

Sustainable Development Report

2004-2005



Our economic, social and environmental responsibility

VIVENDI
UNIVERSAL

Profile

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

Universal Music Group

World leader in music, selling close to one out of four records throughout the world

Vivendi Universal Games

Global developer, publisher and distributor of multi-platform interactive games and world leader in online games

Canal+ Group

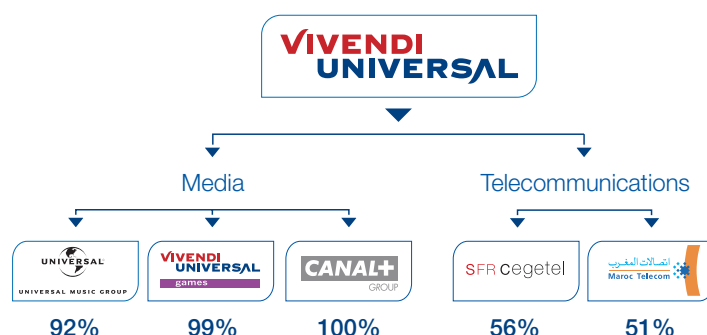
Leader in television, No.1 producer of pay-TV channels in France and a major player in the production and distribution of films

SFR Cegetel Group

No. 2 mobile and fixed-line telecommunications operator in France

Maroc Telecom

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



The percentages correspond to Vivendi Universal's stake in each company as of March 1, 2005.

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

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Message

from the Chairman
of the Management Board and CEO



Jean-Bernard Lévy
Chairman of the
Management Board and
CEO of Vivendi Universal

Vivendi Universal is now steering a course towards new growth after weathering a critical period.

We have the ambition of ranking among the most competitive groups in its two sectors: media and telecommunications. This dedication to outstanding performance implies that the Group asserts the importance of sustainable development issues specific to its business sectors, and that it be accountable for its values and its responsibilities to all of its partners: employees, shareholders, customers, suppliers, institutions, and civil society.

This sustainable development approach is beneficial to the Group because it enriches the quality of our internal and external exchanges and sustains the company's ability to innovate, to contribute to counteracting risks, and consequently, to become more efficient.

Our business sectors are highly complementary. Vivendi Universal is intensifying its efforts in order to make progress in the sustainable development issues specific to its business sectors, in particular in the development of network infrastructures and production and distribution of content.

Promoting cultural diversity, encouraging creativity, delivering quality content, respecting diversity in information, protecting minors and encouraging safe mobile telephone use are all aspects of our responsibility.

The Management Board, which was created the day after the annual shareholders' meeting of April 28, 2005, and is composed of the heads of Vivendi Universal's business units and the Group's Chief Financial Officer, is committed to driving the Group's sustainable development.

Jean-Bernard Lévy

Our approach to sustainable development

Today Vivendi Universal includes major brands such as Universal Music Group, the world leader in music, Vivendi Universal Games, a world leader in online video games, Canal+ Group, a European leader in cinema and a leader in pay-TV in France, and SFR Cegetel and Maroc Telecom, which both occupy first rank positions in telecommunications in France and Morocco respectively.

Our approach to sustainable development consists of putting the three pillars – economic, social, and environmental – on which Vivendi Universal's long-term future is being built into perspective. This approach requires us to be vigilant in regards to the overall management of our risks and to pay particular attention to emerging issues. These issues concern the impact of our Group, as a producer and distributor of content, on society. They lie at the very heart of our societal responsibility.

Incorporating the three pillars

During recent years, our perception and analysis of sustainable development issues has evolved in phase with Vivendi Universal's transformation. The Group has reported on this evolution in its successive reports.

In the first edition of its report in 1999, the Group, then active in business sectors involving the environment, drew up an environmental report. In 2000 and 2001, Vivendi Universal, then developing its activities in the media and telecommunications sectors, in particular with the acquisition of assets overseas, broadened the scope of its sustainable development report to include its environmental and social responsibility. The report published in 2003 noted the serious financial difficulties the Group had met with in 2002 and began the approach using the three pillars – economic, social, and environmental – to better evaluate the consequences of the large-scale programs of reduction of costs and restructuring that were being implemented.

