

2002 Report

Our economic,
social and
environmental
responsibility

VIVENDI
UNIVERSAL


Indicators

This report uses a double-entry reporting system that juxtaposes the information mandated by France's New Economic Regulations Act* with the GRI**

Sustainability Reporting Guidelines. Our goal is to provide you with representative data on our activities and performance in the clearest and most concise possible manner. Each 'Responsibility' section – economic, social and environmental – features a summary table with a reporting matrix for these two systems (pages 7, 11 and 21).

*** New Economic Regulations Act (NRE)**

France's New Economic Regulations Act requires all French corporations listed on a regulated securities exchange to disclose their social and environmental performance in their annual report.

 Sources: Article 16, New Economic Regulations Act of May 15, 2001; Decree 2002-221 of February 20, 2002.

**** Global Reporting Initiative (GRI)**

Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP), the Global Reporting Initiative (GRI) is a long-term, international, multi-stakeholder process whose mission is to develop and disseminate guidelines for voluntary use by organizations in reporting on the economic, environmental and social dimensions of their activities, products and services. GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

This is the third year Vivendi Universal has reported under GRI.

 www.globalreporting.org

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“We owe a full account, in all circumstances, of how our Group intends to fulfill its economic, social and environmental duties”

For Vivendi Universal, 2002 will be remembered as a year of tremendous transformation and upheaval in the wake of serious financial difficulties. In these highly testing conditions, we have had to take radical action to restore our financial health and regain market confidence.

The divestment program initiated in the second half, and which is to continue into 2004, is designed primarily to reduce debt and create value for the Group. The acquisition of a majority interest in Cegetel marks an important step in the same overall process.

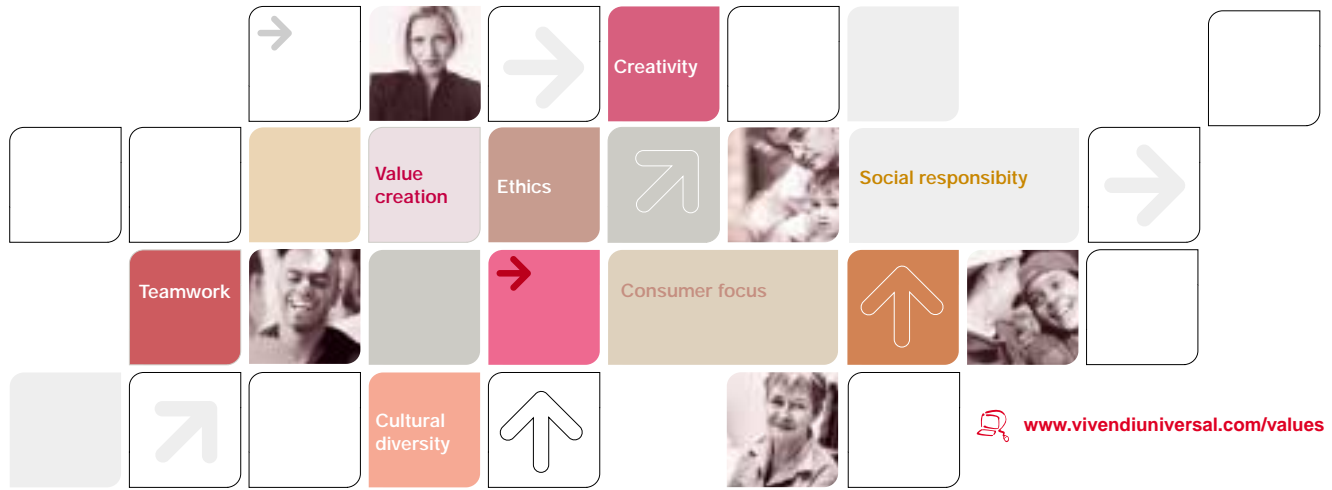
Vivendi Universal is committed to implementing exemplary standards of corporate governance and transparency. This commitment is all the firmer as our Group has suffered so much in the past from waves of rumor and contradictory speculation.

We want to ensure that communications with our shareholders, our staff members and all our partners are soundly based, and that the infor-

mation we provide is completely accurate. In particular, we owe them a full account, in all circumstances, of how our Group intends to fulfill its economic, social and environmental duties to the best of its ability. That is the purpose of this Economic, Social and Environmental Report, published annually since 1999 and providing an overview of Vivendi Universal's policies regarding responsibilities to our partners in all three areas.

This review of initiatives launched in 2002 and presentation of quantifiable results testifies to Vivendi Universal's ongoing commitment to sustainable development.

Jean-René Fourtou
Chairman & CEO



02 Vivendi Universal values and charters

Fundamental Social Rights Charter

Vivendi Universal's European Social Dialogue Committee (ESDC) with representatives of Group management and labor is committed to basic social rights as established by the International Labor Organization. ESDC members pledge to ban child labor and forced labor by prisoners, and to respect freedom of association for unions.

Safety at Work Charter

Vivendi Universal adheres to the safety standards set by the International Labor Organization and by national or regional legislation. This duty of care to protect employees means that company resources and structures focus on safety and prevention at all times.

Internet with Confidence Charter

To promote smooth and sustainable growth of the Internet while respecting users' rights, Vivendi Universal has established seven core principles underpinned by practical measures to safeguard people, data and communications.

Environmental Charter

Vivendi Universal has pledged to reduce the long-term environmental impact of operations through more efficient and accountable management, while ensuring the health and safety of employees and customers. The company has made ten commitments to work toward reducing carbon dioxide emissions, reducing potable water consumption and diminishing waste generation while blending operations into the natural landscape.

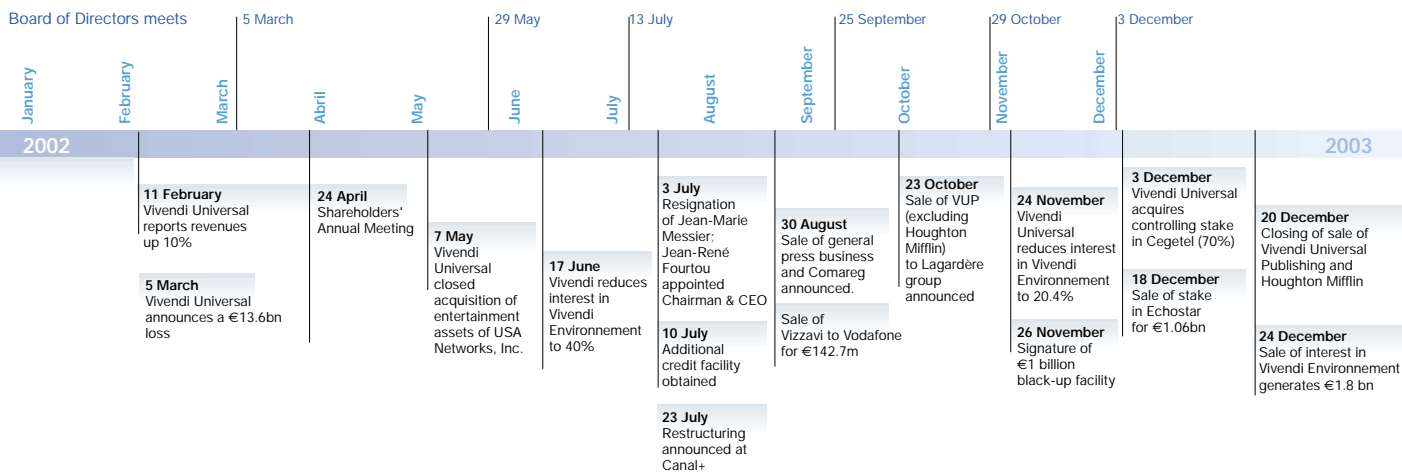
Supplier Relations Charter

Each Vivendi Universal procurement unit employs objective and transparent criteria in selecting suppliers. Partners are treated with respect, in accordance with the contractual relationship entered into with each, and all communications are strictly confidential. We are careful to avoid over-dependence on any given supplier, as well as conflicts of interest. These commitments are reflected in a seven-point procurement code of conduct.

Compliance Program

Since early 2002 this program has sought to raise ethical awareness among employees and establish effective oversight structures and procedures. Seven rules of conduct offer employees guidance in their professional lives. These call for integrity, respect for employees' individual rights, confidentiality, business and financial ethics, safeguarding property and resources belonging to the Group, and respect for the environment.

 Charters can be obtained from the Group's Communications Department: sustainability@groupvu.com



Group structure (as of Decembre 31, 2002)

Cegetel – SFR

France's leading private telecommunications operator with 16.8 million customers, Cegetel Group is also one of France's top service companies. It is the only private operator covering the full range of telecommunications activities: mobile telephony through SFR, fixed-line telephony through Cegetel, and Internet. Cegetel's revenues rose 11% to €7.1bn in 2002, reflecting strong performance in fixed and mobile telephony services.

Universal Music Group (UMG)

Music business is handled by UMG, the world's largest recorded music business world, present in 63 countries. UMG also produces, sells and distributes music video and DVD products, publishes music and owns mail-order music/video clubs in France and Great Britain.

