007, the Court decided, concerning the procedure for certification of the potential claimants as a class ("class certification"), that persons from the United States, France, England and the Netherlands who purchased or acquired shares or American Depositary Receipts (ADRs) of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class.

Following the class certification decision of March 22, 2007, a number of individual cases were filed against Vivendi on the same grounds as the class action. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action for purposes of discovery. On March 2, 2009, the Court deconsolidated the Liberty Media action from the class action. On August 12, 2009, the Court issued an order deconsolidating the individual actions from the class action.

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

On June 24, 2010, the US Supreme Court, in a very clear statement, ruled, in the Morrison v. National Australia Bank case, that American securities law only applies to "the purchase or sale of a security listed on an American stock exchange", and to "the purchase or sale of any other security in the United States."

In a decision dated February 17, 2011 and issued on February 22, 2011, the Court, in applying the "Morrison" decision, confirmed Vivendi's position by dismissing the claims of all purchasers of Vivendi's ordinary shares on the Paris stock exchange and limited the case to claims of French, American, British and Dutch purchasers of Vivendi's ADRs on the New York Stock Exchange. The Court denied Vivendi's post-trial motions challenging the jury's verdict. The Court also declined to enter a final judgment, as had been requested by the plaintiffs, saying that to do so would be premature and that the process of examining individual shareholder claims must take place before a final judgment could be issued. On March 8, 2011, the plaintiffs filed a petition before the Second Circuit Court of Appeals seeking to appeal the decision rendered on February 17, 2011. On July 20, 2011, the Court of Appeals denied the petition and dismissed the claim of purchasers who acquired their shares on the Paris stock exchange.

In a decision dated January 27, 2012 and issued on February 1, 2012, the Court, in applying the Morrison decision, also dismissed the claims of the individual plaintiffs who purchased ordinary shares of the company on the Paris stock exchange.

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims have been processed and verified by an independent claims administrator and by the parties. Vivendi has the right to challenge the merits of these claims. On November 10, 2014, at Vivendi's initiative, the parties filed a mutually agreed upon proposed order requesting the Court to enter a partial final judgment on the January 29, 2010 jury verdict, covering a substantial portion of the claims. Certain large claims were excluded from this proposed judgment order while Vivendi continued to analyze whether to challenge the validity of those claims. On December 23, 2014, the Court entered the partial judgment. Vivendi filed its Notice of Appeal with the Second Circuit Court of Appeals on January 21, 2015, and the plaintiffs cross-appealed. This appeal was heard on March 3, 2016.

On August 11, 2015, the Court issued a decision whereby it excluded the claims filed by Southeastern Asset Management (SAM), concluding that Vivendi proved that SAM did not make investment decisions based on Vivendi's supposedly fraudulent statements ("lack of reliance"). On April 25, 2016, the Court issued a similar decision, under which it has excluded claims filed by Capital Guardian.

On July 14, 2016, the Court entered a final judgment covering the remaining claims whose validity had not been challenged and which were not included in the partial judgment entered on December 23, 2014. Vivendi has appealed against this final judgment and the plaintiffs have cross-appealed, challenging the final judgment as well as the summary judgment decisions rendered by the Court concerning the claims of SAM and Capital Guardian.

On September 27, 2016, the Second Circuit Court of Appeals affirmed the District Court's decision. The Court of Appeals rejected, however, the plaintiffs' arguments in their cross-appeal seeking to expand the class of plaintiffs and the scope of their claims. Vivendi filed a petition for rehearing with the Second Circuit Court of Appeals. This petition was denied on November 10, 2016.

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Note 1.7, Accounting rules and Methods – Provisions, Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to plaintiffs. Vivendi re-examined the amount of the reserve related to the Securities class action litigation in the United States, given the decision of the District Court for the Southern District of New York on February 17, 2011, which followed the US Supreme Court's decision on June 24, 2010 in the Morrison case. Using the same methodology and the same valuation experts as in 2009, Vivendi re-examined the amount of the reserve and set it at €100 million as of December 31, 2010, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who have purchased ADRs in the United States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve.

Vivendi considers that this provision and the assumptions on which it is based may require further amendment as the proceedings progress and, consequently, the amount of damages that Vivendi might have to pay to the plaintiffs could differ from the current estimate. As is permitted by current accounting standards, no details are given of the assumptions on which this estimate is based, because their disclosure at this stage of the proceedings could be prejudicial to Vivendi.

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Securities Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. The judge granted Liberty Media's request that they be permitted to avail themselves of the verdict rendered by the securities class action jury with respect to Vivendi's liability (theory of "collateral estoppel").