Identification of emerging issues

The sustainable development report, published in 2004, marked a step in Vivendi Universal's recovery and its refocusing on two business sectors: media and telecommunications. It told of the process of reflection undertaken by the Group, beginning in 2003, to better understand the nature of emerging issues that are common to the different business sectors, such as those related to the production and distribution of content: promotion of cultural diversity, information quality, contributing to raising the public's awareness of sustainable development issues, and protection of minors. The 2005 report goes even further in this approach of global understanding of the issues while complying with the expectations of Vivendi Universal's partners.

A shared impetus

Our desire to encourage our major brands to work together on common projects and thus optimize the skills of the leaders and employees of the Group ensures the consistency of our strategic choices and encourages growth and creation of value.

This mutual understanding between the Group's executives and the business sectors' leaders also facilitates our comprehension of sustainable development issues and strengthens our ability to anticipate and meet the expectations of our different partners. The inauguration of the Management Board, a collegial management structure, will contribute to ensuring that this process extends to the highest level of decision-making.

A concerted effort at implementation

The Sustainable Development Department, under the direct responsibility of the Group's Executive Vice-President of Communications and Public Affairs, pilots the process and coordinates its monitoring within the subsidiaries. It reports to the Group's Senior Management on the definition of objectives and the progress made.

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

The Sustainable Development Department, in association with the General Counsel, ensures coordination and application of the compliance procedures in accordance with environmental, health, and workplace safety standards adopted by Vivendi Universal in 2000 (see page 32). It also contributes to relaying the implementation of the compliance program (see page 20).

Objectives met

The objectives set for 2004 were reached. The work of the Sustainable Development Committee resulted in progress along the Group's path to "better knowledge" thanks to the involvement of the different business sectors. A process has been set in motion enabling better comprehension of the "global risk management" approach adopted by Vivendi Universal and sharing of the expertise of the different business sectors in the area of sustainable development.

Information collection has improved. The scope of the feedback of social indicators covers, in most cases, nearly 100% of the Group's workforce worldwide.

The integration of new social indicators, such as the territorial impact of Vivendi Universal's activities on employment and regional development, and environmental indicators, such as measurement of waste from electrical and electronic equipment, is helping refine our analysis of risks and opportunities for the Group.

The strengthening of the social and environmental responsibility objectives with our suppliers has made palpable progress. Two of our business units, the SFR Cegetel Group and the Canal+ Group, put their commitments into concrete form in 2005.

The deployment of the sustainable development approach at Maroc Telecom has been satisfactorily completed. Numerous exchanges with the executives of the Moroccan operator resulted in an assessment of the sustainable development issues and the establishment of a "road-map" to guide the implementation of Vivendi Universal's main tools.

Progress areas

In 2005-2006, these different efforts need to be pursued and the contours of the expectations of Vivendi Universal's stakeholders need to be more clearly delineated.

It was for this reason that Vivendi Universal, in early 2005, called in the BMJ Ratings agency to evaluate the responses of the Group and its business sectors to these expectations.

In addition, in order to make the financial community more aware of its commitments and practices, Vivendi Universal plans, in 2005, to commission a survey of the major investment funds from an external provider, to be monitored by the Sustainable Development Department and the Group's Investor Relations Department.

The growing involvement of the senior executives and the ongoing process of heightened awareness on the part of employees will contribute to developing our approach and ensuring its continuing progress.

Michel Bourgeois

Executive Vice-President,
Communications and Public Affairs



Vivendi Universal's senior executives' increased awareness of sustainable development issues and the ongoing involvement of the correspondents in the business sectors have resulted, in recent months, in extensive development of our approach.

Our desire to develop our business sectors' potential for internal growth, within the framework of a collegial form of management, is fostering integration of the sustainable development process in the Group's strategy. This integration is all the more necessary in that it contributes to countering risks to the Group's reputation, which is one of its major assets, and to opening up new opportunities in regards to innovation, skills, and markets.

Our respo

economic

social

Our priorities

Ensure our development by leveraging the substantial possibilities for internal growth of our business sectors.

Manage risks and opportunities specific to our business activities with a cross-cutting outlook.

Create more value for Vivendi Universal's internal and external partners. The objective in 2005 is to achieve an adjusted net income of at least 1.8 billion euros, i.e. a growth per share of at least 37% over 2004.