The Group is the market leader in jazz and classical music, with classical music sales representing approximately 40% of the world market. Also fifty-nine albums sold more than one million units in 2002. UMG revenues totaled €6.3bn in 2002, down 4% from the previous year.

Vivendi Universal Entertainment (VUE)

VUE is active in four major businesses: production and distribution of motion pictures worldwide in the theatrical, home video/DVD and TV markets; production and distribution of TV programming worldwide; operation of four major U.S. cable networks and a network of pay-TV channels outside the United States;

operation of theme parks, entertainment complexes and specialty retail stores around the world. VUE pro forma revenues rose 2% to €7bn in 2002.

Canal+ Group

Canal+ Group is a leading pay TV and interactive services company (CanalSatellite), as well as a leader in film and TV production & distribution. Its unique premium channel format features recent motion pictures and exclusive sporting events, and is rounded out by over 40 theme channels. Through StudioCanal it is a major player in the production, co-production, acquisition and distribution of European and American motion pictures. Canal+ Group has also expanded into sports rights marketing with SportFive. Canal+ Group revenues rose 4% to €4.8bn in 2002.

Maroc Telecom

Vivendi Universal owns a 35% equity stake in Maroc Telecom, Morocco's historical telecommunications operator with over 4.5 million GSM customers. Maroc Telecom revenues rose 10% to €1.5bn in 2002.

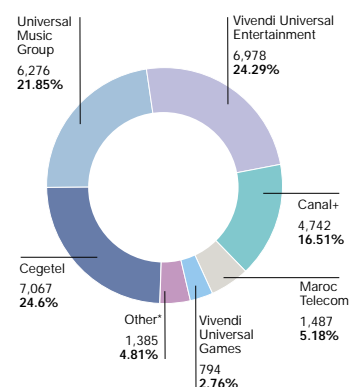
Vivendi Universal Games

Through such well-known labels as Sierra, Coktel and Blizzard Entertainment, VUGames operates worldwide in the console games market as well as games for PC and Mac where it ranks second worldwide. VUGames's revenues rose 21% to €794m in 2002.

Other

Some Vivendi Universal Group businesses are now under strategic review or up for sale: Vivendi Universal Net (VUNet), operating Vivendi Universal's Internet and new technology assets; Vivendi Telecom International (VTI), Vivendi Universal's fixed and mobile telephony operator outside France; and Vivendi Universal Publishing assets not sold in 2002 (Comareg, Express-Expansion and Atica Scipione).

2002 revenue breakdown
(pro-forma data in million euros)



* (VUNet, Vivendi Telecom International, Vivendi Universal Publishing assets not sold)




Vivendi Universal is dedicated to the very highest standards of corporate governance. The Group has introduced new measures for the organization of its board of directors. It has also created a committee charged with financial communications to monitor implementation of the new regulations and procedures required under the Sarbanes-Oxley Act*.

04 New rules for corporate governance

Committees expanded

In 2002, the group increased the number of Board committees, which now number four: Strategy and Finance, Audit (made up entirely of independent directors), Human Resources and Corporate Governance. Both the number of members and the scope of their missions has been expanded.

 For more information see the following page and the "Corporate Governance" section of the Company's Annual Report on Form 20-F / Item 6

Board regulations

Vivendi Universal has also adopted new regulations governing its Board of Directors, which were approved by the Board on January 29, 2003. These address key issues including Board membership, with a view to ensuring that decisions are free from undue influence. The regulations also set out rules of ethical behavior concerning corporate actions affecting company shares, and define the role and powers of the Board with regard to the General Meeting of shareholders.

In this respect they round out existing provisions of the law and company articles.

The new regulations strengthen the Board's supervisory capacity and optimize its operation by defining how its meetings are organized and assessed, its right to information and Committee work.

In a more general way, the regulations bring rules governing company management into line with the most recent developments in this area, aimed at ensuring compliance with the fundamental principles of corporate governance.

General Meetings of Shareholders: new organization

The Group recently voted to broadcast General Meetings of Shareholders over the internet in full and in real time and to hold Board meetings by videoconference.

* Sarbanes-Oxley Act: on July 30, 2002, the US government adopted the so-called Sarbanes-Oxley law named after the two congressmen that proposed it. Directly linked to recent financial scandals, the law introduces major reforms in the auditing of financial statements and corporate management in the United States.

Viewpoint



Bertrand Collomb

Chairman & CEO of Lafarge Corporation, appointed Director of Vivendi Universal in January 2003

"For over 20 years Lafarge has applied the principles of corporate governance, drawing on our experience in Canada and the US.

Today we have a board with active committees, plus a majority of independent directors. And we have gone out of our way to promote practices like these — so much so that last year Lafarge was awarded the Eurotop 300 prize for transparency. It is my hope that our experience will benefit Vivendi Universal.

As a new board member, I have already seen sweeping changes: eight new directors have joined the board, which now has 12 members, nine of them independent. And the Audit and Human Resources Committees have now been joined by two new independent committees, focusing on Strategy & Finance and Corporate Governance."

Jean-René Fourtou
Chairman and Chief Executive Officer, Vivendi Universal



Claude Bébéar
Chairman of the Supervisory Board of AXA



Edgar Bronfman, Jr.
Vice Chairman of the Board, Vivendi Universal, and Director of USA Interactive, Inc.



Edgar M. Bronfman
Chairman of the World Jewish Congress



Bertrand Collomb
Chairman and CEO of Lafarge



Fernando Falco y Fernandez de Cordova
President of Real Automovil Club de España

Gérard Brémond
Chairman and CEO of Group Pierre et Vacances



Paul Fribourg
Chairman and CEO of ContiGroup Companies



Dominique Hoenn
Chief Operating Officer of BNP Paribas



Gerhard Kleisterlee
Chairman and CEO of Royal Philips Electronics



Marie-Josée Kravis
Director of Ford Motor Company and Hollinger International Inc.



Henri Lachmann
Chairman and CEO of Schneider Electric

Board of Directors (January 29, 2003)

The Vivendi Universal Board of Directors has 12 members. Eight are independent directors who do not represent major shareholders or financial or trading partners. The Board met 12 times in 2002 to discuss strategy and significant investments.

Standing Board Committees

The Vivendi Universal Board of Directors has four independent standing committees that study, develop and bring resolutions before the Board, preparing proposals and making recommendations in their special areas of expertise. These advisory committees act under the authority of the Board of which they are a part and to which they are accountable. No executive officers of the company serve on these committees.

Strategy and Finance Committee

Four or more directors, currently Claude Bébéar (Chairman), Edgar Bronfman Jr., Gerard Kleisterlee, Paul Fribourg and Gérard Brémond. The Strategy and Finance Committee develops board resolutions on company strategy, acquisitions and sales, major restructuring and financial transactions, and other matters.

Audit Committee

Three or more independent directors* with financial or accounting expertise, currently Henri Lachmann (Chairman), Fernando Falco and Gérard Brémond.

The Audit Committee reviews the corporate accounts, oversees the company's internal audit system to ensure it is consistent and effective, and monitors the accounting methods and principles of consolidated companies.

Human Resource Committee

Three or more directors, currently Marie-Josée Kravis (Chairman), Dominique Hoenn, Bertrand Collomb and Paul Fribourg. The Human Resource Committee makes recommendations to the Board on matters of compensation for the group's executive managers and officers.

Corporate Governance Committee

Three or more directors, currently Claude Bébéar and Edgar Bronfman Jr. (co-Chairmen), Marie-Josée Kravis and Bertrand Collomb. The Corporate Governance Committee considers candidates for directorships, reviews Board structure and operations, and studies existing corporate governance practices in France and internationally.

A Financial Communications Committee was also established in December 2002,* to review the company's financial reports for consistency and oversee the procedures for preparing them.

* In accordance with the requirements of the Sarbanes-Oxley Act.



For more information on the standing board committees, see the "Corporate Governance" section of the Company's Annual Report on Form 20-F / Item 6.

Economic responsibility

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06 Vivendi Universal's crisis recovery policy

Vivendi Universal experienced serious difficulties in 2002, as the Group found itself facing financial upheavals and a falling share price.

Jean-René Fourtou, who was appointed Chief Executive Officer on July 3, led a new management team in implementing a crisis recovery strategy, that aims to restore Vivendi Universal's cash position immediately, slash the company's debt burden and embrace value-creating policies and management accountability.

Restoring VU's cash position

Liquidity default was staved off by year-end 2002 with a €1bn short-term line of credit from a syndicate of banks in July, a €3bn medium-term loan in September, and cash infusions from asset sales as major sources of losses were reeled in, sold off or shut down. Sold or up for sale are Canal+ Technologies and all Canal+ activities in Italy, Poland, Scandinavia and the Benelux countries. Vizzavi is gone except for wholly-owned Vizzavi France. The sales of Scoot and Divento have closed, and all other internet businesses will either be sold or rolled into their appropriate business units.