The Liberty Media jury returned its verdict on June 25, 2012. It found Vivendi liable to Liberty Media for making certain false or misleading statements and for breaching several representations and warranties contained in the parties' agreement and awarded damages to Liberty Media in the amount of €765 million. Vivendi filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year US Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €944.8 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments. On March 13, 2013, Vivendi filed a motion in the Second Circuit Court of Appeals requesting that the Court stay the Liberty Media appeal until the class action judgment is entered so that the two appeals can be heard simultaneously. On April 4, 2013, the Court of Appeals issued an Order granting Vivendi's motion, agreeing to hear the Liberty Media case together with the class action.

On February 23, 2016, the parties entered into a settlement agreement pursuant to which Vivendi agreed to pay Liberty Media $775 million (€705.1 million) in return for the exchange of mutual releases of all claims related to this matter and the dismissal of all appeals before the Second Circuit. The parties notified the Court of this settlement agreement. This agreement resulted in the recording of a reversal of provision in the amount of €944.8 million in Vivendi's Financial Statements (please refer to Note 4, Net exceptional items). This settlement should not be construed as a concession by Vivendi of the validity of any of Liberty Media's claims, or as an admission of any wrongdoing by Vivendi. Rather, despite the jury's verdict, Vivendi is convinced that it did not commit any wrongdoing and that this matter has been resolved on terms that it believes are in the interest of both the company and its shareholders.

Trial of Vivendi's former officers in Paris

In October 2002, the financial department of the Paris Public Prosecutor's office (*Parquet de Paris*) launched an investigation into the publication of allegedly false or misleading information regarding the financial situation and forecasts of the company and the publication of allegedly untrue or inaccurate financial statements for the fiscal years 2000 and 2001. Additional charges were brought in this investigation relating to purchases by the company of its own shares between September 1, 2001 and December 31, 2001. Vivendi joined the proceedings as a civil party.

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi Officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. On May 19, 2014, the Paris Court of Appeal rendered its judgment. Regarding the acts determined by the lower criminal court to constitute the dissemination of false or misleading information, the Court held that these acts did not meet the criteria for such an offense. The Court upheld the conviction against Jean-Marie Messier for misuse of corporate assets and he received a 10-month suspended sentence and a €50,000 fine. The Court also upheld the convictions against Messrs. Hannezo and Bronfman for insider trading and they received fines in the amount of €850,000 (of which €425,000 is suspended) and €5 million (of which €2.5 million is suspended) respectively. Finally, the Court set aside the lower court's order for the payment of damages (€10 per share) to certain shareholders and former shareholders of Vivendi (the "civil action"). With regard to Vivendi, the Court upheld the validity of its status as a civil party to the proceedings, exonerated it from any responsibility and voided the demand for damages brought against it by certain shareholders or former shareholders. An appeal has been filed with the French Supreme Court (*Cour de Cassation*) by certain of the defendants and some civil parties.

LBBW et al. against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Subsequently, on April 5 and April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho, and the other by six German and British institutional investors. Lastly, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi based on the same grounds. On January 7, 2015, the Paris Commercial Court appointed a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. These proceedings are continuing.

California State Teachers Retirement System et al. against Vivendi and Jean-Marie Messier

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi and Jean-Marie Messier before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi and its former CEO, between 2000 and 2002. On June 7 and September 5 and 6, 2012, 26 new plaintiffs joined these proceedings. In November 2012 and March 2014, 12 plaintiffs withdrew from these proceedings. On January 7, 2015, the Commercial Court of Paris appointed a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. These proceedings are continuing.

Calling of the guarantee issued by Anjou Patrimoine to Unibail

Unibail has called its indemnification guarantee issued by Anjou Patrimoine (a former subsidiary of Vivendi) in connection with the sale of the CNIT offices in 1999. On July 3, 2007, the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) ordered Anjou Patrimoine to indemnify Unibail for a tax liability arising from the creation of offices and rejected all other claims. On October 31, 2008, the Versailles Court of Appeal reversed the High Court's ruling, denied all of Unibail's claims and ordered it to reimburse Anjou Patrimoine for all sums paid under the first decision. On November 27, 2008, Unibail appealed this decision. On September 11, 2013, the French Supreme Court reversed the October 31, 2008 ruling of the Versailles Court of Appeal and remanded the case to the Paris Court of Appeal. The hearing was held on April 2, 2015. The Paris Court of Appeal rendered its decision on June 4, 2015. It ordered Anjou Patrimoine to pay approximately €5 million for building code related improvements. However, it denied all of Unibail's other claims. Unibail filed an appeal against the judgment of the Paris Court of Appeal, which was notified to Anjou Patrimoine on September 14, 2015. On October 13, 2016, French Supreme Court denied the appeal.