Our approach

Leverage the strengthening of the corporate governance and management structures stemming from the installation of a Supervisory Board and a Management Board.

Encourage cooperation among Vivendi Universal's major brand names so that belonging to the Group is a competitive advantage for each of them.

Our priorities

Ensure fulfillment of the commitments made by Vivendi Universal to ensure that the standards defined by the International Labor Organization regarding fundamental social rights and workplace safety are respected in regards to all of its employees.

Spur the interest and commitment of our employees in this new phase of the Group's development, in particular by ensuring improvement of their skills.

Our approach

Promote the tools developed by the Group (values, charters, compliance program).

Emphasize and promote initiatives that contribute to encouraging diversity, creativity, and sharing knowledge and skills with younger generations.

Encourage independent management of human resources by the business sectors to better meet the concrete expectations of the employees.

nsibilities



societal

Our priorities

Develop knowledge of the expectations of Vivendi Universal's external partners in order to perfect our analysis of sustainable development issues in the media and telecommunications sectors.

In particular, measure the impact of our Group – as a producer and distributor of content – on civil society more accurately in order to counter risks, particularly risks to its reputation, and to encourage initiatives.

Make our commitments and practices known to the financial community in order to make them more aware of our “global risk management” approach.

Our approach

Share this analysis of expectations and issues with the operational leaders of the business units in order to propose together common or complementary responses.

Call on recognized external providers for analyses in order to enrich our approach with an independent viewpoint.

environmental

Our priorities

Deploy an environmental policy that adheres to Vivendi Universal's commitments and is integrated into the action programs implemented by the business sectors.

Improve reporting procedures in order to formalize new commitments regarding environmental objectives and better define the nature of the issues.

Our approach

Promote the commitments made in Vivendi Universal's Environmental Charter regarding measurement of the Group's environmental impact, implementation of the compliance procedures in accordance with environmental, health, and workplace safety standards, and developing the awareness of internal and external partners.

Promote the best practices of the subsidiaries or companies belonging to the same business sectors.

Take advantage of internal audits to highlight the innovative actions carried out in the field in partnership with local stakeholders.



اتصالات المغرب
Maroc Telecom



اتصالات المغرب
Maroc Telecom

At December 31, 2004

1,380 million euros
Adjusted net income

3,476 million euros
Operating income

4,747 million euros
Cash flow from operations

3.1 billion euros
Net financial debt
(after the divestiture of Vivendi Universal Entertainment and before acquisition of an additional 16% share in Maroc Telecom)

21,428 million euros
Consolidated revenues
(Vivendi Universal Entertainment was deconsolidated on May 11, 2004)

2004 revenue breakdown
by geographical area



2004 revenue breakdown
by business unit



Economic responsibility

Vivendi Universal's goal is to create value at the Group and business unit level in such a way that belonging to the Group will result in a better competitive positioning for each of our business sectors.

The policy of restructuring undertaken since July 2002 has made it possible to reduce debt and drive the Group towards a turnaround. That is supported by the results for 2004 and for first-quarter 2005.

Our major sustainable development concerns in terms of economic responsibility are:

- page 8** strengthening corporate governance and management structures
- page 10** managing the development of our business sectors
- page 12** investing in human capital
- page 14** protecting intellectual property
- page 16** attentiveness to our customers

Vivendi Universal consolidated its strategic partnership with the Moroccan global telecommunications operator, increasing its participation in Maroc Telecom capital from 35 to 51% in January 2005.

Strengthening

corporate governance and management structures

Since the arrival of Jean-René Fourtou and his team in the summer of 2002, Vivendi Universal has developed an organization based both on decentralization of management and on the complementary skills of the Group's senior executives and the heads of the business units.

On December 7, 2004 the Board of Directors studied the possibility of implementing a twofold governance structure for the company: a Supervisory Board and a Management Board. On April 28, 2005, the shareholders approved the change in the company's management structure and adopted the new bylaws.

The Supervisory Board: membership and mission

The Supervisory Board, chaired by Jean-René Fourtou, is made up of twelve members, of whom ten are independent and five of foreign nationality (see corporate governance table, page 37).