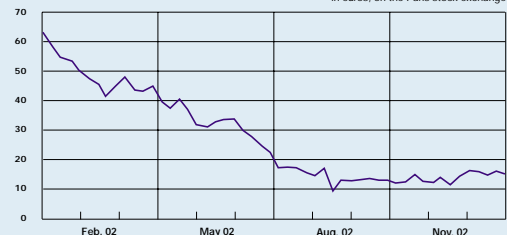
Easing VU's debt burden

Debt reduction has proceeded swiftly as a result of the asset disposal program set to continue over the next two years. Vivendi Universal realized €8.2bn in asset sales and buyer assumption of debts in the second half of 2002. By year-end it had sold €6.7bn in assets (excluding Vivendi Environnement), and its gross debt less cash under French accounting principles was down to €12.3bn from €37bn a year earlier (including net debt of Vivendi Environnement). That figure is expected to be under €11bn by end-2003.

Asset disposal program

Paring down debt remains the top priority, and Vivendi Universal's asset disposal program has the added benefit of simplifying and clarifying the company's structure. VU is now focused on its core businesses after the sale of Vivendi Environnement and Vivendi Universal Publishing, the sharp increase in its equity stake in Cegetel, changes in the Canal+ family of companies, and initial steps toward the restructuring of its U.S. assets. The target for 2003 is €7bn in asset sales, which are expected to add value by clarifying the Group structure.

Vivendi Universal share price in 2002
in euros, on the Paris stock exchange



Economic indicators

Vivendi Universal's key indicators of economic responsibility in accordance with France's New Economic Regulations Act (NRE) and the Global Reporting Initiative (GRI) are itemized in the Reference Document filed with the French Commission des Opérations de Bourse.

Information can also be found in the Company's Annual Report on Form 20-F (see references).



New Economic Regulations Act	Unit (in million euros)	Comments or references
Total compensation and benefits of all kinds paid to each director and officer during the year.	32.64	Altogether four individuals were concerned in the first half of 2002 and one in the second half. Amounts included gross compensation, benefits, directors' fees and other indemnities. A total of €1.075 million was paid to members of the Board as director' fees in 2002. See item 6 of the 20-F.
Amount of compensation and benefits of all kinds received by each director and officer during the year from controlled companies as defined by Article L. 233-16 of the French Commercial Code	0.11	Amount represents director's fees received by officers in subsidiaries controlled by Vivendi Universal. Four individuals were concerned in the first half of 2002 and one in the second half.
Number of stock options (purchase or subscription) issued in 2002	5.97 million options	Of which 1 million attributed to one officer and 3.63 million to the top ten beneficiaries. See Annual Report 20-F / Consolidated Financial Statements.
GRI Guidelines	Unit	Comments or references
EC1: Net sales	58,150	See Annual Report / Consolidated Financial Statements.
EC2: Geographic breakdown of markets	France 26,391 United Kingdom 3,765 Rest of Europe 11,327 United States 10,810 Rest of World 5,857	See Annual Report 20-F / Consolidated Financial Statements.
EC5: Total payroll and benefits	12,147	Figure includes employee profit-sharing. See Annual Report 20-F / Consolidated Financial Statements
EC6/EC7: Increase/decrease in consolidated capital	---	See Annual Report 20-F / Consolidated Financial Statements.
EC8: Total sum of taxes paid	2,556	See Annual Report 20-F / Consolidated Financial Statements.

Additional information on indicators

GRI economic performance indicators EC1 to EC10 do not correspond directly to those of France's New Economic Regulations Act. The GRI indicators illustrate the Group's direct economic impact on:

- Customers (EC1 Net sales, EC2 Geographic breakdown of markets),
- Suppliers (EC3 Cost of all goods, materials, and services purchased. EC4 Percentage of contracts paid in accordance with agreed terms).

- Employees (EC5 Total payroll and benefits broken down by country or region),
- Shareholders (EC6 Distributions to shareholders and dividends paid, net of debt and borrowings regardless of term. EC7 Increase/decrease in retained earnings at end of period).
- Public sector (EC8 Total sum of taxes paid broken down by country. EC9 Subsidies received by country. EC10 Donations to community and civil society by type of group).

Indicators EC3, EC4, EC9, EC11, EC12 and EC13 are not consolidated at Group level. For EC10, see "Corporate Citizenship" (pages 16-19 in this report).

Approximately €7bn of assets disposed in 2002

Company	Business	Sales Price (€ millions)
Vivendi Environnement	Environmental Services	1,856
Houghton Mifflin	Publishing	1,567
Vivendi Universal Publishing	Publishing	1,138
Echostar	Satellite TV	1,037
Lagardère (participation)	Publishing	44
Sithe	Electricity	319
Vinci (participation)	Construction	291
Vizzavi	Internet	143

Asset disposals in 2002

Debt reduction was the main priority in the company's asset sales program that began in July 2002, but initiatives were also aimed at refocusing on the Group's core businesses. In addition to disposal of many non-strategic activities, the Group pulled out of publishing with the sale of Vivendi Universal Publishing and Houghton Mifflin and out of environmental activities by selling its interest in Vivendi Environnement. Proceeds from the latter financed its increased stake in Cegetel — in which the Group now holds 70% of equity.

08

Strategic choices

Cegetel takeover: a strategic decision

On December 3, 2002, the Vivendi Universal board approved management's recommendation to exercise its option to buy the share of Cegetel held by the British telecom operator BT. The €4bn deal closed in January 2003 makes Vivendi Universal the majority shareholder in Cegetel, raising its stake from 44% to 70%.

To fund the transaction without derailing the company's plans to reduce debt, which remains the top priority, Vivendi Universal sold its interests in Vivendi Environnement.

This strategic decision was based on a summer 2002 study which concluded that of all Vivendi Universal

businesses, Cegetel has the strongest future profitability and cash flow generation. Rather than hold on to a minority share of Vivendi Environnement, Vivendi Universal paid a bargain price for a controlling interest in France's leading private fixed and mobile telecommunications operator. Solidly positioned in a fast-growing market, Cegetel is now reaping the rewards of 15 years of investment in network infrastructure and retail outlets. Cegetel is set to pay its first dividend in 2003, and is expected to show strong earnings growth in the next three to five years, with annual cash flow from operations after taxes and interest expenses of over €1.3bn. Cegetel will create value for Vivendi Universal shareholders far in excess of Vodafone's bid to acquire the Group's share in the telecoms firm.

Vivendi Universal cooperates in inquiries

Vivendi Universal faces a number of probes in relation to events predating its current management and has been under scrutiny from the French and United States securities and exchange commissions and the U.S. Attorney's Office in New York since July 2002. It is continuing to cooperate fully with all investigations.

An association representing small shareholders lodged a complaint with prosecutors in July 2002, alleging that inaccurate financial statements and misleading information had been issued. Vivendi Universal is a party to the lawsuit as a complainant.

A motion for class action certification of lawsuits brought against Vivendi Universal and several of its officers by U.S. shareholders was filed with the New York court on January 7, 2003.

Vivendi Universal disputes the merits and legality of the filing, and has asked the judge to deny class action certification and dismiss the matter. The judge may rule on certification during 2003.



For more information see 20-F / Item 8

Key developments in core businesses

Cegetel: new multimedia services

In 2002 cellphone use diversified to include text and multimedia applications, with a steep rise in SMS and the launch of MMS — multimedia messages containing text plus images, photos and sound that can be sent to mobile numbers or email addresses. Together, color and larger screens have opened the door for multimedia applications in mobile telephony, marking a shift as important as that from black & white to color TV. The move will encourage development of new multimedia applications including photos and image transmission, network communications, internet services, games and services to facilitate daily life. Following the launch announcement in October 2002, multimedia sets were chosen by 45% of all new SFR clients in the closing months of the year. They now represent over half of replacements of existing models.

UMG: fighting piracy

Piracy — through sales of illegally copied CDs or free downloads of music from the internet — has created extraordinary concern and discomfort throughout the global music industry, from the companies themselves to the artists. Universal Music has responded by supporting the development of Super Audio CDs (SACD), which are multi-layer disks compatible with current CD and DVD players. SACDs resist copying, thus effectively protecting the rights of publishers and artists, while offering

a genuine improvement in sound quality thanks to revolutionary Direct Stream Digital and the possibility of 6-channel stereo format. The technology was premiered in early 2003 with the launch in France of “The Mass”, the eagerly awaited new album from ERA.

Canal Plus: content management

Canal+ Group has been particularly attentive to television violence and pornography, participating from the start in a commission set up by the French Ministry of Culture and Communication as well as working groups formed by the French parliament and audiovisual authority CSA. Measures adopted to screen young viewers from broadcasts of X-rated films include a double-coding system for the Canal+ premium channel and CanalSatellite theme channels with adult offerings; screens are black with an off-limits banner unless viewers enter a 4-digit parental code. For non-digital broadcasts, Canal+ will offer subscribers a system allowing them to approve or refuse access to pornographic films in spring 2003.

