

2000 Environmental and Social Report

MUSIC / TV AND FILM / PUBLISHING / TELECOMS / INTERNET



For a responsible, measurable
and sustainable commitment
towards the environment

VIVENDI
UNIVERSAL

Contents

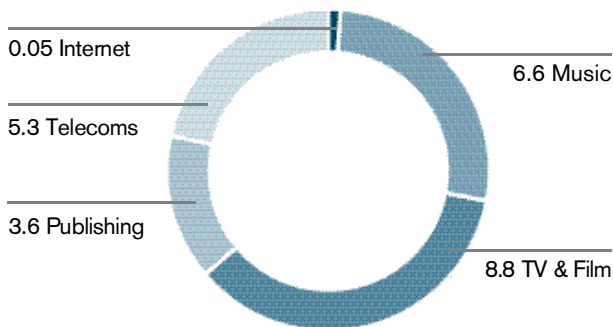
03	Introduction / Report Objectives
04	Our Values
05	Editorial
06	Presenting the Scope of Vivendi Universal
08	Corporate Vision and Environmental Strategy
10	Environmental Impact and Performance
12	Music
16	TV and Film
22	Publishing
26	Telecoms
30	Internet
32	Health and Safety
37	EHS Compliance and Remediation
38	Social Dialogue
40	Community
46	Conclusion
47	Contacts

Caution

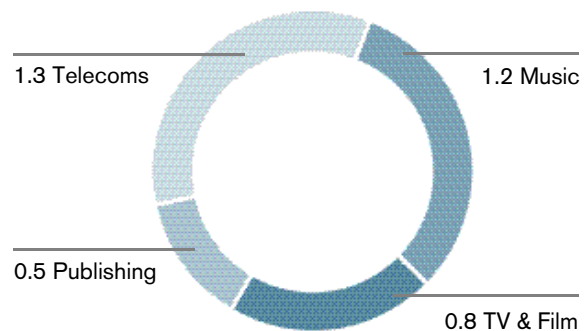
The Vivendi Universal Environmental and Social Report presents only those activities related to Vivendi Universal in the communications businesses, i.e. music, TV and film, publishing, telecoms and the Internet. Its scope does not include Vivendi Environnement, which publishes its own, separate environmental report.

Introduction Vivendi Universal, headquartered in Paris, France, operates a number of leading and increasingly integrated businesses in the telecommunications, multimedia, publishing and distribution, pay television, recreation and Internet industries. Vivendi Universal employs approximately 71,000 associates globally.

Revenues Pro forma 2000 in €bn



EBITDA Pro forma 2000 in €bn



Targeted annual growth for Vivendi Universal by 2002:

Revenues: 10% per year

EBITDA: 35% per year

These figures only integrate the activities of Vivendi Universal (without Vivendi Environnement).

The pro forma results for 2000 were driven by growth in all our business segments with the exception of Internet, in which development costs related to business expansion continued to have a negative impact on earnings.

Report Objectives

Vivendi Universal's first Environmental and Social Report (for the year 2000) is intended to:

- Introduce our new global media and communications company;
- Communicate our strategic vision of environmental excellence and social responsibility;
- State our commitments and how they will be intrinsically linked to our environmental management system;
- Identify our business's environmental impacts, discuss performance indicators, provide case studies and relate some early results;
- Introduce our stakeholders to the importance we place on safety, health, social and community values.

Our Values

→ Vivendi Universal is a consumer-focused, performance-driven, values-based global media and communications company. Environmental, health and safety and social responsibility are core values.

Consumer focus

Our company's strategic vision is driven by the needs of the consumer. We are committed to anticipating these needs and building consumer loyalty as we create and deliver high-quality services and products that satisfy consumers around the world.

Cultural diversity

We recognize and value our multi-cultural background as a company. We draw on this wealth of diversity as a unique strength to preserve, promote and protect the rich cultural character of countries, communities and local regions. We value the variety of our dynamic content, which represents our heritage and the world's cultural diversity and we strive to deliver competitively superior services to local markets.

Value creation

We are committed to delivering consistent revenue and earnings growth, in order to provide our shareholders true value creation. Our objective is to outperform our competitors. We strive to advance our competitive position by building upon our historical strengths, our commitment to quality in all that we do.

Creativity

We encourage and promote imagination and initiative. We have the highest regard for individual expression and creative freedom. These are important qualities that reflect our enterprising spirit and drive our continued innovation and growth.

Teamwork

Networking our talents and skills is the best tool for developing the creativity and responsiveness consumers deserve. We work together and communicate openly and directly throughout our company in order to maximize our efforts and results as one team.

Ethics

We all observe strict ethical standards: we act with integrity in all situations, respect the law, maintain harmonious and respectful relations with others, protect confidentiality, place professional ethics above consideration of financial performance, protect the company's property and resources and respect the environment. Honouring these ethical standards is a condition for being a part of Vivendi Universal.

Social responsibility

We place a high priority on maintaining social dialogue and social cohesion throughout our company. It is our responsibility to behave as good corporate citizens through our Foundation and philanthropic activities, which support social missions and are aimed at improving the welfare of the communities where we live and work. The success of these efforts relies on the personal involvement of our employees.

JEAN-MARIE MESSIER

Vivendi Universal
Chairman and CEO



Editorial

Welcome to Vivendi Universal! By merging Vivendi, Canal+ and Universal, we have taken the first step in creating a new world where consumers of the new century can receive any form of information, entertainment or service that they wish at any time on any type of communications device. Vivendi Universal, as a completely new organization and world leader

in music, recreation, knowledge distribution and more, is in an exciting position to build an environmental and socially responsible strategy that is complementary to this business strategy.

While we provide entertainment and information that will help you enjoy life, advance your career, manage your personal life, keep in touch with friends, and improve your business, we will strive to meet all our stakeholders' expectations. Today's global stakeholders simply expect more. They expect us to operate our business and services with integrity and to be responsible for the impact that our operations and services have on workers, the community and the natural environment.

Vivendi Universal's environmental and social responsibility commitments will meet this challenge.

At Vivendi Universal, our long-term commitment will be to reduce the environmental impacts of our operations and to manage and mitigate those that remain in a more effective and productive manner, while at the same time protecting the health and safety of our employees and customers. We will do this while at the same time creating products and services that can meet your needs. In fact, some of our products and services, especially those that are Internet-based, may actually help our customers reduce their own impacts on the environment.

Environmental and social responsibility are core values at Vivendi Universal. Our size as a large global corporation is matched by the size of our responsibilities in these areas. As we build this exciting new organization, you can count on my own personal commitment to environmental protection and social responsibility as well as the total commitment of our business unit leaders.

Jean-Marie Messier

VIVENDI UNIVERSAL

Jean-Marie Messier
Chairman and CEO

Edgar Bronfman, Jr.
Executive Vice Chairman

Eric Licoys, Pierre Lescure
Co-COOs

MUSIC

Doug Morris
Chairman and CEO
of Universal Music Group

TV AND FILM

Pierre Lescure
Chairman and CEO of Canal+ Group

Universal Music Group

Universal Music Group (UMG) is the no. 1 music company, with approximately a 22.5% global market share in 2000.

- Employees: 12,000
 - 67 Universal albums sold more than one million copies in fiscal year 2000
 - Approximately 800,000 titles in its music publishing
- Revenues: €6.6bn*

Universal Studios

The legendary Universal Studios is a global leader in filmed entertainment.

- Employees: 20,000
- A library of more than 4,000 film titles and 24,000 television episodes
- Many international channels

Theme Parks

Universal Studios Recreation Group has evolved from the original backlot tour of its Hollywood studio into sophisticated theme parks based on its films and characters.

- Visitors: 22M (1999)
- Locations: Hollywood, California; Orlando, Florida; Port Aventura, Spain; Beijing, China; Osaka, Japan (opened Spring 2001)

Canal+

Canal+ is Europe's no. 1 pay-TV and digital television operator and the leading European producer of theme channels. The company is ranked no. 2 in Europe for its catalog of TV and film rights.

- Employees: 4,600
- 15.3M subscriptions to pay-TV in 11 European countries
- 25 theme channels in 14 countries

Revenues: €8.8bn

Presenting the scope of Vivendi Universal

The combined content and distribution assets of Vivendi Universal provide our Group with an enormous breadth of top-quality content in music, filmed entertainment, recreation, television, publishing, Internet and telecom networks.

PUBLISHING

Eric Licoys
Chairman

Agnès Touraine
Vice Chairman and CEO
of Vivendi Universal Publishing

TELECOMS

Philippe Germond
Chairman

Frank Esser
COO of Cegetel

INTERNET

Philippe Germond
Chairman and CEO of Vivendi Universal Net

Vivendi Universal Publishing

From books to CD-Roms, Vivendi Universal Publishing ranks among the world leaders in publishing in games, education, literature, health and information.

- Employees: 22,000
- Games: no. 2 worldwide for PC and Mac games
- Education: no. 2 worldwide for educational software on PC and Mac
- Literature: the leader in France
- Health: one of the leaders worldwide in health information
- Information: no. 2 in Europe in B-to-B information.

Revenues: €3.6bn

Cegetel

Vivendi Universal is the leading private telecom operator in France, offering both fixed-line and mobile (SFR) services.

- Employees: 8,200
- Customers: - more than 12M for mobile telephony - more than 4M for fixed-line telephony

Vivendi Telecom International

VTI is the international development arm of Vivendi Universal in telecommunications.

- Employees: 5,885 (Morocco excluded)
- Customers: 8.4M (6.2M for mobile telephony)

Revenues: €5.3bn

Vivendi Universal Net / Vizzavi

Vivendi Universal Net, the leading European operator of the Internet age, offers the Vizzavi multi-access portal, theme portals in fields like local services, health, leisure activities, games, and film.

- Vizzavi: 80M potential customers in Europe
 - Education.com
 - Flipside.com
 - Viventures
- Revenues: €48M

Our corporate vision and environmental strategy will provide the bridge to meeting our commitments

Vision Vivendi Universal's vision is to be the world's preferred creator and provider of personalized information, entertainment and services to consumers anywhere, at any time across all distribution platforms and devices.

Strategy Vivendi Universal's Model for a Global Environmental Management System.