The Supervisory Board includes a majority of independent members. A member is considered independent when he or she has no direct or indirect relation with the company, the group, or its management, of any nature such as might compromise the exercise of his or her freedom of judgment (a definition taken from the report of the AFEP-MEDEF working group chaired by Daniel Bouton).

The Supervisory Board exercises constant control over the management of the Company by the Management Board. It appoints four specialized committees whose membership and missions it defines and which conduct their activity under its responsibility: the Audit Committee; the Strategy Committee; the Human Resources Committee, and the Corporate Governance Committee.

The four Committees of the Supervisory Board are made up of members of the Board, appointed by it. These members are designated personally and may not be represented by another individual. The Committees are responsible for preparing for the decisions of the Supervisory Board, for making recommendations to it, and for expressing opinions in their respective areas of competence.

Audit Committee

This Committee is composed of at least four members, all of whom are independent and have financial or accounting skills. At least one of the members must have thorough understanding of accounting standards and practical experience in the preparation of financial statements and in the application of the accounting standards in force ("financial expert" as defined in the American Sarbanes-Oxley Act).

Main area of expertise: examination of the accounts, accounting methods, monitoring application of the French Financial Security Act and the American Sarbanes-Oxley Act within the Group, auditing and internal control.

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

Strategy Committee

This Committee is composed of at least four members.

Main area of expertise: the Company's strategic orientations, divestitures and acquisitions of assets, significant financial operations, and the liquidity situation.

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

Supervisory Board



Jean-René Fourtou
Chairman of the
Supervisory Board
06/20/1939

Claude Bébéar
Chairman of the
Supervisory
Board of AXA Group
07/29/1935



Gérard Brémont
Chairman and CEO
of Pierre et Vacances Group
09/22/1937



○ Fernando Falcó
y Fernández de Córdova
Former President of Real
Automóvil Club de España
05/11/1939



Sarah Frank
Board Member of the Foundation
of the New York Chapter
of the National Academy
of Television Arts and Sciences
06/25/1946



○ Paul Fribourg
Chairman and CEO of
ContiGroup Companies, Inc.
02/22/1954



Gabriel Hawawini
Dean of INSEAD
08/29/1947



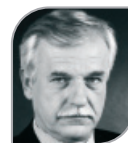
○ Patrick Kron
Chairman and CEO
of Alstom
09/26/1953



Henri Lachmann
Chairman and CEO
of Schneider Electric S.A.
09/13/1938



○ Andrzej Olechowski
Senior Adviser
of Trust Polska
09/09/1947



Pierre Rodocanachi
Chairman of the Advisory
Board of Booz
Allen Hamilton
10/02/1938



○ Karel Van Miert
Former Vice-President
of the European Commission
01/17/1942



- Member with non-French nationality
- Independent member

Human Resources Committee

This Committee is composed of at least four members.

Main area of expertise: policies relating to recruitment, remuneration and allocating stock options and all similar operations, capital increases reserved for employees, liability insurance for senior executives, distribution and payment means of the fees allocated to the Supervisory Board and Committees' members.

Members: Paul Fribourg (Chairman), Fernando Falcó, Gérard Brémont, Pierre Rodocanachi.

Corporate Governance Committee

This Committee is composed of at least four members.

Main area of expertise: determination and review of the criteria of independence for members of the Supervisory Board, evaluation of the Board's organization and operation, preparation for the annual evaluation meeting of the Management Board and its Chairman, review of the Company's practices and recommendations concerning corporate governance.

Members: Claude Bébéar (Chairman), Gabriel Hawawini, Paul Fribourg, Fernando Falcó, Andrzej Olechowski.

In addition, since 2002, a Disclosure Committee made up of the Secretary of the Supervisory and Management Boards, the Chief Financial Officer, the Executive Vice-President of Communications and Public Affairs, the Deputy Chief Financial Officer, the Director of the Internal Audit, the Director of Investor Relations, and a legal officer assists the Chairman of the Management Board and Chief Executive Officer and the Chief Financial Officer in their mission of ensuring that Vivendi Universal fulfills its obligations regarding distribution of information to investors, the public, and the competent regulatory and market authorities – in particular the *Autorité des Marchés Financiers* (AMF) and Euronext Paris in France, the Securities and Exchange Commission (SEC) and the New York Stock Exchange in the United States.