Mediaset against Vivendi

On April 8, 2016, Vivendi entered into a strategic partnership agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a "due diligence review" carried out by the audit firm Deloitte, as contractually agreed. It became clear from this audit and from Vivendi's analyses that the figures provided by Mediaset prior to signing were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions for several weeks in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly releasing the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares.

Subsequently, in separate filings made on August 10, 2016 and August 22, 2016, respectively, Mediaset together with its affiliate RTI, and Fininvest, Mediaset's majority shareholder, sued Vivendi before the Milan Court seeking to obtain specific performance of the April 8, 2016 agreement and the related shareholders' agreement. In particular, it is alleged that Vivendi has not filed its notification to the European Commission with respect to the transaction and thus has blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not accept a formal filing while the parties were discussing their differences. Mediaset, RTI and Fininvest are also seeking compensation from Vivendi for damages allegedly suffered by them, namely the damage caused by the delay in the performance of the agreement, for Mediaset and RTI, and of the shareholders' agreement envisaged to be signed, for Fininvest (estimated by each of the three parties at €50 million per month of delay starting July 25, 2016). Fininvest is also seeking compensation for the alleged damage linked to the change in the Mediaset share price between July 25 and August 2, 2016 plus the harm done to the decision-making procedures of Fininvest and to its image (total estimated damages of €570 million). The first hearing before the Milan Commercial Court will be held on March 21, 2017.

In addition, on October 5, 2016, Mediaset and RTI served Vivendi with a new complaint seeking an *ex parte* sequestration against 3.5% of Vivendi's share capital. The Milan Court denied the ex parte request and scheduled a hearing for November 23, 2016 in the presence of both parties. On November 18, 2016, Mediaset withdrew its sequestration request in light of the information, which was publicly available, provided by Vivendi in its defense pleadings.

Following Vivendi's entry into the share capital of Mediaset through open market purchases of shares, on December 13, 2016, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob (the Italian financial markets regulator). In addition, on December 21, 2016, the AGCOM (the Italian telecommunications authority) opened an investigation into the compatibility between the increase in Vivendi's holdings in Mediaset's share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

Vivendi categorically denies all of the allegations made by Mediaset and its controlling shareholder as well as the corresponding demands, which it considers unfounded, and will assert its rights before the court.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds, former shareholders of GVT, filed a complaint against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange), seeking compensation amounting to the difference between the value of the shares sold by them before Vivendi's acquisition of GVT and BRL70.00 per share. According to Dynamo, the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting, first, that Dynamo had sold the vast majority of its stake in GVT before November 13, 2009 (the date on which Vivendi took control of GVT) and, second, that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations. The arbitral tribunal's decision is expected in the second quarter of 2017.

Action brought by the French Competition Authority regarding Practices in the Pay-TV Sector

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleges that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other. Vivendi and Canal+ Group have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case.

Harry Shearer and Century of Progress Productions against StudioCanal and Vivendi

A complaint was filed in California federal court against StudioCanal and Vivendi by Harry Shearer, through his company Century of Progress Productions, in his capacity as a creator, actor and composer of the film "This Is Spinal Tap", an American film produced and financed in 1984 by Embassy Pictures (StudioCanal is the successor to Embassy's rights). Mr. Shearer is seeking damages for breach of contractual obligations to provide exploitation accounts, fraud, and failure to exploit the film's trademark, and is also seeking attribution of the trademark. On February 8, 2017, Christopher Guest, Michael McKean and Rob Reiner, co-creators of the film, joined the proceedings.

Note 25. Instruments Used to Manage Borrowings

Vivendi manages its financial liquidity, interest rate and foreign currency exchange rate risks centrally. Vivendi's Financing and Treasury department takes responsibility for these risk management operations, reporting directly to Vivendi's Chief Financial Officer, also a member of the Management Board. The Financing and Treasury department has the necessary expertise, resources (in particular, technical resources) and information systems to fulfill its duties.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are traded over-the-counter with highly-rated counterparties. The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

As of December 31, 2016, Vivendi SA's open swaps, which qualify for hedge accounting, can be summarized as follows:

- €450 million of fixed-rate payer swaps, issued in 2012 with a 2017 maturity date; and
- €450 million of fixed-rate receiver swaps, issued in 2010 with a 2017 maturity date.