Vivendi Universal has developed a strategic model for establishing its global environmental management system (EMS) that will serve as the bridge between our environmental policy and our commitments to improved performance. First, we will establish an organization within Vivendi Universal that will operate as the global headquarters for EMS development and implementation.

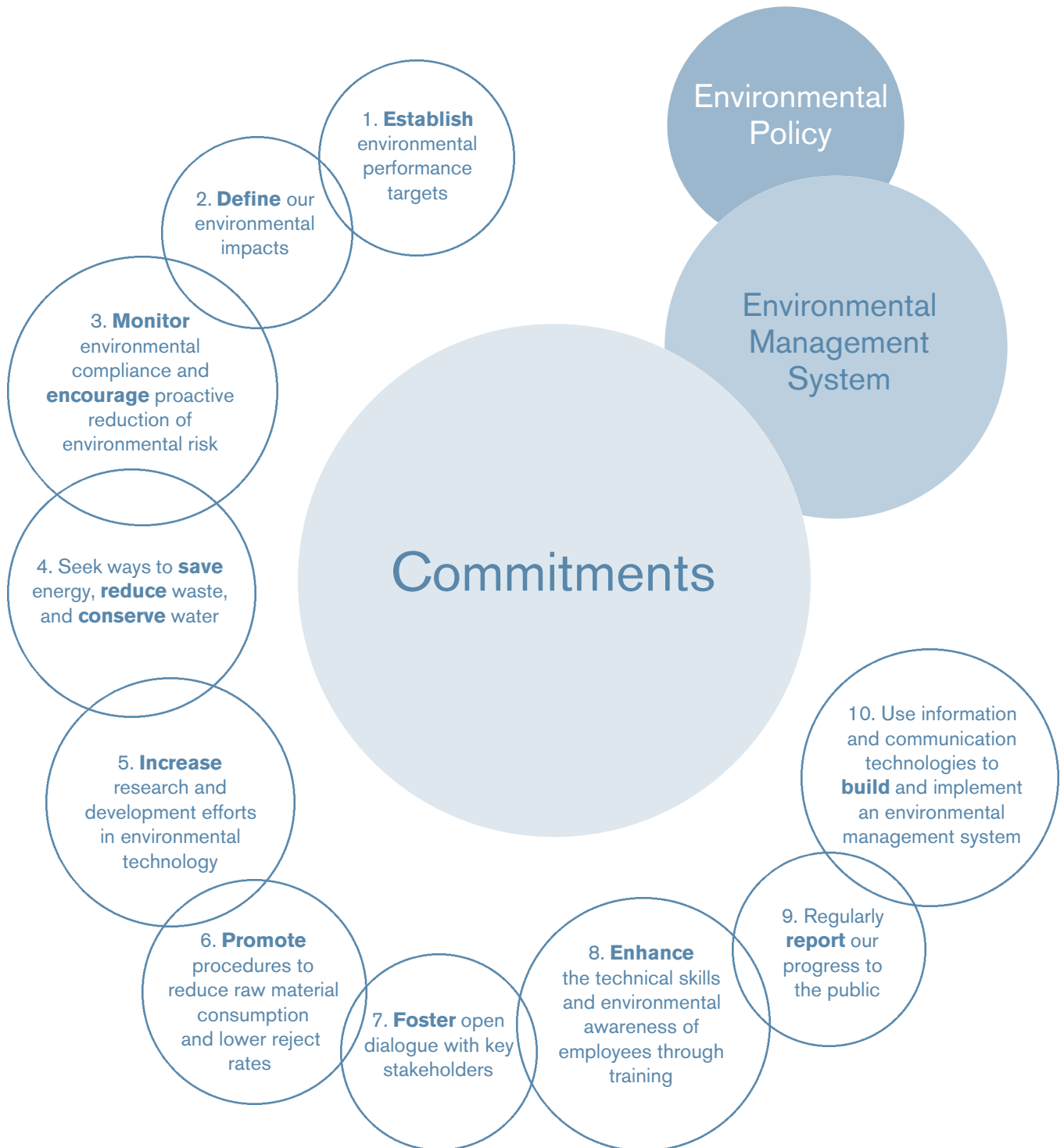
The first task of this organization will be to develop a corporate environmental policy consistent with our corporate values.

The second phase of our strategic model involves the design and development of an EMS that will create consistency in environmental management across the business while retaining the flexibility required to implement it on a local level. The Vivendi Universal EMS will be grounded on a due diligence compliance platform, but will also establish strategic global environmental procedures and guidelines linked to our environmental policy and our global environmental impacts. This EMS will provide the framework within which each business unit and operation will build its environmental programs and achieve its commitments. An environmental database will be developed to collect and manage environmental data at each location. This database will serve as the mechanism to track environmental performance both on a

local and global scale and to monitor progress against our commitments. The database will be accented by a global environmental network system where all sites can share best practices, communicate regulatory information, and share environmental training programs. Once designed and developed, our EMS will be housed on an Internet/intranet platform, easily accessible to all operations worldwide.

This will facilitate Phase Three of the model EMS implementation. Each Vivendi Universal site worldwide will implement the EMS in the time and manner most appropriate to each site. The focus of this effort will be on both implementation of the requirements of the environmental guidelines and procedures referenced in Phase Two as well as the capture and tracking of environmental data needed to measure performance.

When fully implemented and maintained, this Environmental Management System will provide Vivendi Universal associates with the awareness as well as the tools to ensure compliance with law, reduce environmental risk, meet the performance commitments set by the corporation and their business unit, and identify and implement eco-efficient, cost-reduction opportunities throughout the corporation.



Environmental Impacts and Performance

Vivendi Universal's products and services are many and varied. So, too, are our environmental impacts. While those deriving from the production processes of our businesses in music, publishing, and TV and film are multiple, those from our telecom and Internet activities are relatively few and focused. In the next section of this report, we will identify the environmental impacts of each business unit, provide a case study, discuss performance indicators, and relate some early results and success stories.

The first Vivendi Environmental Report, published in 1999, identified five performance objectives for action over a five-year period. Since Vivendi's scope has changed significantly with the merger of Vivendi, Seagram and Canal+, only two of those original performance objectives are suitable for our communications businesses:

- To reduce carbon dioxide emissions by 10% going forward over the five-year reference period and on a comparable basis;
- To evaluate how best to blend our facilities into the natural environment, prior to building or redeveloping any major ones.

All businesses will use these objectives to measure their performance, taking 2001 as the baseline year. In 2001, each business unit will also set itself two further performance targets specific to its own environmental impacts. As part of the drive to implement our environmental management system, we will develop and implement a data collection module to accurately and efficiently track the performance indicators applicable to each business unit. We will report on our progress against these indicators in Vivendi Universal's 2001 Environmental and Social Report.



→ Music



→ TV and Film



→ Publishing



→ Telecoms



→ Internet



Music

Universal Music Group (UMG) is the world's largest music company with operations in 63 countries. UMG owns many of the industry's top record labels encompassing every music genre and has a strong position in new technology, e-commerce and multimedia convergence.

At its North American and European facilities, UMG

manufactures compact discs (CDs), digital video discs (DVDs), and vinyl records. The environmental impacts of these production processes range from the consumption of raw materials and natural resources to the generation of solid waste, air emissions and wastewater.

The case study below looks at how one UMG plant impacts on the environment. UMG’s efforts to cut and control the environmental impacts of production at its operations are numerous.

The featured examples of action in the following pages illustrate the scope of UMG’s commitment.

Case Study: The Environmental Aspects of Music Manufacturing

Universal Music Group - Germany

UMG’s plant in Hanover, Germany manufactures CDs and DVDs for the German, Austrian, Danish, Slovak and Czech markets. It employs over 1,000 and produces 170 million CDs per year.

Like most industrial facilities, the plant impacts the environment through the use of raw materials and natural resources and the generation of solid and liquid waste. The plant monitors its water and energy consumption closely and processes effluent on-site to meet required standards before piping it to the municipal treatment facility. Hanover has focused strongly on environmentally friendly recycling practices. It segregates high percentages of its solid waste and trains employees extensively. Results are impressive. The plant recy-

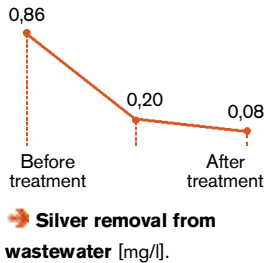


clcd 90% of all the solid waste it generated in 2000. The recycling of scrap CDs accounted for a significant share of this imposing figure.

A PROFILE OF UMG GERMANY’S ENVIRONMENTAL ASPECTS*

Water use (potable water)	22,828 m³
Water use (groundwater)	45,921 m³
Waste generation	2,544,000 kg
Waste water discharges	45,921 m³
Energy use	37,100,000 kWh

* Year 2000 figures

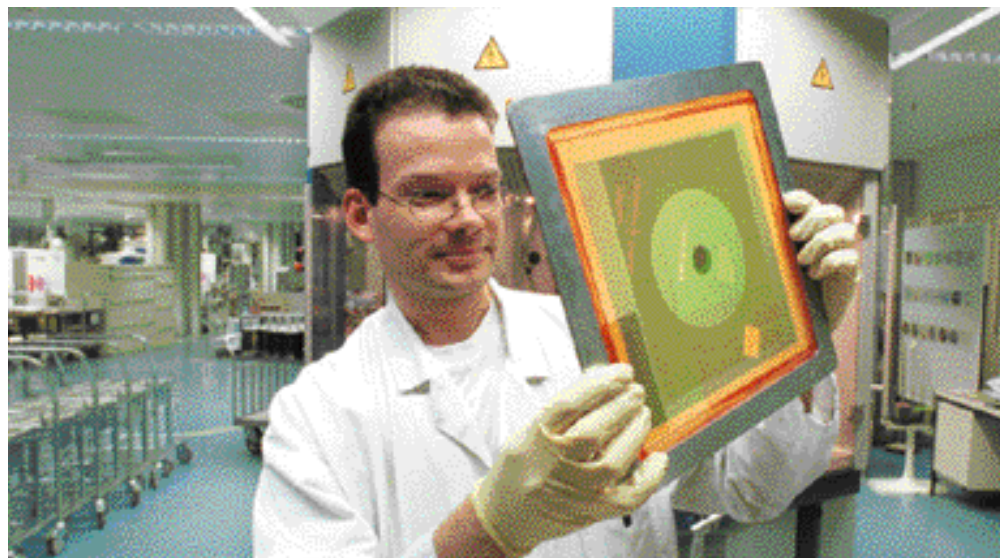


In-house Ingenuity Creates a Win-Win for UMG and the Environment

UMG manufactures vinyl records at its plant in Gloversville, New York. Vinyl record production begins by coating a master plate with silver. The resulting effluent contains silver that, if left untreated, can exceed permissible discharge levels. Gloversville was anxious to remove the silver from its wastewater, both to comply with standards and to safeguard the environment. Unfortunately, none of the commercially available silver recovery units that the facility investigated secured high enough levels of removal. So Gloversville opted to build its own. It sought out a specialist chemist to help design a system that would separate out the silver. The result was an ozone-based treatment system that cut effluent silver levels tenfold – from



0.86 mg/l to as little as 0.08 mg/l. Gloversville's custom-built system has met both project goals: full compliance with legal requirements and minimal environmental impact from silver.