The Management Board: membership and mission

The Management Board, chaired by Jean-Bernard Lévy, comprises representatives of the Company's business units and the Group's Chief Financial Officer:

- Abdeslam Ahizoune, Chairman of the Management Board of Maroc Telecom;
- Jacques Espinasse, Chief Financial Officer of Vivendi Universal;
- Frank Esser, Chairman of SFR Cegetel Group;
- Bertrand Meheut, Chairman of the Management Board of Canal+ Group;
- Doug Morris, Chairman of Universal Music Group;
- René Pénisson, Chairman of Vivendi Universal Games and Senior Executive Vice-President, Human Resources, Vivendi Universal.

The Management Board manages the Company collegially. It is in charge of managing the Company and conducting its activities.

It intervenes in the following areas:

- financial results, liquidity situation and the Company's commitments;
- divestiture, merger, and acquisition operations not requiring prior authorization of the Supervisory Board;

- the social situation and human resources policy;
- communications policy;
- delegation of power;
- compliance with regulations;
- internal audit;
- litigation;
- environmental affairs;
- insurance.

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

Management Board



Jean-Bernard Lévy
Chairman of the Management Board and CEO



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



Jacques Espinasse
Member of the Management Board
Chief Financial Officer of Vivendi Universal



Frank Esser
Member of the Management Board
Chairman of SFR Cegetel Group



Bertrand Meheut
Member of the Management Board
Chairman of the Management Board of Canal+ Group



Doug Morris
Member of the Management Board
Chairman of Universal Music Group



René Pénisson
Member of the Management Board.
Chairman of Vivendi Universal Games.
Senior Executive Vice-President, Human Resources, Vivendi Universal

In order to ensure optimum conditions for growth and creation of value for the Group and each of its business units, the Vivendi Universal's senior executives and the businesses' operational leaders work together within specific committees – the Management Committees.

The Management Committees are organized around each business unit and handle the operations and objectives specific to that business unit. Each business unit Management Committee meets approximately 6 times per year. The agenda is determined jointly by the Chairman of the business unit concerned and the Chairman of the Management Board and Chief Executive Officer.

Along with Board members Jean-Bernard Lévy, Jacques Espinasse and René Pénisson, four non-Board executives form Vivendi Universal's senior management:



Robert de Metz
Senior Executive Vice-President,
Strategy and Development



Jean-François Dubos
Executive Vice-President and General Counsel,
Secretary of the Supervisory and Management Boards



Michel Bourgeois
Executive Vice-President,
Communications and Public Affairs



Régis Turrini
Executive Vice-President,
Mergers and Acquisitions

Managing

the development of our business sectors

Debt reduction and the Group's turnaround

In 2004, Vivendi Universal completed its plan for refocusing the Group, underway since the summer of 2002. From July 2002 to January 2005, approximately 22 billion in assets have been divested and approximately 11 billion in assets acquired by Vivendi Universal.

Among the principal operations conducted in 2004 are the divestiture of 80% of Vivendi Universal Entertainment (VUE) and 15% of Veolia Environnement. Strategic acquisitions include 20% in NBC Universal, a worldwide media and entertainment group created through the combination of VUE and NBC in May 2004, and the acquisition of 16% of the capital of Maroc Telecom, bringing Vivendi Universal's share in the leading telecommunications operator in Morocco to 51%.

Vivendi Universal has successfully conducted its policy of debt reduction. The goal of reducing debt to less than 5 billion by end 2004 has been attained: at December 31, the debt stood at 3.1 billion euros.

Thanks to this financial restructuring, in 2004, Vivendi Universal again became "Investment Grade" stock according to the Standard & Poor's, Moody's, and Fitch rating agencies.

In April 2005, Vivendi Universal ranked 11th in regards to market capitalization of the CAC 40 and 7th in regards to stock activity.

Growth in the business sectors

Vivendi Universal is now a Group positioned in two complementary business sectors with strong growth potential. For at least thirty years, media activities, in particular television, and also telecommunications, have been growing more rapidly than the rest of the economy.

Our goal is to increase Vivendi Universal's weight in each of its business sectors, where it already holds positions of first or second rank. This will be done by continuing investments while making internal growth a priority.