2002 highlights

Telecoms

- SFR remains France's leading private mobile phone company with 13.5 million subscribers.
- 2.3 billion SMS and over 400,000 MMS messages sent in 2002.
- Cegetel is France's leading private fixed telecommunications operator with 3.3 million subscribers.
- Cegetel offers flat-rate calling plans, a first on the alternative fixed phone service market.

Music

- Universal Music grew its market share again in 2002, with one out of every four albums sold worldwide.

- Worldwide sales are up; best selling artists included Eminem, Shania Twain, Nelly, U2, Ashanti, Nirvana, Enrique Iglesias and Bon Jovi.

TV & Film

- “A Beautiful Mind” swept the 74th Annual Academy Awards with four Oscars including Best Film and Best Director.
- Universal Television Group premiered the original shows Monk, The Dead Zone, Taken and others.
- Red Dragon and 8 Mile have been box office hits.
- CanalSatellite reached 2 million subscribers and reported the lowest cancellation rate of any pay-TV platform in the world.
- CanalSatellite added 12 new channels in 2002 with an all-new movie lineup, three new exclusive Disney channels, its own Sport+ channel, and distribution of Teva, VH1 and Planète Thalassa.
- StudioCanal produced, co-produced or purchased six films seen by over a million people in France including Roman Polanski's The Pianist, Cédric Klapisch's L'Auberge Espagnole, Danièle Thompson's Décalage Horaire and Michael Mann's Ali.

- Canal+ won an exclusive four-year contract to broadcast the French first division rugby championship games starting with the 2003-04 season. Rugby is one of the channel's most popular sports.

Games

- Game sales are up for Warcraft III, Nascar 2002, Crash Bandicoot: The Wrath of Cortex, Empire Earth, and Barbie as Rapunzel.
- Black Label Games, a new studio opened this year, released the much-awaited The Thing and Lord of the Rings.



Social responsibility

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10

From expansion to crisis management, social dialogue plays a key role

A policy of agreement through consultation between management and labor was already in place as Vivendi Universal grew. Through it, the two stayed in constant contact throughout the crisis of 2002, going well beyond legal and contractual disclosure and consultation requirements to find often innovative and flexible solutions to the problems they faced.

Social support measures

The Corporate Works Committee and European Social Dialogue Committee (ESDC) concentrated on social support measures surrounding the asset disposal program dictated by the company's financial condition. For the sale of Vivendi Universal Publishing, which was the largest and most complex of these deals, an ad hoc group of VUP and Lagardère management and labor representatives provided a forum for productive discussions on the prospective buyer's industrial plan. An inter-company group of VUP works committee and union representatives then relayed the social support strategy to all affected companies along with an expert opinion.

Dialogue between management and labor

Vivendi Universal management met many times with the enhanced bureaus of the Corporate Works Committee and ESDC over the course of the year. These meetings covered operations, discussion of Group strategy, financial developments and a range of management/labor issues. In the same spirit of dialogue, a first-ever special meeting of the full Corporate Works Committee and ESDC was held on October 1. A discussion and consultation group was set up address the Group savings plan and its transfer in part to Vivendi Environnement.

Regrettably, the reshuffling of priorities in response to the Group's situation put an end to the negotiations ongoing since late 2001 to transform the ESDC into a "World Social Dialogue Committee".

Redundancy programs

Assistance to those laid off as the Group restructures is mainly in the area of retraining for placement both within and outside the company. This is done in strict compliance with laws in each country where the Group operates (see page 13).

Changes to social dialogue bodies

With the sharp increase in Vivendi Universal's interest in Cegetel, a special effort was made to consult with management and labor at both companies and communicate VU's telephone services strategy. Vivendi Environnement's spin-off from the Group has also prompted special social dialogue arrangements. Management and labor at the two companies have signed a "declaration of intent" on changes to the bodies representing employees on the Corporate Works Committee and ESDC. These changes are designed to maintain effective lines of communication that reflect the Group's actual structure. The declaration is a commitment to enter negotiations on new employee representation methods for both groups and establish the relevant bodies.

Social indicators

The social indicators tracking the operations of Vivendi Universal are designed to comply with both the requirements of France's New Economic Regulations Act (NRE) and Global Reporting Initiative (GRI) guidelines.

The two reporting grids are shown below. Data concerns all companies in the group at December 31, 2002 and not being sold in which Vivendi Universal has an interest of 50%

or more, as well as companies in which its interest is lower in cases where it exercises management control. Vivendi Environnement and Vivendi Universal Publishing, with the exception of its Games unit, are thus not included. Vivendi Universal Entertainment and Universal Music Group provided only staff numbers and safety records.

Obligations under French law	Unit	Comments or references	GRI equivalent indicator
Total staff	61,815	For breakdowns by geographical area and business, see in 20F / Item 6.	LA1
Recruitment	10,000 recruits including 43% on fixed-term contracts	Fixed-term contracts of employment as a percentage of total recruitment. Est. fixed-term recruitment over period: 5,700. Employees covered 56%.	LA1
Layoffs	From 2,500 to 3,000	Number of layoffs on economic grounds. Reasons for layoffs impossible to identify separately.	
Overtime	62 hours a year	Methodological difficulties: 55% of employees covered in this figure. This figure relates to paid overtime.	
Outsourced labor and employment agency staff	NA	Neither human resource nor accounting data provide a basis for assessment. This indicator is difficult to measure worldwide.	LA1
Staff reduction and employment preservation plans and related assistance	See page 13, Management of staff reduction	A number of staff reduction programs began in France in 2002. None of these has yet been completed and it is thus too early to draw conclusions. The main programs concern VUNet and Group headquarters.	
Working week	36.7 hours	Measurements of working hours vary significantly from country to country. It was not possible to distinguish between working hours of full-time staff and part-time staff. The estimated time is the time theoretically due. About 22% of employees were covered in this scenario.	
Absenteeism	20 days per employee	Definitions vary widely from country to country and call for caution in interpreting this figure. Some countries count in vacations, others hours off for union activities or periods of training leave. About 33% of employees were covered.	LA7
Wages and non-wage costs	see 20-F for more information	Gross wages, payroll levies and profit sharing are presented in the financial statements under Item 6.	
Application of Title IV, Book IV of the French labor code	NA		
Gender equality	38% of women	Female employees as a percentage of the total in 2002. About 56% of employees were covered.	LA 11
Proportion of male and female executives	32% female executives	About 56% of employees were covered.	LA 11
Labor relations and implementation of labor agreements	NA	32 agreements were identified in 2002, but this is lower than the actual figure since the result covers only 56% of employees.	LA3 LA4
Workplace accident rate	9.37 (7.74 in 2001)	See page 14 of this report.	LA5
Gravity of accidents	0.26 (0.21 in 2001)	See page 14 of this report.	LA7
Training	3.3% (2.8% in 2001)	Training expenditure as a percentage of gross payroll compensation. About 32% of employees covered. Definitions vary from country to country.	LA9
Disabled workers	approx 0,5 to 1% of staff	Definition applicable worldwide is difficult.	
Staff benefits	NA	Same as above.	
Sub-contracting and its impact on employment	NA	Same as above.	

Note relating to France's New Economic Regulation Act
The company is present in a large number of countries, and business is thus subject to varied legal and regulatory requirements. As regards human rights, Vivendi Universal is less directly impacted than some other companies, reflecting both the nature of its business and the fact that it primarily operates in developed countries. Vivendi Universal is currently reviewing policies in this area, particular regarding subcontractors' respect for principles. See Compliance Program.

Note on Global Reporting Initiative
GRI social indicators are divided into three categories: LA, for Labor, concerning working conditions; HR, for Human Resources, concerning fundamental rights; and SO, for Society, concerning relations with the community. Other indicators PR (for Product Responsibility), LA 6, LA 8 and LA 13, HR 1 to 14, SO 1 to 7 and PR 1 to 11 are not shown in the table. The related concerns are nonetheless addressed in other parts of this report, in particular those devoted to charters, product safety, and corporate citizenship.



12 Managing staff reduction

The difficulties encountered in 2002 required restructuring across Vivendi Universal's different businesses. Under these difficult conditions, some of the Group's subsidiaries were forced to initiate employment preservation programs.

These were set up and implemented in association with unions and in strict compliance with legal requirements and specific rules applying in each country. They involved innovative measures to assist those affected, with special emphasis placed on opportunities for alternative employment within the Group. A dedicated unit was set up to facilitate the process, identifying and proposing positions available in different areas of expertise. Employee involvement played an important role through workshops devoted to subjects such as the creation of personal businesses, options available for older employees, special leave and training. In each case, employees had the opportunity to discuss their specific needs. Where appropriate, outplacement agencies were called in to assist employees unable to find alternative employment within the Group.