UNIVERSAL MUSIC ROCKS TO ISO 14001

→ In 1998, UMG's North Carolina facility was the first in the group to certify its environmental management system (EMS) to ISO 14001. Key to the success of the certification project was a task force drawn from across the facility that identified and evaluated the site's environmental impacts. The team graded impacts and singled out the highest scorers for reduction and control. Any good EMS, including those implemented to ISO 14001, aims to continually improve environmental performance. The North Carolina plant is doing just that. One example of this continual improvement relates to machine oil use at the facility. One of the impacts the task force earmarked for reduction was the amount of waste oil generated from equipment operation and maintenance. The plant located a device that filters used oil on-site so that it is actually cleaner than when first bought. Rather than disposing of oil after just one use, the plant now recycles it back into machinery. Simple, effective, and economic. This ISO-driven project has netted the Company an annual savings of \$13,500.

RECYCLING COMPACT DISCS IN GERMANY



UMG's facility in Hanover, Germany, is the only CD manufacturer in the world to recycle used CDs to make new ones. In 2000, recycled CDs accounted for over 10% of the base material used in production. To return a CD to its original polycarbonate form, a chemical-free cutting process strips it of its top layer (aluminum, lacquer, and

printing ink). It then passes through a stamper, which purges the central hole and outer edge. The cuttings are shipped for use as fuel to an external incineration plant, while the rest of the CD is washed and dried, then ground, melted, dried again and finally granulated. The method recovers 87% of the original CD as polycarbonate, which returns

to the production chain as feed stock. Hanover's in-house recycling is entirely mechanical. Other companies favor a chemically based stripping process, which generates recycled plastic not suitable for reuse in CD production. Not only does Hanover use no chemicals; its recycled end product is clean enough to go right back into production.



UMG Makes a Corporate Commitment in the United Kingdom



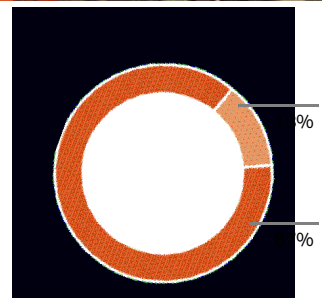
UMG United Kingdom (UMUK) has taken a giant step toward improving its environmental performance. In response to a request from the UK Department of Environment, it agreed to participate in the 'Making a Corporate Commitment' Program or MACC.

MACC is a voluntary scheme to encourage commercial and industrial facilities to curb their greenhouse gas emissions, waste generation and water usage. UMUK was one of the first volunteers for the program, which began early in 2001 and will run for two years. UMUK's first step was to identify and evaluate its environmental impacts in the three MACC-target areas – energy usage, waste generation and water

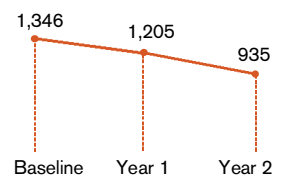
usage. A team of employees drawn from across all UMUK facilities then explored ways to reduce impacts. The team determined that, although UMUK's water usage was already low, drinking less bottled water would lower it still further. The answer was to switch to municipal water sources, which would cut costs and ease the environmental impact of plastic bottles. To make the switch, the company is installing filters in all its facilities' water supplies.

In the area of waste generation, UMUK is focusing on recycling paper, cardboard and scrap CDs. All UMUK's plants are implementing white paper and cardboard recycling systems, and sending CDs for recycling. They are then recycled as plastic caution cones used for highway construction activities. The company's drive to reduce greenhouse gas emissions involves such projects as upgrading lighting, insulating heating pipes, and installing timers on boilers. All save electricity. UMUK is also testing the use of liquid propane gas (LPG) to power its sales force's vehicles. LPG is a cleaner-burning fuel than gasoline with substantially less greenhouse gas emissions.

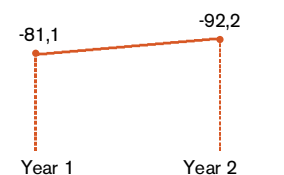
Lower water usage, waste generation and greenhouse gas emissions are ambitious targets. But UMUK fully expects to meet them as it implements environmentally efficient practices across its facilities over the next two years.



➔ For every recycled CD:
— reused in production
— waste to energy



➔ Targeted reduction in waste generation for UMUK [tonnes to landfill].



➔ Targeted reduction in CO₂ emissions for UMUK [metric tonnes].



→ TV and Film

Vivendi Universal TV and Film division is the result of the strategic combination of the Canal+ Group and Universal Studios businesses. The legendary Universal Studios is a global leader in the motion picture industry. Film stands at the core of Universal's image-related activities – theatrical releases, videos, DVDs and television – and provides the themes for many of the attractions in our theme parks. Canal+ Group, Europe's number one pay-TV and digital television operator, is at the center of Vivendi Universal's TV activities.

Universal Studios Film Production

The environmental impacts of film production are numerous and varied. They include air emissions, asbestos management, waste generation, water and energy use, waste water discharges, and the consumption of natural resources.

Case Study: The Environmental Aspects of Making Movies

Universal City, California, USA

Universal City covers a 168-hectare site that houses the Universal Studios Hollywood theme park, the CityWalk retail and commercial center, hotels and, of course, our famous filmed entertainment production studios, Universal Studios. Founded in 1912, Universal Studios is home to the oldest continuously operating filmed entertainment production company in the United States. It is also the largest working studio in the world.

Movie-making is resource-intensive, though the nature of the business can make it difficult to quantify environmental impacts. For example, shooting film on location impacts the environment, but it does so indirectly, making it difficult for Universal to gauge. Most impacts from on-site production activities are measurable. For example, electricity generators operated by film crews produce air emissions. Renovating old buildings generates waste asbestos. Studio filming consumes water and energy, and can result in significant volumes of solid waste when old movie sets are dismantled and new ones rebuilt.

The theme park and CityWalk at Universal City also impact on the environment in ways ranging from air emissions, waste generation, water and energy use and wastewater discharges. Universal has worked hard to reduce and control the environmental impacts of its film production, theme park and Citywalk activities. The chart below summarizes Universal City's environmental impacts for 2000.



A PROFILE OF UNIVERSAL CITY'S MOST IMPORTANT ENVIRONMENTAL ASPECTS*

Waste asbestos	75,298 kg
Water use (potable water)	984,204 m ³
Water use (reclaimed water)	185,485 m ³
Regulated waste generation	250,750 kg
Waste water discharges	423,586 m ³
Energy use	184,658,461 kWh
Air emissions (nitrogen oxides)	18,924 m ³
Air emissions (volatile organic compounds)	8,736 m ³

* Year 2000 figures

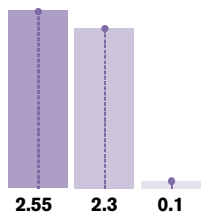
WASTE PAINT RECYCLED INTO A COMMUNITY RESOURCE IN HOLLYWOOD



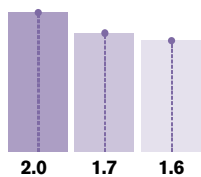
In inner-city neighborhoods, graffiti can trigger disorder and crime because it sends out the message that 'nobody cares'. Since 1992, Universal City, Hollywood has donated over 49,000 litres of surplus paint to the City of Los Angeles for use in its campaign against the gang-related graffiti that defaces buildings all over LA. Universal has avoided both the financial and environmental cost of disposing of thousands of litres of leftover paint every year. There has been a social benefit, too. Graffiti is often the first sign that gangs are moving into a neighborhood. Removing it early helps stop the infiltration before it begins.



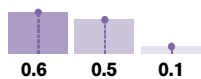
→ CO



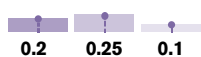
→ NOx/10



→ HC



→ PM



→ Average emissions by fuel types [g/ml]
 ■ standard diesel fuel
 ■ ARCO clean fuel
 ■ ARCO clean fuel with controls.

All Benefit From Universal's Clean Fuel Test Program

Universal Studios in Los Angeles utilizes 21 tram vehicles for tours of the studio's back lot attractions area. The diesel-powered trams used to emit unpleasant fumes that contributed to local air pollution. In September 1998, Universal became aware of an experimental clean-burning diesel fuel produced by ARCO. ARCO's Emission Control Diesel (ECD) was just enter-



ing the test phase of its development. Earlier that year, Universal had made a \$1 million upgrade to the tram motors, replacing them with electronically controlled units that are more efficient than the traditional mechanically controlled motors. Even though the new motors slashed emissions, Universal was anxious to do even more to safeguard the environment and enhance visitors' enjoyment of the ride. The company contacted ARCO and volunteered to test the new clean fuel in its trams.

The test program began in September 1998 and is scheduled to run until May 2001. So far, it has been an unqualified success. In addition to the new motors and cleaner fuel, the trams are fitted with particulate filters and catalytic converters, not commonly used for diesel-burning vehicles in the US. Tests on school buses, which have engines similar to those of trams, have shown large reductions in emissions. Most notable are the greater than 90% reductions in soot when the catalytic filters are combined with ECD (see graph). Benefits from the tram tour trial are threefold: better air quality, increased customer satisfaction, and occupational health gains for tram operators.