Canal+ Group

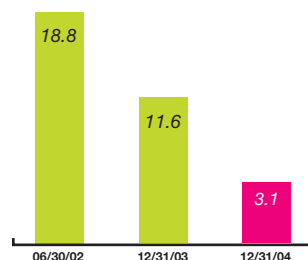
With a stabilized scope, the Canal+ Group pursued its growth in 2004 with an increase of 4% in revenues and an increase in operating income of 94%.

Completely cleared of debt and having refined the exclusive content of the Canal+ channel, in particular with an agreement signed with French cinema, the acquisition of exclusive rights for the broadcasting of French League 1 soccer for three seasons and the renewal of agreements with American film majors, the Canal+ Group is pursuing three major areas of development: improving and concentrating the most sought after content to make Canal+ a key player in publishing; developing access to pay-TV at all levels of broadcasting; supporting subscribers in using television in new ways and being a pioneer in technological innovations.

Universal Music Group

In a difficult context, Universal Music Group achieved remarkable performances in 2004, through continuous efforts to reduce costs and win new market shares, in particular in the United States, the United Kingdom and France. Sales increased by 5% and operating income was multiplied by a factor of 5 in 2004, on a steady exchange rate.

Changes in net financial debt
(in billion euros – French standards)



Net debt at 06/30/2002 excludes the net debt of Veolia Environnement, deconsolidated on 12/31/2002.

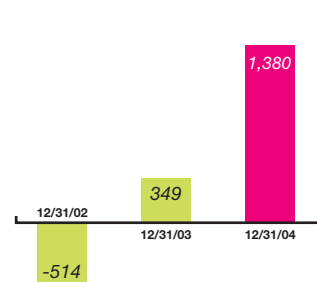
Dividends

in euros	2000	2001	2002	2003	2004
net dividend per share	1	1	0	0	0.60
date of payment	05/02/2001	05/13/2002	N/A	N/A	05/04/2005
total payment (in millions)	1,081	1,088	0	0	643*

* excluding holders of notes mandatorily redeemable for new shares of Vivendi Universal.

For the first time in three years, Vivendi Universal distributed a dividend to its shareholders. It ranks 10th in the largest dividends paid by a CAC 40 company.

Change in adjusted net income*
(in million euros – French standards)



* Adjusted net income excludes goodwill amortization, gain (loss) on businesses sold, net of provisions, financial provisions, realized losses, net of financial provisions taken previously, tax expense, minority interests in adjustments and current deferred tax assets. Only tax savings in respect of the current fiscal year are included in adjusted net income as a result of Vivendi Universal's election for the Consolidated Global Profit Tax System at January 1, 2004.

Change in Vivendi Universal share price
(July 1, 2002 – June 10, 2005)



Universal Music Group's priorities are to maintain its position as market leader, to fight piracy, to continue to promote legal digital alternatives and exploit new opportunities for sales such as musical products for mobile telephony (ring tones, videos and images, wait tones), and development in emerging markets.

Vivendi Universal Games

Vivendi Universal Games experienced a year marked by contrast in 2004 with operating losses that remained high, due in particular to costs associated with the restructuring plan. Yet it finished with a remarkable performance at the end of the year, thanks in particular to the success of the massively multi-player online (MMO) game *World of Warcraft*.

After two years of losses, profound restructuring, and heavy investments, a return to profitability is expected for 2005 thanks to the development of online games and the progress made in the PC market and the market for the new generation of game consoles.



World of Warcraft

Right from its release in the United States in November 2004, in Korea in mid-January 2005 and then in Europe in February, World of Warcraft met with record success. The goal initially set, of at least 1.5 million subscribers by end 2005, was exceeded on March 16, 2005. At mid-June, the number of subscribers in the world (excluding China) reached 2 million.

2,000,000 subscribers at mid-June 2005



In 2004, SFR was the first operator in France to launch third generation (3G) mobile telephony offerings. SFR thus confirms its position as a benchmark operator for new uses of mobile telephones: video conferencing, video screening, and live television (programs on thematic channels such as EuroNews, I>TELE, Ciné Cinéma Info, etc.). Video conferencing is the major innovation of 3G, allowing users to see each other as they speak. In 2004, for the second year running, SFR led the market in terms of net recruiting of subscribers (gross sales minus cancellations) with a 38.2% market share.