Instruments held by Vivendi SA to hedge borrowings are broken-down as follows:

Vivendi SA External Hedging Arrangements (in millions of euros)	As of 12/31/2016	Maturing within < 1 year	Maturing within 1 to 5 years	Maturing within > 5 years	Counterparty
Fixed-rate receiver swaps	450	450	450		Banks
Fixed-rate payer swaps	450	450	450		Banks
fixed-rate receiver net position	**0**	**0**	**0**	**0**	

As of December 31, 2016, there was no internal interest rate hedging between Vivendi SA and its subsidiaries.

Note 26. Foreign Currency Risk Management

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures (at 80%), resulting primarily from monetary flows generated by operations performed in currencies other than the euro, and from firm commitment contracts (100%), essentially in relation to the acquisition by subsidiaries of editorial content including sports, audiovisual and film rights and certain capital expenditures, realized in foreign currencies. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity of less than one year.

Vivendi SA is the sole counterparty for foreign currency transactions within the group, unless specific regulatory or operational restrictions require otherwise.

In addition, Vivendi may also hedge foreign currency exposure resulting from foreign currency-denominated financial assets and liabilities to manage its foreign currency exposure to inter-company current accounts denominated in foreign currencies (which qualify for hedge accounting pursuant to the French PCG).

To hedge against a possible depreciation of its net investment in certain subsidiaries in the United Kingdom due to an unfavorable change in GBP, Vivendi set up a hedge using forward contracts not eligible for hedge accounting in Vivendi SA's statutory account for a notional amount of £832 million, or €984 million at forward rate.

The table below shows the notional amount of currency to be delivered or received under currency instruments (currency swaps and forward contracts). Positive amounts indicate currencies receivable and negative amounts currencies deliverable.

	December 31, 2016				
(in millions of euros)	GBP	PLN	USD	Other currencies	Total
Sales against the euro	(1,007.8)	(178.8)	(91.5)	(60.1)	(1,338.2)
Purchases against the euro	1,236.4	87.9	267.0	224.4	1,815.7
Other	(18.7)	(159.8)	174.8	3.7	0.0
	209.9	**(250.7)**	**350.3**	**168.0**	**477.5**

Note 27. Fair Value of Derivative Instruments

As of December 31, 2016, the market values of derivative instrument portfolios classified as interest rate and currency hedges, pursuant to Article 224 of the 2014-03 French General Accounting Code, were €12.3 million and €16.0 million, respectively (theoretical cost of unwinding). As of December 31, 2015, the fair values of these hedging portfolios were €39.7 million and -€13.4 million, respectively.

As of December 31, 2016, aggregate derivative financial instruments, which are not eligible for hedge accounting, totaled €10.4 million, compared to €12.4 million as of December 31, 2015 (theoretical cost of unwinding).

	As of December 31, 2016		As of December 31, 2015	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	qualifying for hedge accounting	not qualifying for hedge accounting	qualifying for hedge accounting	not qualifying for hedge accounting
Interest rate risk management	**12.3**	**0.0**	**39.7**	**0.0**
fixed-rate payer swaps	(4.6)		(9.5)	
floating-rate payer swaps	16.9		49.2	
Foreign currency risk management	**16.0**	**10.4**	**(13.4)**	**12.4**

Note 28. Subsequent Events

The significant events that occurred between the fiscal year closing date and February 16, 2017 (the date of the Management Board Meeting that approved Vivendi's Financial Statements for the year ended December 31, 2016) were as follows:

- On January 18, 2017, pursuant to a mandate to repurchase company shares, Vivendi gave a commitment to Société Générale to acquire, at market value, 20 million shares, representing 1.55% of the company's share capital, for their exchange or delivery as part of external growth transactions. The maximum purchase price set by the Combined General Shareholders' Meeting is €20 per share. The mandate will expire on March 31, 2017.