Universal Studios Theme Parks

Universal Studios Recreation Group runs some of the most exciting and innovative themed entertainment attractions anywhere in the world. Since opening its first theme park in Hollywood in 1964, Universal Studios has expanded to create world-class entertainment enjoyed by millions every year.

Case Study: The Environmental Aspects of Entertaining Millions

Universal Studios - Port Aventura, Spain

From an environmental perspective, our theme parks can be thought of as small cities. With thousands of visitors daily, they produce large quantities of solid and sanitary waste and consume high volumes of water and energy. Universal Studios Port Aventura theme park is located near Barcelona, Spain. It extends over 117 hectares and boasts 30 attractions, 100 daily live performances and 70 restaurant facilities. The Park is divided into five areas – Mediterranean, Polynesia, China, Mexico, and the Wild West – each designed to recreate the look and feel associated with its place name.

With almost 3,000 employees and over three million visitors per year, Port Aventura is world-class in entertainment. The first theme park in the world to gain EMAS certification, it is also world-class in its commitment to minimize and manage its impact on the environment. Port Aventura has clearly identified and defined its environmental priorities. It has set multiple targets aimed at reducing the chief impacts. The 20 or more types of solid waste generated by visitors and restaurant and retail facilities are one such target. Each restaurant has its own dedicated collection and segregation area that has resulted in a 50% recycling rate for such materials as cardboard, wood, metal and plastics. Current projects to improve waste management include ongoing training to maximize segregation and a site-wide waste minimization study.



A PROFILE OF PORT AVENTURA'S IMPORTANT ENVIRONMENTAL ASPECTS*

Water use (potable water)	419,825 m³
Water use (reclaimed water)	224,414 m³
Waste generation	4,679,185 kg
Waste water discharges	134,344 m³
Energy use	19,974,561 kWh

* Year 2000 figures

FLORIDA ALLIGATORS FIND A NEW HOME ON UNIVERSAL PROPERTY IN ORLANDO

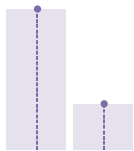
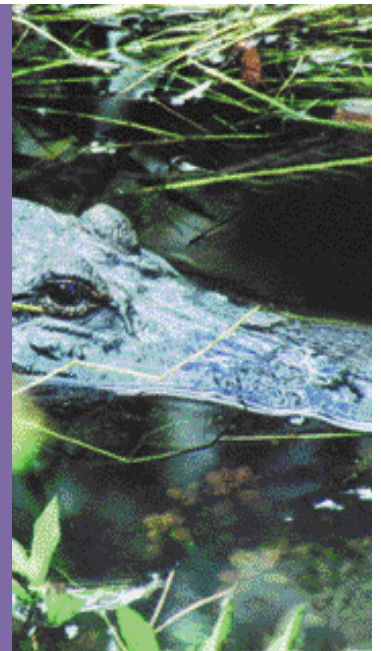


PROPERTY IN ORLANDO

In December 1998, Universal Studios purchased an 890-hectare parcel in Orlando, Florida for future theme park and commercial development. The prior owner had used the property from 1958 to 1996 to manufacture and test military weapons and electronics systems. As a result, there was significant contamination of both soil and groundwater. Universal voluntarily assumed legal responsibility for the environmental cleanup of the site when it negotiated

the purchase. The aim was to make the land fit for future development and safe for all. Work began in November 1998. It has involved excavating, moving and disposing of all contaminated soils, as well as installing an enhanced ground-water remediation system. A downside to decontamination emerged, however. The cleanup, and Universal's future plans for development, will adversely affect the site's wetlands, ecologically important areas. To compensate, Universal has developed a comprehensive mitigation plan whereby it will

replace every one acre of wetlands lost with five acres of new wetlands. The replacement wetlands, all located on Universal property, will be ecologically richer than the existing ones, with more plant and animal diversity and higher ecological productivity. Universal began work under the mitigation plan in January 2001. The plan includes rehabilitating the banks of an adjacent creek, long impacted by commercial and industrial development. On project completion, the ecology of this watershed and surrounding uplands will be greatly enhanced.



97-98 98-99
22,997 7,605

➔ **VOC emissions from Universal City, Hollywood**
[amounts in kg].

ET and Friends Reduce Their Environmental Impact

On the Universal Studios theme park attraction, 'ET, The Extraterrestrial', you can join ET as he rides his bicycle into the night sky and upward to his home in the stars. Back on Earth, however, ET sometimes needs his parts cleaned or repaired. To maintain him and many other animated characters throughout the park, Universal technical support staff use part-washers to clean the grease from parts before they can be worked on or reused. The part-washers used to contain a petroleum-based chemical that, when exposed to air, gave off volatile organic compounds (VOCs). VOCs are a source of air pollution, contributing to smog, a well-known problem in Los Angeles. To reduce VOC emissions from part-washers, Universal staff began investigating potential substitutes for petroleum-based chemicals in 1998. A year later, they settled on a water-based alternative. Since then, the new part-washers have been operating successfully at many attractions,

including ET, Jurassic Park, and Back-to-the-Future. At the same time, Universal switched to water-based paints from the VOC-emitting, solvent-based paints it had historically used. By changing to water-based part-washers and paints, Universal City has reduced emissions by over 67% in just two years.

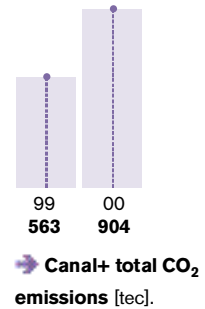


EMAS CERTIFICATION FOR PORT AVENTURA - THE FIRST OF ITS KIND IN THE WORLD



In December 2000, Universal Studios' Port Aventura theme park near Barcelona, Spain, became the first of its kind in the world to publicly certify its environmental management system (EMS) under the European Union's Environmental Management and Audit Scheme, commonly known as EMAS. Port Aventura developed and implemented its EMS in less than two years and passed the certification assessment on the first attempt. In keeping with its policy of continual improvement, Port Aventura's goal was to ensure the consistent use of sound environmental practices throughout the site. It brought together a cross-section of staff to form the 'Green Team', which championed the EMS project. Using a Web-based platform, the Green Team identified and evaluated the site's environmental effects and drew up work practices and procedures to support the management system. The team also set targets to reduce significant environmental effects and acted as EMS ambassadors to other employees. The result has been a prestigious certification and, even more importantly, a program to promote 'environmental thinking' across business operations. The aim of this environmental thinking? To reduce environmental impacts and operational costs and to increase customer satisfaction.

Vivendi Universal's Television Activities



Vivendi Universal's television activities center on the Canal+ Group. Europe's premier digital and pay-TV operator and theme channel producer, Canal+ also boasts Europe's second largest catalog of TV and film rights. Canal+ is an international conditional access and interactive technology provider. It also supplies content for Vivendi Universal's Internet activities. But since it acts primarily as a content distributor rather than producer, it does not impact on the environment in the same way as film production activities. Direct environmental impacts are restricted to those generally associated with office activities – energy, water and raw material consumption and waste generation.

Case Study: Old Videotapes Get New Life with Canal+

In 1999, Canal+ launched Images en plus (Images Plus), a group-wide program for recycling old videotapes. To implement the scheme, it formed a partnership with Alter Ego, a voluntary group dedicated to giving work experience to the long-term unemployed and handicapped young people. The aim is to recycle used videotapes and pass them on to needy groups, like television channels and small production companies in developing countries and organizations offering audiovisual training courses. Alter Ego reformats and labels the tapes, while Canal+ handles collection, storage and shipping. Alter Ego has put in some 4,000 hours of work to date. Results have far outstripped expectations. The Canal+ Group and Alter Ego have distributed 30,000 tapes to countries like Benin, Bosnia, Burkina Faso, Cambodia, Ivory Coast, and Cuba.





➔ Publishing

International and multi-platform contents publisher, Vivendi Universal Publishing ranks among the leaders in 5 business areas: Games, Education, Literature, Health and Information. Vivendi Universal Publishing edits over 70 press titles and sold in 2000 more than 160 million books and 42 million CD-Roms. With a workforce of 22,000 in the world, Vivendi Universal Publishing aims to become an uncontested leader in its markets.

Although it outsources most of its publishing and CD-Rom manufacturing to key-suppliers, Vivendi Universal Publishing runs its own printing operations through its wholly-owned French company, Comareg. The publishing business units' operations result in direct or indirect environmental impacts such as the use of raw materials, natural resources and energy and the generation of waste by-products, air emissions and wastewater discharges. A case study of how one Comareg facility impacts the environment is presented below.

Case Study: The Environmental Aspects of Publishing
Comareg - France

Vivendi Universal Publishing's Comareg Group owns several printing facilities. Its newest is in Iffendic, France. Commissioned in 1998, it employs 62 people. Iffendic prints a classified ad weekly called *Bonjour*, which comes in 28 regional editions and has total circulation of almost 2.5 million.

The plant was built with minimum disruption to the environment in mind. Its architecture is unobtrusive and, wherever possible, trees have been conserved. It pipes effluent directly to the municipal wastewater treatment plant and stormwater to the nearby Le Meu River.

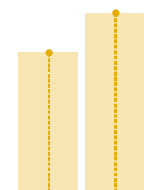
Printing impacts on the environment primarily through its consumption of such resources as paper, water and energy and the generation of materials like waste paper, chemicals and spent machine oils. The Comareg Group has worked hard to separate and recycle as much waste as possible. It reuses wooden pallets and returns chemical containers to suppliers for reuse. Not only does it recycle all waste paper; it has minimized volumes produced by upgrading the printing process. It has, for example, introduced wide-diameter reels and a high-performance rotary press fitted with automatic reelstands. As a result, Comareg's Iffendic plant has achieved an overall recycling rate of almost 97%.



A PROFILE OF COMAREG'S IFFENDIC PLANT'S ENVIRONMENTAL ASPECTS*

Raw material use (paper)	11,000,000 kg
Raw material use (ink)	180,000 kg
Waste generation (paper)	800,000 kg
Waste generation (chemicals)	40,000 kg
Waste generation (waste oil)	1,000 kg
Waste generation (other)	18,000 kg
Energy use	1,277,580 kWh
Water use	1,165 m ³

* Year 2000 figures



99 00
1,876 2,366

➔ Publishing
CO₂ emissions [tec].