Employment preservation programs initiated in 2002

Business	Total staff	Employees concerned	Duration of program
Ad2One	30	30	June 2002 — June 2003
Divento	29	29	Oct. 2002 — Oct. 2003
Scot	104	104	Nov. 2002 — Nov. 2003
VU French headquarters	327	146	Nov. 2002 — in progress
VU representative offices, US*	214 <small>(as of January 2002)</small>	94	Nov. 2002 — in progress

*Staff reduction plan

Viewpoint



Dave Zimmer,
Director Corporate Communications
Penguin Group
(New York)

"When 2002 began, I felt great optimism about the future of Vivendi Universal. But by the end of the year, my job and many others were eliminated in order to restructure the company and ultimately reduce its debt. I was given ample notice and treated fairly by the company as I prepared for the next chapter of my career, but it was difficult to say goodbye after 12 years.

I learned first hand that financial disruptions in a fast growing world can severely alter the heart of a workforce. However Vivendi has been a great part of my professional and personal development."

Training for labor representatives

Altogether some 100 people of different nationalities represent Vivendi Universal employees on the Corporate Works Committee and European Social Dialogue Committee (ESDC), serving as regular and alternate members and representatives. Participants from Eastern European countries have guest status.

Under agreements in effect during 2002, for example, all employee representatives can attend two days of preparatory meetings each year to learn more about the issues and how meetings of the full committee of these two bodies operate.

Cegetel: facilitating change

Cegetel's fixed-line division, assisted by staff representatives, adopted an original approach to staff reduction initiated in October 2001, setting up a special structure called Espace Changement. A team of human resource experts was available on a full-time basis to advise staff members seeking alternative employment within the Group or those affected by downsizing, wherever possible offering positions matching their skills, experience and educational background. Assistance also included reviews of individual skills and specific training to help draw up effective resumes and succeed in interviews. In one year, more than 200 employees visited the unit to get information or assistance with job searches. More than 120 individuals found alternative employment within Cegetel or Vivendi Universal.



Martine Labbé,
administrative assistant
at Dalkia (Paris)

"I've worked at Vivendi Universal for five years. I was first hired as a secretary on the Intranet and Web team, but in July 2002

I heard about career mobility within the Group and consulted the job postings on the intranet. The mobility site made it easy to contact the human resources offices at VU subsidiaries, and I got several interviews. I chose a position with Dalkia, where I now work as an administrative assistant. I kept my seniority and salary level, and my commute is now only 15 minutes longer!"

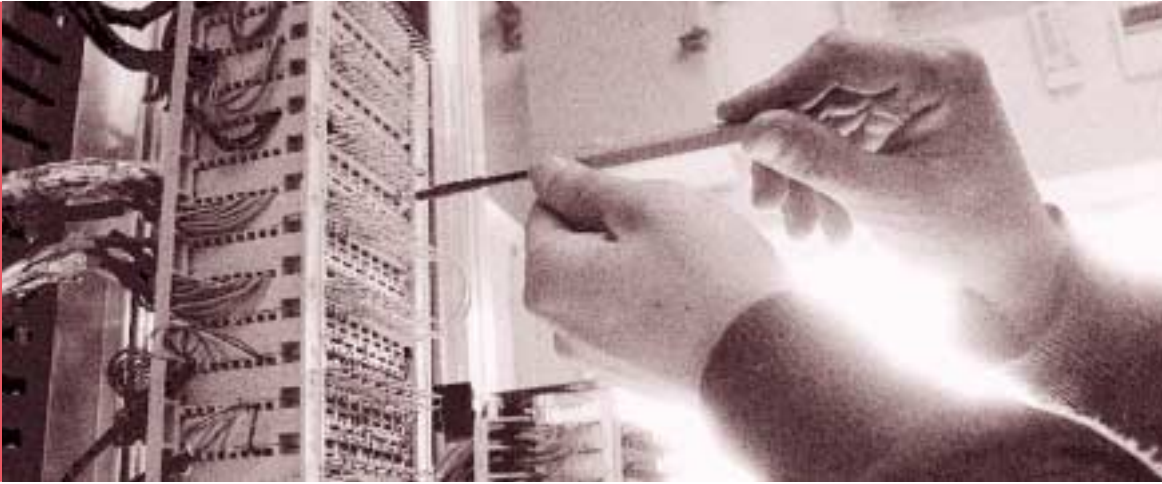
New developments in employee savings plans

Vivendi Environnement (VE) created its own employee savings plan in July 2002, since its employees were no longer eligible for the Vivendi Universal plan after this Business Unit left the Group in late June. For the convenience of their employees, the two companies allowed Vivendi Environnement employees with savings in the Vivendi Universal Group plan to transfer their assets to the Vivendi Environnement plan. After obtaining special permission from authorities in July and with the approval of the Vivendi Universal plan's Supervisory Board, the savings were transferred in the second half of 2002.

Since then, all Vivendi Environnement employee savings have gone into the VE plan. However, employees who wanted their assets returned to the Vivendi Universal plan after the collective transfer were allowed to do so, thus leaving the choice up to each individual.



For more information see Handbook of Social Initiatives, available from the Vivendi Universal Human Resources department.



14 Safety on the job

All Vivendi Universal operations, everywhere in the world, strive to operate safely each day, and management makes local, national and international safety standards implemented by safety and health professionals a priority. Employee safety committees operate in concert with managers and safety professionals to report potential problems before they become potential hazards. Most operations conduct routine and rigorous safety inspections to assess and control risks; employees receive safety training and, if required, personal protective equipment for use on the job.

Controlling risk at Cegetel

Since 1998 Cegetel has developed a series of wide-reaching programs focusing on employee safety, including upgrades at 5000 GSM base stations, introduction of the Vivendi corporate charter for workplace safety, inspections of all sites in France, and the launch of intranet webpages promoting safety on the job. An ambitious training program open to all employees got off the ground in 2001/2002. Over 230 volunteers participated in one of 16 sessions on offer. Trainers used simulations to drive their message home. Ninety-eight percent of the 233 employees who took part found the session satisfactory or highly satisfactory.

Customer safety

Vivendi Universal has maintained its good record regarding customer health and safety for the products and service we supply around the world. The Group uses state-of-the-art technologies to monitor operations and retains world-class engineers and expert consultants for ongoing assessments.

Safety in Theme Parks

The Vivendi Universal Entertainments Parks and Resorts Group operates theme parks in Orlando, Florida; Universal City, California; Tarragona, Spain; and Osaka, Japan, and the company plans to open a new park in China soon. Each park is the size of a small city and welcomes millions of visitors seeking quality entertainment every year. Accident and incident prevention programs and processes are a major focus of all our parks. Yet with thousands of guests each day, minor injuries and illnesses can and do occur. To meet the challenge, parks are thoroughly prepared: each operates a state-of-the-art first-aid clinic staffed with expert medical professionals to treat park visitors and, if necessary, transport the patient to a local hospital for further care.

Safety at Vivendi Universal (average for all Business Units) (2001/2002 comparison)

	2001	2002
Workplace accident frequency*	7.74	9.37
Workplace accident gravity (with lost days)**	0.22	0.26

Note
The rise observed in 2002 is due partly to a change in US definitions with calculations now based on total working days as opposed to days actually worked (excluding weekends and public holidays).

* (number of workplace accidents resulting in days off) x 1,000,000 / (number of employees) x (hours worked per year; estimated at 1,750)

** (number of days lost due to a workplace accident) x 1,000 / (number of employees) x (hours worked per year; estimated at 1,750)



Safeguarding health

Vivendi Universal actively contributes to the health and welfare of employees, customers and the communities where it operates. Around the world, each and every day, our employees make this commitment an integral part of our offering — designing, producing and delivering products and services to the highest standards.

Health and mobile telephones

Faced with concern from cell-phone users as well as families living near relay antennas, SFR — France's top mobile phone operator — has taken a proactive approach in recent years. Acting on the publication on May 3, 2002 of both a ministerial decree setting maximum levels for exposure to electromagnetic waves and recommendations from the French health authorities, the company also adopted concrete measures to minimize the impact of cell-phone use on humans. It thus informs consumers of the exposure levels of its phones and offers a hands-free kit for each pack. While recent studies filed with the World Health Organization confirm that antennas pose no risk to local residents, SFR has also launched an outreach campaign targeting local authorities, property owners and elected officials. It encourages all parties to sign charters taking into account each group's concerns. A comprehensive review of medical information on the subject was also placed on SFR's intranet and public website.

 http://www.sfr.fr/sfr_sante

Kencell: fighting AIDS in Kenya

Kenya is one of the countries hardest hit by the AIDS virus, with more than one in 15 inhabitants infected or HIV-positive. To stem the tide, Kencell — a 60% subsidiary of Vivendi Telecom International founded in 2000 and now a major player in mobile telephony nationwide — launched a sweeping prevention and awareness campaign for staff members. The company has already offered a full day's training to 544 of its 612 employees.

The next steps are equally ambitious. Vending machines for condoms will be installed in men's and women's restrooms on all company premises, while medical and legal assistance will be made available to employees who have contracted the disease. An information policy targeting local communities is also planned.