4. Subsidiaries and Affiliates

(in millions of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments Gross	Book value of investments Net	Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendi	2015 Revenues	2016 Revenues	2015 Earnings	2016 Earnings	Dividends received by Vivendi during 2016	Comments
Universal Music Group Inc. (c) 2220 Colorado Avenue Santa Monica California 90404 (USA)	0.0 million of dollars	N/d million of dollars	100.00	2,735.1	2,735.1	-	-	- millions of dollars	- millions of dollars	(38.7) millions of dollars	(52.6) millions of dollars	732.7	
SIG 104 (d) 59 bis, avenue Hoche 75008 Paris	4,117.8	18.1	100.00	4,117.8	4,117.8	-	-	-	-	137.6	(8.3)	122.9	
Groupe Canal+ SA (e) 1, place du Spectacle 92130 Issy-les-Moulineaux	100.0	2,044.8	100.00	5,198.1	4,158.1	1,322.0	-	1,726.2	1,637.2	122.3	84.3	61.0	-
Compagnie du Dôme 59 bis, avenue Hoche 75008 Paris	143.8	(158.1)	100.00	255.6	0.0	32.3	-	-	-	(111.7)	(48.6)	-	Impairment of advances 16.0
Poltel Investment (ex-Electrim Telekomcajka) ul. Emilii Plater 53 00-113 Warszawa (Poland)	10,008.1 millions of zlotys	(16,613.2) millions of zlotys	100.00	207.1	0.0	1,483.7	-	-	-	(226.7) millions of zlotys	(434.3) millions of zlotys	-	Impairment of advances 1,483.7
Telecom Italia Via Gaetano Negri 1 20123 Milan (Italy)	10,719.5	5,391.5 (f)	17.15	3,931.2	3,931.2	-	-	13,796.8	N/d	(456.5)	N/d	-	-
Gameloft 14, rue Auber 75009 Paris	4.3	49.7 (f)	100.00	621.6	621.6	2.1	-	256.2	N/d	(22.0)	N/d	-	-
SECP 1, place du Spectacle 92130 Issy-les-Moulineaux	95.0	230.6	51.50	522.1	522.1	-	-	1,801.4	1,704.4	57.1	18.7	11.7	-
Dailymotion 140, boulevard Malesherbes 75017 Paris	37.5	(0.4)	90.00	245.9	245.9	39.9	-	70.8	58.8	(24.7)	(42.3)	-	-
Mediaset Viale Europa 46 Clogno Monzese (MI) (Italy)	614.2	1,263.6 (f)	28.80	1,256.2	1,256.2	-	-	5,889.0	N/d	50.4	N/d		-
Ubisoft Entertainment 107, avenue Henri Fréville 35207 Rennes Cedex 2	8.7	663.4	25.72	756.0	756.0	-	-	1,100.3	1,199.9	150.7	(105.3)	-	Closing as at 03/31
Fnac 9, rue des Bateaux-lavoirs ZAC port d'Ivry 94200 Ivry sur Seine	16.7	699.4 (f)	11.27	159.0	159.0			29.0	N/d	174.7	N/d		
Telefonica Pl. 2' C/ Ronda de la Comunicación 28050 Madrid (Spain)	4,975.0	18,188.0 (f)	0.98	569.2	416.8	-	-	5,900.0	N/d	8.0	N/d	31.1	-
Other subsidiaries and Affiliates (Global Information)	-	-	-	128.8	70.2	1,079.5	-	-	-	-	-	17.3	Impairment of advances 210.7
Total	-	-	-	20,703.7	18,990.0	3,959.5	0.0	-	-	-	-	976.7	

(a) Includes earnings of the year.
(b) Includes current accounts advances, excluding accrued interest.
(c) UMG Inc. holding UMG's entities in the United States, Canada and Mexico.
(d) Company holding UMG's entities other than United States, Canada and Mexico (entities held by UMG Inc.).
(e) The entity holding of the Canal+ Group.
(f) For information as of December 31, 2015.

5. Maturity of Trade Accounts payable

As of December 31, 2016, pursuant to Article L.441-6-1 of the French Commercial Code, the trade accounts payable balance of €0.1 million (compared to €0.1 million at year-end 2015) by maturity, is broken down as follows:

- payment within 30 days: €0.1 million (compared to €0.1 million at year-end 2015); and
- payment between 30 to 60 days: nil (unchanged since year-end 2015).

6. Financial Results of the Last Five Years

(in millions of euros)	2016	2015	2014	2013	2012
Share capital at the end of the year					
Share capital	7,079.0	7,525.6	7,433.8	7,367.8	7,281.8
Number of shares outstanding	1,287,087,844	1,368,322,570	1,351,600,638	1,339,609,931	1,323,962,416
Potential number of shares to be issued upon:					
Exercise of stock subscription options	24,620,359	31,331,489	42,722,348	52,835,330	53,405,701
Grant of bonus shares or performance shares	(a) 2,873,214	2,544,944	0	(d) 663,050	(d) 696,700
Results of operations:					
Revenues	46.0	42.1	58.3	94.6	116.0
Earnings/(loss) before tax, depreciation, amortization and provisions	883.4	3,063.8	(8,023.4)	512.7	734.4
Income tax expense/(credit)	(b) (55.7)	(b) 212.2	(b) (202.0)	(b) (387.1)	(b) (955.7)
Earnings/(loss) after tax, depreciation, amortization and provisions	1,609.5	2,827.0	2,914.9	(4,857.6)	(6,045.0)
Earnings distributed	(c) 503.8	(e) 3,999.2	(e) 1,362.5	(g) -	(e) 1,324.9
Per share data (in euros)					
Earnings/(loss) after tax but before depreciation, amortization and provisions (f)	0.73	2.08	(5.79)	0.67	1.28
Earnings/(loss) after tax, depreciation, amortization and provisions (f)	1.25	2.07	2.16	(3.63)	(4.57)
Dividend per share	(c) 0.4	3.00	1.00	(g) -	1.00
Employees					
Number of employees (annual average)	206	190	194	214	222
Payroll	38.5	43.1	58.1	36.8	41.3
Employee benefits (social security contributions, social works…)	18.0	18.3	20.4	18.6	18.4