Pulp and Paper Industry Advances Toward Sustainable Development

As one of the world's leading publishers, Vivendi Universal Publishing purchases large quantities of paper products each year. Because it is acutely aware of paper's upstream and downstream impacts on the environment, it works proactively with its supply chain to manage them positively. This includes encouraging paper manufacturers to obtain ISO 14001 and EMAS certification and to support sustainable forest management.

The pulp and paper industry is evolving, although key misconceptions about the industry linger. For example, it no longer makes most of its paper from vast clear cuts, but from thinning cuts, sawmill residues and recycled fiber. Most forests in developed countries, and some in developing countries, are managed under sustainable forest management standards. The industry has also made significant headway in curbing the environmental impact of manufacturing processes. Its statistics, for example, show 95% of water used in production is treated and recycled, while waste byproducts are used for energy recovery, soil conditioning and

building materials. And where chlorine gas was once its primary bleaching agent, it has now switched to less polluting techniques that use chlorine dioxide and ozone.

The industry has not solved all its environmental issues. But driven by supplier expectations as high as those of Vivendi Universal Publishing, it is constantly strengthening its commitment to:

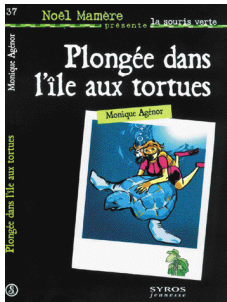
- Sustainable forest management;
- ISO 14001 and EMAS standards;
- Increased recovery and recycling rates;
- Continued development of eco-efficient manufacturing process technology;
- Reduced greenhouse gas emissions.

The pulp and paper industry has the potential to become a sustainable industry. In 1999, Vivendi Universal Publishing purchased paper from 28 paper companies operating over 152 mills globally. Sixty-eight have achieved ISO 14001 and/or EMAS certification. We will continue to work with the others to encourage them, too, to seek certification.

THE GREEN MOUSE ADDRESSES GREEN ISSUES

➔ Vivendi Universal Publishing is acutely aware of the importance of environmental issues. Working in collaboration with children's publisher Editions Syros, it launched a new series of books under the name 'La Souris Verte' (Green Mouse). Designed to raise French

teenagers' understanding of the environment, the books feature plots in which young people are faced with situations where the environmental stakes are high. They investigate and take responsible action. In one story they address the health hazards of building a school on radioactive land and take action. In another, a real estate developer is to build a carpark on a skateboard rink. How can it be saved? Vivendi Universal Publishing has plans for two new collections on green themes: 'Tante Agathe' (Auntie Agatha), which will be aimed at eight-year-olds, and 'L'Inspecteur Ricardo' (Inspector Ricardo), for 12- to 13-year-olds.



Publishing With Less Impact

In addition to supplier initiatives, Vivendi Universal Publishing runs programs to reduce environmental impact across its own operations. One example is the collection and recycling of spent batteries, which contain pollutants like sulfates, lead, mercury and other metals. Since January 1, 2001, French law has required battery distributors to collect and recycle batteries from their customers. Vivendi Universal Publishing did not wait to be legislated to: it set up collection centers in most of its business units as early as 2000. The waste management specialist Onyx, a Vivendi Environnement company, recycles the batteries. The operation has met with great success from employees at all Vivendi Universal Publishing facilities.



BOOKPOLE: WHERE BUSINESS NEEDS AND ENVIRONMENTAL PROTECTION MERGE

➔ Bookpole, a joint venture between Vivendi Universal Publishing Services and the French printer Maury, is an innovative new digitized tracking system designed to print on demand for just-in-time delivery. It replaces the traditional methods of printing books in large batches, then storing them pending demand. Bookpole is good both for business and the environment. It works by storing documents as computer files then running print jobs for the exact number of copies requested. Bookpole's business goal is to meet the demands of niche markets like micropublishing, customized printing and reprints, while reducing the risks of overproduction. By printing only the number of copies needed, Bookpole reduces environmental impact. It drastically cuts down on the paper, water and energy required by the traditional printing process, where copies may not be distributed and eventually have to be destroyed. Launched in April 2000, Bookpole is used by publishers of the Vivendi Universal Publishing Group and by other publishers as well. The project is a fine example of how sustainable industry addresses business needs and environmental protection at the same time.



Telecoms

Our telecom business units Cegetel and Vivendi Telecom International make Vivendi Universal a major operator both in France and internationally. Cegetel's provision includes mobile telephony, through leading French operator SFR and a fixed-line service. Cegetel also part-owns T I com D veloppement, which offers long distance traffic. Through our 44% interest in Cegetel we are France's premier private telecom operator. Vivendi Telecom International serves customers in Spain, Hungary, Monaco, Poland, Morocco, Egypt, Kenya and Germany.

Although our telecom business units do not own or operate any telecom equipment manufacturing processes, environmental impacts are inherent to the operation of the networks that provide the infrastructure for our telecom services. Typical examples are the visual impact of transmission towers and antennas on the surrounding landscape, energy use, waste generation, fuel storage for emergency power generation, and substances in cooling and fire protection. The case study below examines the environmental impacts of one Cegetel operation.

Case Study: The Environmental Aspects of Cegetel Telecom Networks

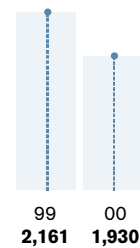
Cegetel has put the environment high on its priority list as it poises to launch its new UMTS cell phone network. Pending go-ahead from the French government, it has pledged to contain the environmental impact of infrastructure. UMTS stands for Universal Mobile Telecommunications System. It is a new technology that transfers voice, image and sound data at a speed of two megabits per second compared to relatively slow technology currently in use (below 30 kilobits/second). It will be the platform for a host of new services such as videophony, multimedia e-mail, video, and high quality Internet access. Drawing on its wealth of network development experience, Cegetel is to take three sets of measures to lessen environmental impact.

First, it will keep installations of new antennas to a minimum. It will do so by harnessing almost all its existing transmission sites and use bi-band antennas that combine either GSM 900 or GSM 1,800 frequencies with UMTS technology. Research is also being conducted on tri-band antennas that can accommodate all three frequencies on a single site.

Second, it will ensure that its transmission towers and antennas merge with local landscapes. It has

already undertaken such work on its GSM sites. In historical city centers it is using integration techniques such as mock chimneys and blending its antennas with building styles to preserve architectural integrity.

Finally, it will contain the spread of new transmission sites by sharing them with other operators wherever possible. It already shares a significant number with second-generation phone operators and will continue the practice on its UMTS sites.



➔ **Telecoms CO₂ emissions**

[tec].

Reduction of CO₂ due to the decision in 2000 to outsource most of the maintenance operations on sites in rural areas.

Cegetel has committed

to reduce the visual impacts of its activities on the environment.

In this picture, the telecom antenna is integrated within a tower of the Chambord Castle, France.

VIVENDI TELECOM HUNGARY SETS ITS ENVIRONMENTAL GOALS

➔ With Hungary on the threshold of membership to the European Union, environmental protection has become an issue central to corporate management.

Vivendi Telecom Hungary has conducted a thorough review of the impacts its activities have on the environment and set up an action plan to address them. The key goals include:
 > **Air Quality:** facilities have done away with coal and fuel oil heating. They now use natural gas and, in a few cases, electricity. Hungary's motor vehicle

fleet is fully equipped with catalytic converters and is serviced only by dealerships that meet Hungarian environmental regulations.

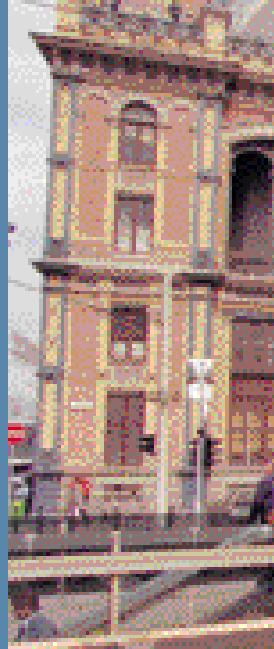
> **Waste Management:** the company has replaced almost all corrosive acid batteries with gel batteries, so protecting employees from exposure and the environment from waste disposal impacts.

> **Noise:** Electrical generators have been equipped with vibration-absorbent foundations and are installed in insulated facilities custom-built to eliminate noise exposure.

> **Soil and Groundwater Protection:**

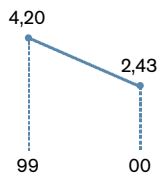
In February 2001, the company still maintained 12 diesel underground storage tanks to power its generators. It has set itself the goal of phasing them out as they become obsolete. Two will go in 2001. All tanks undergo leak testing every five years.

> **Energy Management:** Vivendi Telecom Hungary has begun an energy management system that analyzes electricity use and tracks consumption patterns. It will use the data it garners in this way to target priority areas for reduction programs.



CEGETEL PLANS FOR THE FUTURE

In coming years Cegetel plans to further strengthen its environmental commitment. Its mobile phone operator, SFR, has undertaken to cut and control the waste it generates with two major projects: the recycling of mobile phone batteries and the reduction of packaging waste.



➔ **SFR packs waste reduction** [amount of waste generated per manufactured unit (kg)].

REDUCING PACKAGING WASTE

➔ For SFR, 1999 was a year of innovative packaging designs. In 2000, the company reduced considerably the environmental impacts and added cost of packaging. Telecom equipment packaging coming from the manufacturer to SFR and also repackaging to our customers were reduced. Changes made in 1999 and 2000 resulted in a 60% overall reduction in waste generation. Through continuous improvement positive packaging waste reduction should continue during 2001.



RECYCLING OF MOBILE PHONE BATTERIES

➔ SFR's active policy of recycling spent mobile phone batteries will entail a two-pronged approach:

- Customers who bring in their phones for upgrading will be able to trade in the batteries from them. They will merely have to deposit the batteries in the dedicated collection containers at SFR retail outlets.
- When an SFR-approved repair outlet deems a phone irreparably damaged, batteries will be collected for recycling.