Erin Brockovich/ Ed Masry Fellowship

In 2000, Universal Pictures released Erin Brockovich, starring Julia Roberts and directed by Stephen Soderbergh. This unconventional drama was based on the true story of a twice-divorced college drop-out with three children. While working as a file clerk at a small law firm, she stumbles across a cover-up involving tainted water in a local town, which is causing devastating illness. With the aid of her boss, she investigates the company causing the contamination and successfully brings it to justice. The movie, for which Roberts won an Academy Award for Best Actress in a Leading Role in 2001, raised awareness of health-related concerns due to environmental pollution. In keeping with the important themes of this film, Universal Studios pledged \$50,000 to the University of California Los Angeles Foundation to establish the Erin Brockovich/Ed Masry Fellowship in Environmental Justice within the School of Public Policy and Social Research on March 16, 2001. This fellowship is given to Master's Degree candidates whose academic interests, research or community activities demonstrate an awareness of and a commitment to environmental justice.

Corporate citizenship

- Fighting social exclusion
- Access to new information and communication technologies
- Developing skills and know-how

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Fighting social exclusion and consolidating social cohesion

France: La Fondation Vivendi Universal

Founded in 1996 to combat unemployment and poverty, the Fondation Vivendi Universal supports the creation of grassroots service jobs yielding immediate benefits. Given a widening digital divide that works against anyone without access to new information and communication technologies, the foundation has devoted a third of its budget since 2001 to countering this new form of social exclusion.

In 2002, the Foundation received 1,603 proposals and funded 260 projects for an overall budget of €3.7 million.

These projects created 918 jobs in the first nine months of the year.

In the seven years from 1996 to 2002 the Foundation funded more than 2,000 projects, creating or consolidating nearly 20,000 jobs. With the personal involvement of Vivendi Universal employees who volunteer their time and expertise, 88% of projects funded since 1996 are still active today.

Unfortunately, Vivendi Universal's serious financial circumstances forced it to close this Foundation in October 2002.

Viewpoint



Jean-Baptiste de Foucauld,
President
of Solidarités
Nouvelles face
au Chômage

"At first I was reluctant to serve on the Foundation's board, given the poor image Générale des Eaux had in the association sector. I agreed because I thought it was significant for a major corporation to take a practical approach to its social responsibility, setting aside resources specifically for that purpose.

I do not regret my decision, due in particular to the excellent job done by the team of facilitators. The Foundation highlighted the great growth potential for grassroots employment in France, and developed outstanding methodological materials. Above all, it rallied 2,000 of its employees for project evaluation and monitoring, which I applaud. The corporate world and the world of nonprofit associations are too distant, even antagonistic. They have a lot to teach one another: professionalism from business and insistence on putting people first from nonprofits.

There is also a lesson for all of us here: having the resources to complete a project from the start is a great advantage for an association, just as it is in business. But this rarely happens. We tend to forget that many associations end up chasing the funding they need to achieve their goals. In this sense cooperation between corporations and associations can be very beneficial — and is certainly necessary for united, sustainable development. This being the case, I was all more sorry to see this Foundation close its doors. I hope its work will continue one way or another, without burdening the company, through the support of its sponsors."

Corporate citizenship involves listening to communities and contributing to improve their lives. Vivendi Universal is committed to corporate citizenship most notably by fighting social exclusion, promoting access for all to education, culture, new information & communication technologies, and helping people develop skills.

United States: The Vivendi Universal Foundation

Fully independent from its French counterpart, the Vivendi Universal Foundation in the United States helps disadvantaged youth through education, music and the arts, and training in new technologies. The Group's \$11 million grant program and its employees' personal involvement supported 545 programs in 2002.

Berlin: Stiftung Vivendi Universal

The Berlin office of La Fondation Vivendi Universal opened in 2000 to join the fight against social exclusion and unemployment. Its annual budget of €300,000 funded 38 social projects in 2002. In two years, funded projects have created 450 jobs and 550 vocational training opportunities.

VU businesses help youth

Vivendi Universal and its subsidiaries round out foundation-based activities with initiatives that promote greater social cohesion, access to education and protection of children's rights.

La Voix de l'Enfant SFR has an ongoing partnership with La Voix de l'Enfant, a federation of 57 associations working as a voice for children in France and around the world. In 2002, the company set up the VOIX express telephone number for donations and an assistance platform for runaways and the parents of missing children. It also doubled grants made by its subscribers and funded an awareness campaign.

Enfants 2000 Vivendi Universal Publishing supports Enfants 2000 in its efforts to make French schoolchildren more aware of child labor in the world. *Stolen Childhoods* from VUP documents in book and electronic form denounces

the shocking reality of sweatshops employing children in India, Cambodia and Bolivia. As part of the Le Livre Nomade project, VUP subsidiaries, Nathan, Bordas, CLE International and Hemma supplied 2,000 new educational books. Enfants 2000's founders delivered these to a Mali home for child traffic victims at the end of a journey through two African countries defending the cause of exploited children.

World Childhood Foundation

Universal Music Sweden partnered with the World Childhood Foundation, dedicated to helping the world's children in need, to produce the WCF Classic Collection. Anne-Sophie Mutter, Cecilia Bartoli, Bryn Terfel, Anne Sofie von Otter and Gösta Winbergh donated their recordings for this compilation, and the entire profits went to the foundation. In October 2002, Universal Music Sweden presented WCF's founder, H.M. Queen Silvia of Sweden, with a gold disc and a check for €572,000.

ROR "Reach out and read"

ROR literacy program volunteers in the United States read aloud to children in clinic waiting rooms. Participating doctors encourage parents, too, to read aloud to their children, who can choose a book to take home. Three million books were distributed at 1,400 participating clinics in 2002. Vivendi Universal is ROR's principal sponsor in New York.

Lettris To help fight illiteracy among young adults in France, Vivendi Universal has produced Lettris, an educational book and CD-ROM that teach the reading, writing and speaking skills needed for social and vocational integration. Slated for release by Nathan in September 2003, Lettris will be distributed to 250 literacy organizations free of charge.



Access to new information and communication technologies represents another opportunity for greater social integration and knowledge sharing. Today, the gap is widening between those who can use these new tools effectively and those who cannot. This digital divide is a new form of social exclusion, and to bridge it, Vivendi Universal supports numerous initiatives that aid people who are disadvantaged or simply outside the mainstream in both developed and developing countries.

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Access to new information and communication technologies

"I Mentor"

A dedicated group of Vivendi Universal employees in the United States participate in the iMentor (Internet-mentoring) program. Through weekly e-mail exchanges they offer advice and encouragement to 12 to 17-year-olds looking for ideas and encouragement in their schoolwork. Mentees meet once a week to compare notes and chat online with their mentors.

e-Textbook

Developed in 2000 by Editions Bordas and Editions Nathan, the *cartable électronique* e-textbook gives students interactive access to course content from a variety of platforms (PDA, laptop, Internet). After three years of testing by 4,000 users, the French government rewarded this tool in 2002. Vivendi Universal equipped four schools with e-textbooks, where they helped rekindle the desire to learn in struggling classes. A partnership with Braille.net lets visually impaired and blind students to benefit as well.

Handicap Zero

SFR and Cegetel have partnered for several years with Handicap Zero, which works to give the blind and visually impaired greater autonomy in their daily lives. Through these companies' support, a toll-free number now gives them easier telephone access at home and in the community. Information is translated into Braille, and in 2003 all content on the *sfr.fr* website will be accessible using the *confort de lecture* easy-reading filter. SFR would be the first French corporation to offer this service.

L'enfant@L'hôpital

As part of its educational and recreational support to hospitals, Vivendi Universal Publishing has partnered for two years with L'enfant@L'hôpital, which organizes Internet communities to help sick children maintain strong bonds with their family, school and friends. VUP donates educational games on CD-ROM to pediatric units at participating French hospitals and provides content for software that enables children to access message boards and private forums, easily download images, animations and sounds, and build their own web pages.

North/South Digital Divide

In February 2002 Vivendi Universal launched the CEO Charter for Digital Development. Under this initiative, corporations partner with governments and NGOs to help alleviate poverty in developing countries. Participating CEOs agree to dedicate 20% of their corporate citizenship and/or philanthropy budgets to support sustainable responses to tangible needs of these countries' people through new technologies, especially in education.

The CEO Charter is supported by the United Nation Information and Communication Technologies Task Force, which coordinates it in conjunction with the World Economic Forum.

Vivendi Universal supports in particular projects organized by Afrique Initiatives, PlaNet Finance, World Computer Exchange through provision of funding, human resources and equipment. By helping people appropriate the technological tools to exchange ideas and information, these organizations facilitate access to education, training, healthcare, credit and other services such as weather forecasts, employment listings and local community activities.



Due to its presence in music, motion pictures, television, and its long history in publishing, Vivendi Universal puts the breadth of its businesses and content to work for diverse audiences, developing skills and know-how and encouraging creativity.