(a) Adjusted amount of treasury shares held to cover performance share plans (see Note 9).).

(b) Negative amounts represent the income generated pursuant to the Consolidated Global Profit Tax System under Article 209 *quinquies* of the General Tax Code plus tax savings recorded by the tax group headed by Vivendi.
"Income tax" line includes, if due, the 3% contribution with respect to shareholder's distribution.

(c) The distribution of a dividend of €0.40 per share in relation to 2016 will be proposed for approval at the Annual General Shareholders' Meeting to be held on April 25, 2017. This represents a total distribution of €503.8 million, calculated based on the number of treasury shares held on January 31, 2017; this amount will be adjusted to reflect the actual number of shares entitled to dividend on the ex-dividend date.

(d) Grant of 50 bonus shares to each employee of the group's French entities on July 16, 2012.

(e) Based on the number of shares entitled to a dividend as of January 1, after deduction of treasury shares at the dividend payment date.

(f) Based on the number of shares at year-end.

(g) On June 30, 2014, Vivendi SA paid an ordinary distribution of €1 per share, from additional paid-in capital for an aggregate amount of €1,347.7 million, treated as a return of capital.

7. Statutory Auditors' Report on related party agreements and commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons why they benefit the Company. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R.225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R.225-58 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Annual Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE ANNUAL SHAREHOLDERS' MEETING

We inform you that we have not been advised of any related party agreements and commitments which received prior authorization from your Supervisory Board during the year to submit for approval by the Annual Shareholders' Meeting in accordance with article L.225-86 of the French Commercial Code (*Code de commerce*).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

a) With implementation during the year

In accordance with article R.225-57 of the French Commercial Code (*Code de commerce*), we have been advised of the following agreements and commitments implemented during the year, approved by the Annual Shareholders' Meeting in prior years.

Service agreement between your Company and Mr. Dominique Delport

Person concerned: Dominique Delport, member of the Supervisory Board since April 17, 2015.

At its meeting of September 2, 2015, your Supervisory Board authorized upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the signature of the service agreement between your Company and Mr. Dominique Delport for five years starting October 1, 2015, under which Mr. Dominique Delport provides assistance and advice in the field of creation and use of new digital content through the development of Vivendi Content and Dailymotion.

The maximum annual amount of fees under this service contract is €500,000 (fixed rate of €300,000 plus a variable amount of up to €200,000).

The amount recorded in the 2016 financial statements for this agreement as at December 31, 2016, equals to €300,000 as the fixed rate. No variable amount has been paid.

Under this contract, Mr. Dominique Delport has a long-term incentive plan indexed to the growth of Dailymotion's enterprise value compared to its acquisition value (€271.25 million) as it will be amounting to as at June 30, 2020, based on an independent report. Assuming an increase in Dailymotion's value, the amount of his remuneration under the incentive plan would be capped at 1% of this increase.

b) Without implementation during the year

In addition, we have been advised that the following agreements and commitments, which were approved by the Annual Shareholders' Meeting in prior years, continued without impact during the year.

1. Agreement on the additional retirement benefits

Persons concerned: Arnaud de Puyfontaine, Frédéric Crépin, Simon Gillham, Hervé Philippe and Stéphane Roussel, members of the Management Board.

At its meeting of March 9, 2005, your Supervisory Board authorized the implementation of an additional pension plan for senior executives, including the current members of the Management Board holding an employment contract with your company, governed by French law, which has been approved by the Annual Shareholders' Meeting of April 20, 2006. The Chairman of the Management Board, who waived his employment contract, is eligible to the additional pension plan.

In addition, at its meeting of November 10, 2015, your Supervisory Board nominated Mr. Frédéric Crépin and Mr. Simon Gillham as new members of the Management Board (*Directoire*) for a period expiring on June 23, 2018, date corresponding to the renewal of the Management Board, and decided to maintain their defined benefits from the additional pension plan, implemented in December 2005 and approved by the Annual Shareholders' Meeting of April 20, 2006.