Using World Bank Recommendations to Minimize Impacts of Telecom Development in Kenya

In late 1999, Vivendi Telecom International and Sameer Investment Limited set up a joint venture company, KenCell Communications Limited, to bid for a mobile phone network in Kenya. The Kenyan government granted KenCell the license to network the country's second generation of mobile phones. The project, designed to cater to 63% of the population over the next five years, underwent detailed environmental impact review by the World Bank. The review focused on the construction and operation of the antenna sites. It found that, while the project is not expected to have significant environmental impacts, good construction and management practices can ease what impacts there may be. The Bank made several recommendations. One was that KenCell should develop an environmental management plan prior to starting work. As a partner in KenCell, Vivendi Telecom International will build on the World Bank's recommendations to mini-

mize the impacts of infrastructure development. Its environmental management plan will include action to mitigate erosion control, habitat conservation, noise control and waste management. Future issues of the Vivendi Universal Environmental and Social Report will follow KenCell's progress.





Internet

Vivendi Universal Net is a leading European operator of the online age. It brings together Vivendi Universal's Internet activities, including Vizzavi, an innovative multi-access portal with topic-based gateways to fields like local services, health, leisure, games and film. Our Internet business unit's direct impacts on the environment are few. They result mainly from office management activities, chief among which is the use of energy and office supplies. Indirect impacts, like the manufacture of such Internet access devices as PCs and hand-held units, may be broader in scope. They are harder to define, however, and there have been few major reviews in the global arena. Our Internet services may actually have the potential to benefit the environment – by helping our customers reduce their own impacts.

Case Study: The Environmental Aspects of Internet Services

Internet customers can check out the news and weather round-the-clock or log in to local and personalized services. They can send and receive e-mails and browse sites from the device of their choice, be it mobile phone, interactive TV, personalized digital assistant or PC. People can do their banking, investing, shopping, travel booking, and more, without ever leaving home. The potential environmental benefits of this virtual marketplace are important. Shopping from home instead of driving to the store saves fuel consumption, which in turn

reduces greenhouse gas emissions and air pollution. So, too, does shipping goods direct from origin to consumer.

In a world where the population will reach almost nine billion by 2050, we are only just beginning to understand the cumulative effects of these positive environmental impacts. If we are to build the sustainable world of the future it must come from technological progress, improved fuels and energy usage, and advanced communications. Internet technology is an important part of that sustainable world.



The Vivendi Universal 'Internet with Confidence Charter' 7 Principles for Web Users

Vivendi Universal, which operates a variety of Internet activities, is highly aware of the need for a responsible attitude towards developing interactive media and electronic commerce. That is why we have taken the initiative of introducing this Internet with Confidence Charter, in which we set forth seven main principles, accompanied by concrete measures for our Internet activities.

1 The protection of personal data

Vivendi Universal respects your right to privacy protection and is committed to providing its services within a trusted environment.

2 The protection of children and assertion of a code of ethics for content

Vivendi Universal actively supports the search to find the right balance, especially in favor of protecting children.

3 The respect of intellectual property

Vivendi Universal, depending on its activities, may implement appropriate technical and legal measures to protect these rights.

4 The promotion of online consumer rights

Given the international nature of the Internet, Vivendi Universal supports the development and application of codes of conduct to encourage market players to act responsibly.

5 The security of exchanges and transactions

Vivendi Universal is working to support the creation of an environment that will foster the confidence needed for the dynamic development of e-commerce.

6 A responsible approach to advertising methods

Vivendi Universal, as part of its activities, supports the promotion and development of clear and truthful advertising.

7 Building an effective dialogue

To better understand your expectations, Vivendi Universal commits to building a dialogue with individuals, associations, companies and institutions. This Charter will evolve to reflect the results of such dialogue.



VIVENDI UNIVERSAL NET AND VIZZAVI APPLY THEIR BUSINESS MODELS TO ENVIRONMENTAL PROTECTION

➔ In keeping with their innovative business approaches, Vivendi Universal Net and Vizzavi France strive to also lead the way in environmental protection.

At their head offices in the Paris business district of La Défense, both encourage their employees to use as little paper as possible. As a result, e-mail and videoconferencing account for an ever-growing share in the flow of communication within the office. Employees have drastically reduced the amounts of paper and printing ink used and cut back on the need to photocopy documents for distribution.



⇒ Health and Safety

Vivendi Universal's values are a clear expression of our social responsibilities towards our stakeholders. The group has also a strong responsibility in regards to health and safety to our employees and customers. Safety and health programs, processes and benefits are well defined in each of our business units. We strive to collectively improve our quality and performance in order to offer the best working conditions to our employees.

Safety at Work

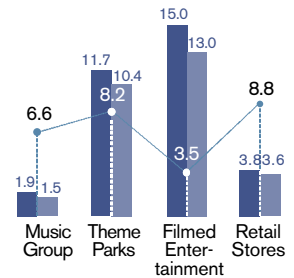
Our employees are our most valuable asset. Their personal health and safety, together with environmental excellence and social responsibility, are intrinsic to our sustained financial performance. That is why Vivendi Universal's operations everywhere strive to meet and exceed compliance with health and safety regulations and to provide innovative and creative programs to enhance employee health and safety at work, while traveling on business or at home.

Vivendi Universal Safety at Work Charter

As part of our development in France and internationally, we put social concerns among our fundamental values. Vivendi Universal seeks to further social initiatives in all the businesses and countries where we operate because it is our belief that without strong cohesion between all our associates there is no sustainable development. Accordingly, the Vivendi European Social Dialogue Committee, which brings together management and staff representatives, adopted the Fundamental Social Rights charter on November 21, 1996. This body also signed a Safety at Work charter on November 18, 1999. This charter is a forward-looking joint commitment to implement health and safety within the Company's European operations. It aims to ensure compliance with International Labour Organization health and safety standards and, if more favorable, with those required by national or regional legislation. Our duty to protect the health and safety of our employees includes these obligations:

- To make available places of work, machinery and equipment and to adopt working methods, all of which shall, so far as it is practicable, present no hazard in terms of the health and safety of workers and the public;
- To promote any and all instructions, measures and equipment which, under equivalent economic conditions, reinforce the safety of workers;

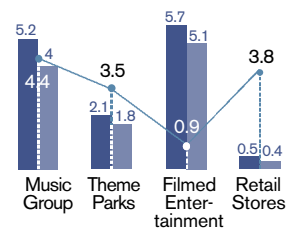
- To not use hazardous materials or materials putting the health of workers at risk, without providing them with the appropriate safety equipment and training;
- To give instructions and provide the indispensable training required for understanding of the risks and of methods of prevention, with due regard to the duties and capacities of the various categories of workers;
- To ensure adequate supervision with respect to work performed, to workstations, to working conditions and to the implementation of health and safety measures at work.



→ Incident rate comparison

[total cases + U.S. Occupational Safety and Health Administration (OSHA) industry average].

■ 1999
■ 2000
● OSHA



→ Incident rate comparison

[total cases with lost work days + OSHA industry average].

■ 1999
■ 2000
● OSHA

NB: data only integrate the activities in the U.S. Values for France are expected in June 2001 and will be harmonized in next year's report.



In Port Aventura, occupational hazards were assessed and evaluated by experts so as to draw up a risk elimination and reduction program. The Prevention Management System was certified in 2000.

Principles of Safety Management at Port Aventura in Spain

Universal Studios' Port Aventura theme park near Barcelona, Spain, has implemented European Union occupational health and safety directives with notable success. Its Prevention Management System includes provisions mirrored in its EMAS-certified environmental management system, such as an occupational health and safety policy and manual, written procedures and work instructions.



A joint team of management and trade union representatives drew up and implemented the Prevention Management System, which encompasses all aspects of occupational health and safety at Port Aventura, from machine guarding to contractor safety procedures. Training and motivating employees was one of the system's prime goals. As a result, the number of hours devoted to training employees in safety concepts has increased significantly. The system also called for a risk-assessment of all jobs at the theme park. Union and management representatives lent their full backing to the experts who assessed and evaluated occupational hazards. Once assessment was complete, Port Aventura acted on the evaluations to draw up a risk elimination and reduction program. An external agency certified the system in 2000, while in September of the same year Hans-Horst Konkolewsky, the EU's Director of Occupational Health and Safety, came to Port Aventura and reviewed it.

Universal Studios' Port Aventura is now in its second year of health and safety improvements under the Prevention Management System. Its overriding target remains the occupational health of all employees. After all, safety relates to everyone and everyone relates to safety.

Customer Safety

We cannot overstate our commitment to customer safety. It is paramount and the yardstick against which we measure our success. Because Vivendi Universal takes nothing for granted, we have dedicated, highly skilled teams constantly scrutinizing the customer-related safety aspects of our products and services and acting to improve them wherever feasible. We look at two examples of action below.

Guest Safety: Our Number One Priority

Universal Studios is a leader in themed entertainment and one of the largest theme park operators in the world. Every year it surprises, thrills and entertains millions at Universal Studios Hollywood, Universal Studios Florida, Universal's Islands of Adventure and Universal Studios Port Aventura. This spring, Universal Studios opened its second park outside the United States in Osaka, Japan.

The safety of our guests is Universal's number one priority and we are justifiably proud of our excellent safety record. Universal Studios' internal development and design group worked closely with companies widely acknowledged as leaders in their fields to develop its rides and attractions. They remain unique – and safe. They incorporate numerous, state-of-the-art safety precautions like computer-controlled systems, motion sensors, and continually monitored closed circuit cameras. All rides and attractions undergo daily, weekly, monthly, quarterly and annual safety inspections, preventive maintenance and testing. We conduct annual simulated emergency drills to ensure that park personnel have up-to-date training in safety responsiveness. In addition to our own in-house, specially trained personnel, we employ outside engineers and consultants. They conduct complementary, and comprehensive, safety inspections of selected aspects of facilities.

Universal Studios fully implements applicable standards set by the American Society for Testing and Materials and other recognized standards organizations in the design, construction, operation, inspection, maintenance and testing of its amusements.

We believe that, beyond designing and building safety into rides and attractions, each employee has a crucial role to play in ensuring guest safety. That is why we give our ride and attraction operators classroom and on-the-job safety instruction and require them to pass a written examination as a part of their training.