Developing skills and know-how

Granja de Belgais

Universal Music subsidiary Deutsche Grammophon is helping make a dream come true for world-famous pianist Maria João Pires through the founding of a Center for the study of the arts. Granja de Belgais in rural Portugal offers workshops, singing courses, concerts and artistic events. Maria João Pires wants people to discover a new vision of artistic creation and see art as a part of life. To that end, Granja de Belgais welcomes visitors and artists from around the world, fostering dialogue and talent, promoting cultural diversity, and bringing people, art and nature together in one place. Deutsche Grammophon has built and equipped a studio at Belgais for the pianist to record her own music, major concerts and children's choruses from nearby villages. Maria João Pires is a winner of the 2002 International Music Council / UNESCO Music Prize, which rewards musicians who have contributed to the enrichment and development of music and have served the cause of understanding among peoples.

Reopening schools in Kabul

Vivendi Universal Publishing in conjunction with its subsidiary VUPS diffusion internationale has joined France-Culture's *Redonnons Vie à Kaboul* campaign to reopen two French schools in Kabul after 20 years. Hundreds of children's educational books were donated to fill the school libraries and help revive the French language in Afghanistan.

Exchange of know-how

The Canal+ Foundation has provided the African Directors and Producers Association (ARPA) with funding, equipment and logistical support for the development of motion picture, television and radio production on that continent. ARPA is a young association that seeks to promote dialogue among Africa's diverse creative conduits and foster regular exchanges with European colleagues.

The Canal+ Foundation also played a part in organizing training sessions for technical staff at Mali's Office of Radio and Television working through the Contrechamps association.

Universal Studios Filmmaster Program

Four years ago Universal Studios started a program that invites emerging international directors to spend several days at Universal Pictures, meeting with professionals in charge of the various stages of making a motion picture. Winners are selected by a jury working in conjunction with the various film festivals.

Participating in 2002 were directors from Germany, Great Britain, Italy and Spain.

On the trail of the dinosaurs

Universal Studios and Amblin Entertainment helped set up the Jurassic Foundation in 1997, an organization that awards research grants to international scientists specializing in dinosaurs. In 2002, over 20 paleontologists from around the world were given grants. The Jurassic Foundation is recognized as one of the most generous private foundations for scientists fascinated by these huge creatures that died out 65 million years ago.

Environmental responsibility

- Progress made in 2002
- Environmental indicators
- Climate - Landscape
- Water - Waste

20 Progress made in 2002 to minimize the impact of the Group

The World Summit on Sustainable Development was held in Johannesburg, South Africa, in September 2002. Coming ten years after the UN Conference on Environment and Development in Rio, it emphasized the need for responsible corporate behavior.

Vivendi Universal takes its environmental commitments seriously, and despite financial difficulties has made significant progress towards achieving the four targets defined in 1999.

Vivendi Universal's global EHS compliance assessment program, including site visits and action plan tracking, has completed assessments in France, Germany, Spain, Japan and the United States. These compliance assessments are a critical part of corporate governance and a proactive way to reduce risk and non-value added costs.

SEMS – Vivendi Universal's acronym for the safety and environmental management system linked to our responsibility guidelines and the business unit's sustainable development needs, continued to evolve and demonstrate its efficiency.

SEMS, originally created for managing environmental impacts across the corporation, has evolved to manage safety aspects as well. As we move along the path to a sustainable future SEMS continues to evolve to encompass all areas of corporate social and environmental responsibility.

Twice a year, all Vivendi Universal sites use SEMS to check compliance through action-plan tracking and reports. Site also communicate regularly on progress achieved in environmental protection.

The Universal Meditteranea theme park in Spain, was successfully EMAS re-certified using SEMS as the backbone of its EMAS infrastructure and documentation program.

Employee awareness and actions regarding the environmental performance targets of the group and other issues went global as an employee based awareness/training site called "Our Environment" was created on Vivendi Universal's intranet. Work in progress for 2003 includes employee safety and ergonomics awareness modules.

Viewpoint



Geneviève Ferrone
General Director
CoreRatings

"In its desire to move a large and complex

organization along the path toward sustainable environmental performance, Vivendi Universal started with the basics. By developing a balanced, value-based environmental strategy relevant to its impact as a consumer-focused and service-related global media company. Vivendi Universal established clear environmental performance targets. When fully implemented, these should significantly reduce the group's environmental impacts. However, there is still room for improvement regarding full implementation of Vivendi Universal's safety and environmental management system and its use in consolidation of data / results for public reporting under NRE and GRI in future years".

Environmental indicators

Vivendi Universal is committed to the use of NRE and GRI guidance in its annual reporting. In 2002 the environmental management staff worked with world class outside consultants to identify reporting boundaries, metrics and methodologies for reporting Vivendi Universal's four environmental performance targets.

In 2003, Vivendi Universal plans to use SEMS - its safety and environmental management system - to make reporting public. Information should be presented so that third parties can verify both the process used and the quantifiable data compiled.



Environmental information required by NRE	Unit	Comments or references	GRI Equivalent indicator
Identify water, raw material and energy used -measures taken to improve energy efficiency -use of renewable energy - and air emissions, water discharges with damaging effects on the environment	See below	Although Vivendi Universal Business Units use water and energy within their respective operations, air emissions and water discharges have relatively minor impacts on the environment. See below water consumption, energy use, CO ₂ emissions and waste generation. For detailed information please refer to page 22 and 23 of this report.	
Water Consumption (in thousands of m ³)	6,053.62	Reduction target of 5% by 2006.	EN5 EN22
Energy Consumption (in KW/h)	63,498,748	Energy conservation programs in place. Pilot projects for use of renewable resources.	EN3 EN4 EN17
CO ₂ Emissions (in millions of kgs)	395.40	Reduction target of 10% by 2006.	EN30 EN8
Total Waste (in tons)	18,544.11	Reduction target of 10% by 2006.	EN11
Measures taken to limit the impacts on biological stability, natural environments, protected species and wildlife	NA	Vivendi Universal global operations have relatively minor impact regarding this requirement with the exception of one site in North America.	EN6
Steps taken towards environmental evaluations and certifications	ISO 14001 and EMAS	Vivendi Universal administers an environmental assessment program and holds limited certifications for ISO 14001 at two US sites. One site in Spain was EMAS recertified in 2002.	
Measures taken, to ensure compliance with environmental regulation and legislation	Audit findings Corrective action tracking	Vivendi Universal conducts environmental compliance audits at all major sites to ensure conformity with regulations and legislation regarding environmental affairs. See page 24 of this report.	
Company expenditures for prevention of environmental impacts	€15.5 million	Expense and capital equipment budgets are generated at the Corporate, Business Unit and site level. For detailed information please refer to 2002 - 20F / Item 4.	EM35
Existence within the company of internal environmental management staff, information regarding credentials of individuals responsible for environmental services, resources devoted to the reduction of environmental risks as well as organization in place to manage environmentally related accidents such as pollution releases.	Staff # Corporate: 2 Business Unit: 6 Global sites: 20	Vivendi Universal Corporate Headquarters and Business Units and some sites maintain a small but effective staff for focused environmental management.	
Amount of environmental risk provisions and guarantees set aside, except in the case where this information may prejudice the company in a current dispute or lawsuit.	NA	Vivendi Universal has very few sites that require provisions for past or present environmental risk. For detailed information please refer to 2002 - 20F.	EM35
Amount of compensation paid during the financial year relating to environmental matters resulting from judicial decisions, and company environmental actions and/or damages which required repair.	NA	Vivendi Universal paid no compensation in 2002 for environmental matters resulting from judicial decisions, damages or repairs. For detailed information please refer to page 24 or 2002- 20F / Item 4.	
Describe requirements/objectives required of foreign subsidiaries relating to NRE obligations as identified above.	---	To date Vivendi Universal has required some but not all of its foreign subsidiaries to comply with NRE obligations.	

Note complémentaire GRI:

EN1, EN2, EN9, EN10 et EN15 indicators could not be compiled for the Group as a whole. EN12 and EN13 indicators (water, chemical, oil and fuel discharges) are not significant for the Group. For information on EN14, see page 22 and 23 of this report.



Respecting the climate

Climate change continues to pose a significant environmental challenge. If left unchecked, it is expected to significantly modify the environment as we know it during this century. At Vivendi Universal, the environmental impact of activities on climate stem from one major source of energy use,

and our target to reduce CO₂ emissions is driven by energy conservation. Vivendi Universal's CO₂ inventory comprises data collected on electricity, fuel, and natural gas used by Vivendi Universal operations only. The inventory covers operations where Vivendi Universal holds an equity share greater than 20%.

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Energy conservation in studios

Universal Studios in Hollywood has established a Utility Management Committee that has embraced energy conservation. The energy team consists of personnel

ranging from electricians, food service professionals and park operators to management. Members meet regularly to discuss conservation ideas, track results of projects and initiatives, and identify

new issues. The team developed a logo and slogan to use for conservation fact sheets, posters, t-shirts and more.