The main terms and conditions of the additional pension plan are as follows: a minimum of three years in office, progressive acquisition of rights according to seniority (over a period of twenty years) following a decreasing rate limited to 2.5% *per annum*, gradually cut to 1%; a reference salary for the calculation of the pension equal to the average of the last three years; dual upper limit; reference salary capped at 60 times the social security limit, acquisition of rights limited to 30% of the reference salary; rights maintained in the event of retirement at the initiative of the employer after the age of 55; and payment of 60% in the event of the beneficiary's death. The benefits are lost in the event of a departure from the company, for any reason, before the age of 55.

In accordance with article L.225-90-1 of the French Commercial Code (*Code de commerce*), amended by the law of August 6, 2015 for growth, activity and equality of economic opportunity, named "Loi Macron", your Supervisory Board decided to submit supplementary conditional rights of new members of the Management Board under the additional pension plan with defined benefits, which they are entitled to, the following criteria, assessed each year: no further compensation would be payable if, under the relevant year, the Group's financial results (adjusted net income and cash flow from operations) were less than 80% of the budget and if Vivendi's stock performance was less than 80% of the average performance of a composite index (CAC 40 (50%) and Euro STOXX Media (50%)). The Supervisory Board decided to apply in advance the same criteria for the calculation of progressive acquisition of rights according to seniority, to the members of the Management Board active before August 6, 2015.

The provision recorded in the 2016 financial statements for the additional retirement benefits of the members of the Management Board in office as at December 31, 2016, amounts to €6,419,985.

2. Conditional severance payment to the Chairman of the Management Board upon termination of employment at the initiative of the Company

Member of the Management concerned: Arnaud de Puyfontaine.

At its meeting of February 27, 2015, your Supervisory Board, after noting that Mr. Arnaud de Puyfontaine no longer benefited from his employment contract which was waived following his appointment as Chairman of the Management Board on June 24, 2014, or any possibility of compensation in the event of its termination at the initiative of the Company decided, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in accordance with the provisions of Article L.225-90-1 of the French Commercial Code (*Code de commerce*), that in the event of the termination of his employment at the initiative of the Company, he would be entitled, except in the case of gross negligence, to compensation, subject to performance conditions.

This severance compensation would be capped at a gross amount equal to eighteen months of target compensation (based on the amount of his last fixed compensation and his latest annual bonus earned over a full year).

If the bonus paid during the reference period (the twelve-month period preceding notification of departure) was higher than the target bonus, the calculation of compensation will only take into account the amount of the target bonus. If the bonus paid was lower than the target bonus, the amount of compensation will in any event be capped at two years' of net take-home pay, and may not result in the payment of more than eighteen months of target income.

This compensation would not be payable if the Group's financial results (adjusted net income and cash flow from operations) were less than 80% of the budget over the two years prior to departure and if Vivendi's stock performance was less than 80% of the average performance of a composite index (CAC 40 (50%) and Euro STOXX Media (50%)) over the last twenty-four months.

The Supervisory Board also decided that in the event of Mr. de Puyfontaine's departure under the conditions set forth above (entitling him to compensation), all rights to performance shares not yet acquired by him on the date of his departure would be maintained, subject to the satisfaction of the related performance conditions.

This severance payment would not be payable in the event of resignation or retirement.

3. Counter-guarantee related to Maroc Telecom between your Company and SFR

Members of the Management Board concerned: Hervé Philippe and Stéphane Roussel.

At its meeting of November 14, 2014, your Supervisory Board authorized your Management Board to enable your Company to counter-guarantee SFR for guarantees granted jointly by SFR and your Company to Etisalat as part of the disposal of Maroc Telecom. This commitment is capped at the selling price of Maroc Telecom (€4,187 million) and will expire on May 14, 2018.

Paris-La Défense, February 23, 2017

The Statutory Auditors

French original signed by

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Baudouin Griton	Jacques Pierres

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CONTENT

5 Recent Events | Forecasts | Statutory Auditors' Report on EBITA forecasts

Dragon Mania Legends

SECTION 1
RECENT EVENTS

No significant events occurred between December 31, 2016 and the date of filing of the *Document de référence* (the French version of this Annual Report) with the *Autorité des marchés financiers* ("AMF", the French securities regulator). In addition, Vivendi continued the share repurchase program authorized by the General Shareholders' Meeting held on April 21, 2016 (please refer to Section 2.2.4.2 of Chapter 3 of this Annual Report).