WIRELESS COMMUNICATIONS AND THE HEALTH AND SAFETY OF OUR CUSTOMERS

➔ Due to the explosion in mobile phone use in recent years, questions have been raised across the international community regarding the potential health effects of wireless communications systems such as mobile phones and transmission systems due to electromagnetic fields (EMF) that are an output of these devices (as it is for radio, television, etc.). Scientists have studied the health effects of EMF since the late

sixties and have not shown any definitive evidence of health effects resulting from exposure to them. Exposure guidelines have been established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) which is an independent body that advises the World Health Organization. These guidelines have been included in the recommendation of the European Council in July 1999 and should be transferred into French law very soon. Nevertheless, research studies are continuing, in order to detect

any long-term effect on human health. The research conducted by the International Agency for Research on Cancer (IARC, part of World Health Organization), is one of the most important epidemiological studies made in this field. Results should be published in 2003-2004. With regard to this context, SFR has created a Health Committee and a Scientific Council to survey and support research in this field. SFR also voluntarily complies with the European Recommendation of July 12, 1999.



Universal and the L.A. County Fire Department – Partnership in Action

Vivendi Universal is perhaps unique among its corporate peers in that it owns an actual city – Universal City, California. The city is an island within the jurisdiction of Los Angeles County and has been assigned a full-time L.A. County Fire

Department (LACFD) station. The firehouse is located in Universal City and dedicated to responding to emergencies there. Manned round the clock by 15 LACFD firefighters, it also boasts a paramedic squad and two fire trucks. Although Los Angeles County employs the firefighters, they work closely with Universal's own Emergency Response Team (ERT) to promote safe practices and ensure the fastest possible response time to emergencies. Together they have implemented a proprietary central station alarm system to which every phone in Universal City is tied. Dialing 911 simultaneously sets off alarms in the ERT office and LACFD station house. Universal employees monitor the calls from several locations so that they can direct the firefighters to the emergency and ensure the fastest response. The partnership between LACFD and Universal is unique. It extends beyond emergency response to employee awareness and training. The partners jointly develop and deliver programs that range from fire evacuation and earthquake drills to first aid and fire extinguisher training.



Environmental, Occupational Health and Safety Compliance and Remediation

Over the past decade, the scale of environmental, occupational health and safety (EHS) issues and associated regulatory pressures worldwide has grown exponentially. Vivendi Universal operates globally in multiple jurisdictions under highly complex regulatory frameworks. As a citizen both of the world and of the communities in which we work, we take our responsibility to comply with the law very seriously. Our record reflects our commitment. At Vivendi Universal we monitor our compliance through a robust EHS management system. It both tracks regulations and disseminates information to users on an electronic platform. The system includes an audit program under which every major Vivendi Universal facility around the world is assessed once every two to three years, depending on its size and complexity. Internal EHS professionals and outside consultants conduct assessments, examining compliance with local and national EHS laws and regulations as well as with company standards. Universal's EHS management system and built-in audit program were already in place at the time of the merger in December 2000. We will be harmonizing it during 2001 and incorporating it into the Vivendi Universal system where appropriate. Next year's Environmental and Social Report will assess progress in this area.



Compliance

Universal North American

EHS Compliance Record Year 2000

- Notices of Violation (NOVs).....8
- Total PenaltiesUS\$2,875

Three notices of violation related to environmental issues were received in 2000 by Universal facilities in the US: a wastewater permit exceedance, a paperwork error and a malfunction in a piece of control equipment. Of these three environmental NOVs, one resulted in a penalty. The remaining five NOVs were citations issued for occupational health and safety violations. Of the five, one was noted as 'serious' and involved inadequate fall protection. A penalty was imposed. The remaining four occupational health and safety citations were identified as 'minor' and received no penalties. Immediate action was taken to correct all eight NOVs.

Remediation

As described earlier in this document, Universal Studios has assumed responsibility for the cleanup of a contaminated site in Orlando, Florida. Historic industrial activities left the 890-hectare property with significant soil and groundwater contamination. Universal Studios voluntarily assumed legal responsibility for the cleanup when it negotiated the purchase of the property in 1998. It is remediating the site under the US Environmental Protection Agency (EPA) Corrective Action Program of the Resource Conservation and Recovery Act. Remediation is expected to be substantially complete in 2004 for an estimated total cost of \$42 million. Universal Studios is also a potentially responsible party at two USEPA Superfund sites where it has an estimated total future exposure of \$300,000.



➔ Social Dialogue

Of all Vivendi Universal's stakeholder groups, none is more important to us than our employees. It is through their skills and dedication that we function and prosper. That is why Vivendi Universal seeks to build relationships of trust and honesty with employees at all levels. Crucial to this approach is the social dialogue that we have actively fostered both with employees and the public.

Charter of Fundamental Social Rights

Vivendi Universal companies throughout the world are pledged to the shared values of providing quality of service and playing a useful role in society. They have long-term responsibilities towards the communities in which they work. Those responsibilities include commitment to social rights.

Against this background, employee representatives and senior management on Vivendi's European Social Dialogue Committee decided unanimously to affirm their commitment to certain fundamental rights as set out by the International Labour Organization. The result was the Charter of Fundamental Social Rights. It comprises three principles:

1 The prohibition of child labor

Children under 14 years of age, or of compulsory schooling age, shall not be employed.

2 The prohibition of forced labor of detained persons or prisoners

No detained person or prisoner shall work against his/her will, whatever form such work may take.

3 Respect for the freedom of trade unions

Employers shall not discriminate against an employee because he/she is member of a labor union.

Encouraging Employees to Enter the NetGener@tion



As Vivendi Universal CEO, Jean-Marie Messier, has said, "The Internet is the occasion to discover new cultures, to express oneself freely, to have access to knowledge in order to build a better world". As a global media and communications company, Vivendi Universal is making this a reality for its employees around the world through the 'NetGener@tion' program. NetGener@tion was launched in France, in early 2001, to provide

Vivendi Universal employees with access to the power of the Internet in their own homes. Eventually, Vivendi Universal employees in other countries will be able to purchase a computer for personal use through the company at extremely interesting rates. These computers are equipped with the latest technology, Internet connection and a printer. Employees are charged a symbolic monthly fee for the whole package. Service and maintenance are covered for 3 years and employees have access to a 24-hour, 7-day a week technical hotline at no cost.

By offering affordable Internet-capable personal computers, Vivendi Universal wishes to help its employees and their families make better technologies.

Through Jean-Marie Messier's vision, within the next few years, Vivendi Universal employees around the world will have unlimited access to information and constant learning, through the Netgener@tion program.

UNIVERSAL STUDIOS: ONE OF THE 100 BEST COMPANIES FOR WORKING MOTHERS

➔ Vivendi Universal understands how difficult it can be to balance the many responsibilities of our personal and professional lives. In North America we implemented our Work/Life Effectiveness Initiative to offer support programs and services as part of our comprehensive, award-winning benefits package. Work/Life services help employees strike that balance between professional and personal that is vital to leading happy, healthy and productive lives. They also help us recruit and retain the best and brightest people. In September 2000, the company's efforts gained public recognition in the US when Working Mother magazine named Universal Studios one of the '100 Best Companies for Working Mothers'. It was the fourth year running that Universal had received the prestigious award. One of the reasons that the company received this important designation was for the breadth of programs offered to our diverse work force, including a transition program for new parents offering a gradual return to work after maternity/paternity leave, flexible work arrangements, health club reimbursements, flexible spending accounts for dependent care, health care and public transportation, child care subsidy, professional lactation consultation, referrals including eldercare, child care, adoption, legal consultation and personal services. The company also provides back-up childcare at childcare centers across the country and in London (new in 2001) as well as on-site daycare in Orlando and Hollywood.



⇒ Community

Vivendi Universal is not yet one year old. Yet the companies that came together to form our corporation have long shared the same core values of quality, integrity, strong leadership, creativity and long-range vision. Those same values underpin the future that we are now building. They guide us in our commitment to the communities in which we work, in our support for education, training and the arts, and in outreach to the socially excluded. We encourage employees to contribute their time and money in ways that reflect their personal interests and values, whether through our work release policy, company-organized volunteer initiatives or matching gifts program.

The Vivendi Universal Foundation

Every day at least one grant request lands on the Paris desk of the Vivendi Universal Foundation, France's first totally independent corporate foundation. Its mission is to provide support to ventures with the potential to provide employment and revitalize local communities. It has a staff of 17 and a dedicated yearly budget of €4.5 million. It has sponsored more than 1,500 projects – 352 in 2000 alone – and helped create over 15,000 jobs since it came into being in September 1995. After the ferocious storms that swept France in the winter of 1999, the Vivendi Universal Foundation donated €1.5 million to some 100 projects to rehabilitate badly damaged forestland, so creating around 1,400 jobs. Foundation-funded projects boast a success rate of 80%. Below are just some of those that got their start from Vivendi.

Espaces

Espaces, French for 'spaces', was the very first startup project the Vivendi Universal Foundation sponsored. Its dual goal was to reclaim green spaces on the banks of the River Seine and give work to the long-term unemployed in Paris's deprived suburbs. Five years on, community-based Espaces employs 60, 15 full-time staff and 45 in re-integration programs. Its clients are corporations, municipal parklands departments and woodland preservation groups. Many unemployed persons have come to see Espaces as a way back into employment.

Le Bouquin Affam

Le Bouquin Affam is a literary café in Clichy, a tough neighborhood on the outskirts of northern Paris. It was the brainchild of a local government advisor on social affairs. His idea was to create a haven of books and storytelling. Thanks to a grant from the Vivendi Universal Foundation, the café opened its doors in 1997. It has developed an excellent reputation within the local community and has created three full-time jobs. The aptly named Le Bouquin Affam ('The Starving Book') has also brought a taste of culture to a neighborhood in need.



THE VIVENDI FOUNDATION EXPANDS TO GERMANY

➔ The Vivendi Universal Foundation has followed up its success in France with a (little) sister foundation in Berlin, Die Vivendi Stiftung. Why Berlin? Vivendi had been present there since the Berlin Wall came down, with its various subsidiaries playing a major part in rebuilding and renovating the German capital. Vivendi Universal was keen to demonstrate its commitment to sustainable development and social responsibility. Die Vivendi Stiftung sponsored its first project in early 2001 and has a yearly budget of €1.5 million earmarked for community-based projects for skills training and protection of the environment.