Business segments	Emissions of carbon dioxide (in millions of kilograms)	
	2001	2002
Telecoms	5.30	5.66
Music	104.06	92.23
TV & Film	294.50	292.37
Corporate	5.95	5.14

Preserving landscapes

Although growth has positive elements and generally improves societal standards by creating jobs and building necessary infrastructure, it also has potentially negative impacts that must be properly managed.

First, growth changes land use. And unplanned land use can result in not only visual disfigurement of the natural landscape, but also degradation of our natural heritage and ecology. Aware of the challenge, Vivendi Universal is committed to evaluating how best to integrate its facilities into the natural landscape. Factors taken into account include visual impact, noise, traffic, infrastructure development, night-time lighting, and telecom antenna installations. Our landscape target focuses on proper planning and consideration of each of these issues well in advance. Project design teams are challenged to explore alternatives during initial design that will not only enhance the landscape, but also consider long-term sustainability issues such as water use, energy use, and waste generation during project design.

Theme parks and Antennas

Vivendi Universal is currently in negotiations to open its next international theme park in China. Building an international theme park is no small undertaking: months of planning must be completed before final agreements can be signed and construction begins. As part of the evaluation and design process for the proposed theme park in China, it is obviously essential to take into account the proposed site's unique features. Factors such as climate, water resources, plant fauna, or landscape and cultural expectations must be carefully analyzed and clearly understood. In 2002 the Universal Creative team worked with landscape and sustainable development consultants with experience in China to develop reference materials on plants in China as well as Chinese cultural applications. Combined with the expert local knowledge of our Chinese partners, this input will form the nucleus for another Vivendi Universal world class theme park.

Another Business Unit, Cegetel Group's mobile telephony specialist SFR is improving the integration of facilities into their environment, fulfilling commitments under the nationwide charter it signed in 1999 along with two other companies in the industry. New options are reviewed and adopted periodically to help ensure that relay antennas blend into their surroundings. The company calls on input from architects, France's national heritage supervisor and local authorities.



Relay antennas at the Rouen train station (France).

Using water wisely

The World Summit on Sustainable Development held in Johannesburg, South Africa, in September 2002 identified the lack of water as the largest single problem facing our global society in the next century. As the world's population and global economies grow, water conservation becomes extremely important. Vivendi Universal has therefore committed to reduce water use by 5% by 2006.

Port Aventura – Spain: Water reuse for irrigation research project

Using potable water for gardening is discouraged on the arid Mediterranean coast. One popular alternative is waste

water, yet despite treatment this contains relatively high concentrations of mineral salts and chloride, both of which can affect plant growth and foliage. To find a solution, teams from the agricultural technology department of Spain's University of Lleida and the Spanish Institute for Research in Agrifood Technology launched a research project in 1998 in the gardens of the Universal Mediteranea grounds. Data generated by the project allowed experts to define criteria for using water from a variety of sources —

run-off, treated and potable. A sophisticated computer-controlled watering system was also developed for plants and shrubs in the park.



Environmental responsibility

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Water - Waste

Potable water consumption
(in thousands of cubic meters)

Business segments	2001	2002
Telecoms	44.97	75.55
Music	155.98	254.31
TV & Film	4,982.70	5,665.66*
Corporate	58.96	58.10

* water increase is a result of the opening of "Costa Caribe", a new water theme park in Spain



Reducing waste

By its very nature, waste generated by group sites is non-value added and an unnecessary cost to the business. Reducing waste reduces that cost while helping to protect the environment. Vivendi Universal activities with an impact on waste generation include general trash, scrap and returned products, packaging, construction debris, batteries, maintenance oils, paper and obsolete equipment. Experience shows that waste generation within operations can be reduced, and Vivendi Universal has committed itself to reducing waste by 10% by 2006.

Selective sorting of waste

At Vivendi Universal Headquarters in Paris and in each business unit headquarters (Canal+, Cegetel and VUP), staff in the administrative services department have joined together to help ensure the group meets its waste reduction target by 2006. By equipping each office with double waste bins, paper waste can be sorted at point of use from plastic containers and other waste. Employees at Vivendi Universal's Paris headquarters were instrumental in reducing waste generation by 8% in 2002.

Recycling of set-top boxes

Canal+ supplies its customers throughout Europe with "set-top boxes" to assist in selection of television programming. Set-top boxes are manufactured from electrical components, printed circuit boards, and wiring placed inside plastic housing. In the past, this equipment was usually discarded as waste at the end of its useful life.

No longer: in part because of European Union requirements for take-back of electronic products and, most importantly, because of their value, set-top boxes are now reused or sent for reclamation of the recyclable component parts. In 2002 Canal+ reclaimed more than 670,000 analog set-top boxes and more than 410,000 numerical terminals.

Waste generated
(in metric tonnes)

Business segments	2001	2002
Telecoms	2,764.50	1,232.44
Music	5,069.30	3,129.53
TV & Film	18,185.30	13,951.09
Corporate	328.10	231.05

Our economic, social and environmental responsibility

Compliance and verification

Environmental compliance – both in spirit and letter of law – is the rule wherever Vivendi Universal operates. Under a Groupwide program, outside consultants and in-house environmental, health and safety experts evaluate all VU units worldwide every two to three years. Complex facilities, sites that are

environmentally sensitive or present special health and safety considerations, and operations requiring further evaluation or monitoring due to outstanding notices of noncompliance are reviewed more frequently.

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2002 Report

Our economic, social and environmental responsibility

Vivendi Universal environmental, health and safety compliance record for 2002

Notices of Violation (NOV)	4
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Total fines	\$310,500*
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* Unpaid pending appeal of the 4 notices of noncompliance.

Legal notices

A notice of Violation – NOV (administrative fine) was issued in the first quarter of 2002 for the release of wastewater containing pollutants above the levels allowed in the United States (total alleged penalties \$308,000). The other three notices are for alleged violations of the U.S. Occupational Safety and Health Act in connection with an accident (total penalties \$2,500). These four notices are being appealed to the relevant regulatory authorities.

No new corrective action has been necessary since the 2000 Environmental and Social Report, which described the cleanup of an 890-hectare site in Orlando, Florida, whose soil and subsoil were badly polluted.

Universal Studios had bought the land in 1998, voluntarily assuming legal liability for decontamination, and is restoring it at a cost of \$42m as part of a remediation program mandated by the U.S.

Environmental Protection Agency under the Resource Conservation and Recovery Act. Cleanup is proceeding in full accordance with EPA expectations and should be completed as planned in 2004.

Universal Studios may also be liable for two Superfund sites(*) but, as a *de minimis* contributor, its potential exposure should not exceed \$300,000.

* Superfund: U.S. program to fund cleanup of hazardous waste sites.

External opinion on the reporting procedures related to the information contained in the report “Our economic, social and environmental responsibility” for 2002.

At Vivendi Universal's request, we carried out the work described below related to the information reporting procedures indicated in the report “Our economic, social and environmental responsibility” for 2002.

This information was prepared under the responsibility of the Company's management. Our task is to express an opinion on the process used to collect the information on the basis of the work performed, which is neither an audit nor a limited review made in accordance with International Standards on Auditing.

Nature and Scope of Work

Our work consisted in:

- Analysis of the procedures for reporting, validating and consolidating the economic, social and environmental indicators provided for in French corporate law (NRE) and GRI guidelines (2002 edition),
- Examination of the scope of each type of indicator,
- Discussions with managers concerning the collection of figures included in the report at corporate headquarters and at most large operating units.

Comments

Our main remarks are :

- Rules determining scope differ for the various economic, social and environmental indicators and are mentioned in each part of the report,
- Comments on each indicator explain how it is calculated, if necessary,
- Because of significant changes which occurred in the Group scope of consolidation during the second semester of 2002, some environmental indicators have not been assessed under the environmental management system.

Taking into account the above comments, we did not observe any significant exception to the implemented procedures, which appear to be in keeping with the objectives.

 RSM Salustro Reydel

Philippe ARNAUD

Partner in charge
of the sustainable department

Paris, March 31, 2003

2002 Report

This report is printed on totally chlorine-free (TCF) Munken Lynx paper. It can be fully recycled and is certified by ISO 9706.

Credits

VU coordinator
Stéphane Riot

VU Group contributions from
Stéphane Léage
Gary Minck
Karine Reverte
Pascale Thumerelle

Consultants
Agence Manifeste
Jérôme Auriac
Michel Salion
Gaëlle Thomas

Design & production
Latoutepetiteagence

Translation
Chris Durban / Scott Brennan
Herveline Thépaut

Photo credits
Vivendi Universal photo library
Didier Messina
Images Photodisc

VU contacts
Vivendi Universal Corporate Communications
Email : sustainability@groupvuu.com

**Our economic,
social and
environmental
responsibility**

The electronic version of this report
is available on our Web site at :
www.vivendiuniversal.com/responsibility_report_2002



Head office:
42, avenue de Friedland
75008 Paris - France
Tel : +33 1 71 71 10 00
Fax : +33 1 71 71 10 01

New York office:
800 Third Avenue
New York, NY 10022 - USA
Tel : +1 212 572 7000
Fax : +1 212 572 1104