SECTION 2
FORECASTS

The forecasts of the group's revenues and EBITA for fiscal year 2017, as published on February 23, 2017, are described in Section 3 of the 2016 Financial Report, included in Chapter 4 of this Annual Report.

These forecasts have been prepared in accordance with accounting methods consistent with those used by the group for the preparation of historical information and are notably based on data, assumptions, and estimates considered as reasonable by the group. They are not historical data and should not be considered as guarantees that the announced forecasts will be met. Given their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine the forward-looking statements and information may not materialize, and may change or be modified due to uncertainties related in particular to the group's economic, financial and competitive environment. In addition, the materialization of certain risks described in Section 3 of Chapter 1 of this Annual Report could have an impact on the group's operations, financial position, results and outlook, and on the achievability of its forecasts.

SECTION 3
STATUTORY AUDITORS' REPORT ON EBITA FORECASTS

To the Chairman of the Management Board,

In our capacity as statutory auditors and in accordance with EU Regulation 809/2004, we hereby report on EBITA forecasts of the Vivendi group, which is included in Chapter 5 Section 2 of the registration document filed with the French stock exchange regulatory body (AMF) on March 14, 2017.

In accordance with EU Regulation 809/2004 and the relevant ESMA guidance, you are responsible for the preparation of these forecasts and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to Appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the forecasts.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement. Our work consisted in an assessment of the preparation process for the forecasts, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of the Vivendi group. We also gathered all the relevant information and explanations that we deemed necessary to obtain the assurance that the forecasts have been properly compiled on the basis stated.

It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecasts and that we do not express a conclusion on the achievability of these figures.

We conclude that:

- the forecasts have been properly compiled on the basis stated;
- the accounting methods applied in the preparation of the forecasts are consistent with the accounting principles adopted by the Vivendi group.

This report is issued for the sole purpose of filing the registration document with the French stock exchange regulatory body (AMF) and, if applicable, of the admission to trading on a regulated market, and/or of a public offering of shares or debt securities in denomination under €100,000 of Vivendi in France and other European Union countries in which a prospectus, comprising the 2016 registration document, as approved by the AMF, would be published, and may not be used for any other purpose.

Paris-La Défense, March 14, 2017

The Statutory Auditors

KPMG Audit *Division of KPMG S.A.*	ERNST & YOUNG et Autres
Baudouin Griton	Jacques Pierres

CONTENT

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Responsibility for Auditing the Financial Statements

Kendji Girac

SECTION 1
RESPONSIBILITY FOR AUDITING THE FINANCIAL STATEMENTS

1.1. Statutory Auditors

Ernst & Young et Autres

1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Appointed at the General Shareholders' Meeting held on June 15, 2000.

Represented by Mr. Jacques Pierres.

Most recent reappointment: Ordinary General Shareholders' Meeting of April 19, 2012, for a term of six fiscal years to expire at the conclusion of the General Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG Audit

Tour Eqho
2, avenue Gambetta - CS 60055
92066 Paris-La Défense Cedex

Appointed at the General Shareholders' Meeting of June 15, 1993.

Represented by Mr. Baudouin Griton.

Most recent reappointment: Combined Shareholders' Meeting of April 21, 2011, for a term of six fiscal years to expire at the conclusion of the General Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

The term of office of KPMG Audit, statutory auditor, will expire at the conclusion of the General Shareholders' Meeting to be held on April 25, 2017. At this same meeting, it will be proposed to appoint as its replacement:

Deloitte & Associés

185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

to serve as Statutory Auditor for a period of six fiscal years, to expire at the conclusion of the General Shareholders' Meeting to be held to approve the financial statements for the fiscal year ended December 31, 2022.

1.2. Alternate Statutory Auditors

Société Auditex

1/2, place des Saisons
92400 Courbevoie

Appointed at the General Shareholders' Meeting of April 20, 2006.

Most recent reappointment: Ordinary General Shareholders' Meeting of April 19, 2012, for a term of six fiscal years to expire at the conclusion of the General Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG Audit IS SAS

2, avenue Gambetta
92400 Courbevoie

Appointed at the General Shareholders' Meeting of April 21, 2011, for a term of six fiscal years to expire at the conclusion of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

The term of office of KPMG Audit IS S.A.S., alternate auditor, will expire at the conclusion of the General Shareholders' Meeting of April 25, 2017. Pursuant to Article L.823-1 of the French Commercial Code, as amended by French Law No. 2016-1691 of December 9, 2016, known as the "Sapin 2" law, the appointment of a new alternate for Deloitte & Associés is not proposed to the General Shareholders' Meeting to be held on April 25, 2017.

ISSN 2498-390X

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