SMOM-MUSICAL SERVICES



As in many cities around the world, space is at a premium in Paris. Prices are too high and availability too low. Struggling musicians just cannot afford to rent rehearsal premises or recording studios. A grant from the Vivendi Universal Foundation helped start up SMOM-Musical Services. Its goal was to provide

quality rehearsal and studio facilities for musicians who would not otherwise be able to afford them. SMOM also runs music lessons and dance classes. It now has five studios across Paris serving local communities and offering equipment and instruments that can be adapted to all musical genres.



GLAZ'ART



Glaz'art is a nonprofit organization that promotes music and the arts. With funding from the Vivendi Universal Foundation, Glaz'art converted an old bus station into a music venue, where budding bands get the chance to perform in public. Glaz'art not only provides the place and the space, it handles the lighting and sound systems, runs a bar service and organizes its own promotion. Since 1996, when it came into being, Glaz'art has helped over 800 struggling musicians and music groups find a stage for their talent. The converted bus station is now a major Paris venue.



Bringing the Internet to the Underprivileged

According to the United Nations Development Program, 88% of Internet users live in developed countries, which account for just 17% of the global population. In other words, the Web benefits those with the means to access it. The Digital Divide separates not only developed and developing nations, but also haves and have-nots in wealthy countries like France. To narrow the divide, the Vivendi Universal Foundation decided to foster initiatives geared to making the Internet more widely accessible to people living in deprived urban areas of France. One example was in the Belleville neighborhood of eastern Paris. The foundation provided a grant to a nonprofit organization called Jeunes et Sant ('Youth and Health'). Its aim was to set up and run classes to help young people discover the Internet. In the city of Rouen in northern

France, many districts just do not have enough Internet connections to effectively serve all their schools. The Vivendi Universal Foundation provided funding for an organization called D barquement Jeunes ('Youth Landing') to custom-build a bus fully equipped with wireless, turnkey workstations that brings the Web to schools. The D barquement Jeunes team gives onboard instruction in Web use and technology. The multimedia bus has been a huge success in Rouen where it has helped empower both teachers and pupils. A similar initiative, through an organization called Artika and financed in part by the Foundation, uses a 'cyberbus' to tour remote villages and small towns in southern France with populations of less than 20,000. Artika believes that if people cannot come to the Internet it should come to them.

The Canal+ Foundation

The Canal+ Foundation gained official approval from the Fondation de France, the nationwide umbrella foundation, in 1997. It has an annual budget of around €460,000 a year and employs a full-time staff of three. To date it has received some 2,000 applications, funded around 50 projects and sponsored another 100. It has helped create 250 jobs and save another 600. Many of the schemes it supports are related to Canal+’s core businesses. The Canal+ Foundation actively supports the use of new technologies for education. One example is the web-based project, Lyc e+ that seeks to rekindle a desire to learn in young people who have dropped out of school. The Canal+ Foundation awarded Lyc e+ a grant of €23,000 to teach the traditional high-school syllabus over the Internet. Lyc e+ tackles its Internet classroom by arousing interest in a topic or activity whose connection with the subject being taught is not immediately apparent. It might, for example, run a class on sport to get across to pupils how the heart works. It is a tried and tested recipe, to which the Internet has added the spice of technology.

Europe’s TV of Tomorrow

The Canal+ wholly-owned TV channel, Demain! (‘Tomorrow!’) is the only one of its kind in Europe dedicated to employment, education, entrepreneurship and sustainable development. In addition to its regular program schedule, Demain! is unique in broadcasting job opportunities and information designed to help the unemployed find work. In France alone, it reaches 2.5 million households

and 1,000 organizations and institutions such as town halls, post offices, unemployment groups, and employment agencies. The mission of public support developed by this channel is totally compatible with its financial performance. Every year, Demain! profiles more than 20,000 jobs in France and abroad. The program also has a website which posts some 8,000 job advertisements.

ASSOCIATION CONTRECHAMPS



➔ In January 2001, a group of media professionals in France set up a nonprofit association called Contrechamps (‘reverse angle’) to support and facilitate French media-oriented projects in developing countries. It welcomes proposals from volunteer groups, non-governmental organizations, production companies and organizations that offer media training, especially in journalism. Contrechamps gives top priority to projects where people are willing to share their skills and experience with their counterparts in the developing world. Any Canal+ employee who can donate two consecutive weeks of vacation time will be able to take part in the projects.

VIVENDI UNIVERSAL HEADQUARTERS SETS AN EXAMPLE

➔ As the nerve center of our worldwide business operations, Vivendi Universal’s headquarters next to the Champs-Élysées in Paris mirrors the corporation’s commitment to the environment. The 350 employees who work in the building, a stone’s throw from the Arc de Triomphe, have enthusiastically embraced comprehensive recycling. Every office has a two-bin system for paper, while battery pickup points have been set up at strategic spots. A Vivendi Environnement waste management subsidiary collects and recycles the paper and batteries, while printer and fax machine toner cartridges are handled separately. Head office gives its outdated computers either to a broker for dismantling and recycling or to the Vivendi Universal Foundation, which donates them to deserving projects. A feather in the head office’s cap came when the French Association for Quality Certification (AFAQ) granted the Administrative Services Department certification to the new ISO 9001 standard. It was due recognition for the quality of the department’s services, which span copying, mail, cleaning, technical and telephone maintenance, and information handling and storage. This is the first time in France that administrative services have ever been certified to ISO 9001 (2000 version).



For more than 40 years, Universal Studios has been supporting educational and artistic projects aimed at developing a sense of civic duty and tolerance. One example is the 'Education is Universal' program which was launched in 1997 to educate young people in the underprivileged neighborhoods of Los Angeles.



U.S. Community Actions

Our U.S. based businesses have a long history of philanthropy and community involvement. Over the last five years, the companies have contributed \$70 million to non-profit organizations, and employees have volunteered thousands of hours to help build their communities. The goal is to make a difference in the community through education, which empowers and prepares individuals for productive lives; through the arts, which are the soul of the world's many cultures; and through an ongoing commitment to those in need.

Education is Universal

Our education efforts focus on the pre-college years, starting with early childhood. One program jointly sponsored by Vivendi Universal in New York and Universal Studios in Los Angeles is First Book, an organization with a simple mission: to give disadvantaged children the opportunity to read and own their first books. Last year, our grants helped First Book distribute 3.3 million books nationwide. First Book was also the beneficiary of major financial and marketing support through the award-winning promotional tie-in with our blockbuster hit, *The Grinch*.

A key portion of our philanthropy is devoted to strengthening public schools, with an emphasis on curriculum development and teacher training. We are supporting the latest curriculum initiative of Classroom, Inc., a non-profit organization that brilliantly uses computer-based curricula to teach students multiple skills through workplace simulations. Vivendi Universal is the lead sponsor of Classroom, Inc.'s newest venture, a publishing simulation for middle school students. In this simulation, students will be asked to play the part of the Editor-in-Chief of a start-up life-style magazine with both print and on-line editions. The sim-

ulation challenges young people to try their hand at editing, writing captions, and making the kinds of business decisions that confront the publishing industry every day. It makes literacy both compelling and relevant to students. With a reach that spans the United States, Classroom Inc. will soon be expanding its work to Europe. Our philanthropies are committed to fostering creative expression in young people. We believe in involving schoolchildren in the performing and visual arts from the earliest years. For example, the Company supports the Metropolitan Opera Guild's program 'Creating Original Opera,' which helps schoolchildren throughout the country compose and perform their own musical theater productions. Every child in a class takes on some role in their opera company, learning to write lyrics, compose music, create sets, and publicize their production. They learn to create music, to work as a team, and to take on significant responsibility while still in elementary school. We are helping the Opera Guild forge partnerships with other institutions to develop comprehensive music education programs beyond New York.

Volunteer Programs

Our U.S. employees contribute their time and talent to a wide variety of organizations in their communities. Volunteers become involved with non-profits through one-day events and ongoing projects. Every year, for example, employees from the UMG facility in Kings Mountain, North Carolina volunteer their time to support the community by participating in the United Way's Day of Caring. UMG employees tackle projects that range from bringing hot meals to the elderly to picking up litter from public parks. Each project is totally planned and carried out by the volunteers. Last year, employees not only delivered hot meals to seniors but also planned the meals, bought the groceries, and cooked the food. Though the activities take place just one day a year, the volunteers take away a sense of accomplishment that lasts much longer.

We have made long-term commitments to needy public schools throughout the country. Ten years ago, employees became involved in a partnership with a local school in New York City. Employees were given the opportunity to volunteer during work for up to 8 hours a month to tutor a child, to help a teacher, to assist in a classroom. When the students of this school graduate from high school, they are given the opportunity to apply for college scholarships. Partnerships are now thriving not only in New York, but also in Florida and at Universal Studios in Los Angeles. Education is Universal (EIU) in L.A. is a comprehensive education program for elementary through high students in five schools neighboring the Universal City lot. In addition to tutoring, career exposure, and cultural programs, EIU provides paid summer internships and college scholarships to students in our partner schools. Vivendi Universal employees throughout the United States volunteered over 8,000 hours in the last year alone.

Our school partnerships have flourished over the years because they bring something valuable to both the schools and to our corporation. They bring to the schools caring employees who are able to work one-on-one or in small groups with students. They bring resources that the schools could not otherwise afford – including computers, mini-grants for teachers, music programs, and books. And they bring results. We found

that students opt to stay in our programs year after year and that in the school we have been in the longest, achievement levels have dramatically increased. The partnerships have also built the morale of our workforce, giving employees a real understanding of the needs and promise of the public schools. We are able to design effective educational philanthropic programs for the company, in large measure, because of the work our employees are doing in needy public schools every week of the school year.



Conclusion

In Vivendi Universal's first environmental and social report as a new company, we have shared information in an effort to familiarize you with our new business model and corporate values. We believe our sustainable growth is intrinsically linked to our environmental, health and safety performance, and to our social strategies. During this time of profound change for our company, we believe that by focusing on our values and building an atmosphere of constant learning, we can use our strengths in strategic thinking to translate change into opportunity, both as a business entity and as a citizen of the global economy. Our environmental, health and safety, and social profiles will play a strategic role in how our corporate image and integrity is viewed and valued by you, our key stakeholders: our customers, our investors, our employees and the communities in which we work. We will work diligently to implement our strategy and meet our commitments. Next year, in Vivendi Universal's 2001 Environmental and Social Report, and beyond, we look forward to sharing our milestones with you on our journey to excellence.



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