SFR Cegetel Group

In 2004, the SFR Cegetel Group continued its trend towards sustainable growth with a simple objective: improving its reactivity and its competitiveness on its extremely dynamic and competitive markets. The growth in revenue (+10%) and in operating income (+18%) confirms the group's strategy of development based on complementary business sectors, mobile and fixed-line. This strategy is expressed, in particular, in an ambitious policy of investments: in 2004, SFR and Cegetel again devoted more than a billion euros to the development of their networks and information systems (+7%).

SFR's major priorities for 2005 are to consolidate its position as a benchmark company in the field of mobile multimedia and third generation (3G) mobile telephony, and, for Cegetel, to confirm the major movement of the fixed-line telecommunications market towards "non-voice uses" and broadband Internet access.

Maroc Telecom

Vivendi Universal consolidated its strategic partnership with Morocco's global telecommunications operator by increasing its participation in the capital of Maroc Telecom from 35% to 51% in January 2005.

This operation strengthens Vivendi Universal's position in telecommunications by consolidating its control of an enterprise undergoing strong expansion, a leader in its three business sectors (fixed-line telephony, mobile telephony, and Internet access).

Maroc Telecom, which in December 2004 was granted ISO 9001 version 2000 quality management certification for the entirety of its activities, was listed at the same time on the stock exchanges in Paris and Casablanca simultaneously.

This success demonstrates a strong mobilization of internal resources, as 99% of Maroc Telecom's 12,000 employees have become shareholders in their company.

Investing in human capital

Vivendi Universal makes the most of its human capital by motivating its employees (see pages 20-23) and discovering and establishing lasting relationships with new talent who will supply content. This process cuts across all our activities.

Canal+ Group

Repérages

Canal+, which celebrated its 20th anniversary in 2004, has fully assumed this role of talent "head-hunter" in order to sustain its editorial policy, which focuses more and more on innovation, freedom, and creativity.

In order to create a real force for new ideas to nourish its production capabilities, Canal+ created *Repérages*, an artistic-awareness team, in early 2004. The mission of this team is to find new talent (hosts, journalists, humorists, directors or authors) through the press, in society at large, and in performance, to meet them, and to offer them support.

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

From September 2004 to March 2005, more than twenty editorialists, hosts, actors, authors, and directors discovered directly through this scouting process have been put on the air thanks to the efforts of this talent team.

Short films

Canal+ is the largest television investor in short films in France, supporting creativity with "La Collection" (see boxed item), as well as through pre-purchases and privileged partnerships with many festivals to which the channel devotes ample space. Canal+ broadcasts fifteen hours of short subjects each week, both specials and regular programs. A total of 150 films (the majority of them French) are purchased or pre-purchased by the short film programming department each year.

In addition, since 1990, Canal+'s short film programming department has been supporting the efforts of first-time filmmakers with *Les Films faits à la maison*, the first TV magazine of amateur images, shown every Saturday at midnight. Beginning in June 2005, viewers themselves will be invited to invent their own television with the program *Les Émissions faites à la maison*.

Feature films

1984-2004... The celebration of the channel's 20th anniversary was an opportunity to recall the privileged relationship that exists between Canal+ and the Seventh Art. In 1984, Canal+ re-invented TV movies by programming films only a few months after their openings in the theatres. Over the past twenty years, Canal+ has maintained an exceptional policy of investment and acquisition, in France and abroad, which allows its subscribers to continue to benefit from an unparalleled choice of exclusive films.

Every year Canal+ invests 400 million euros in cinema from all around the world. In 2004, Canal+ devoted 142 million euros to the acquisition of exclusive rights to 135 films (of which 124.37 million euros was spent on 117 French films). Canal+ is the channel that purchases the largest number of first feature films. It financed 35 in 2004 (and 33 in 2003).

Canal+ also promotes small independent films as part of its editorial policy, with the creation in 2004 of a programming slot for art-house films, "Cinéma indépendant", shown on Thursdays at 10.30 p.m.



Media Overseas participated in producing the first music videos of Admiral T and Daly, the two main actors (as well as being talented musicians) in Nèg MARON. Daly was awarded with the SACEM Guadeloupe prize for the best music video of the year 2004 for Twop and that of best new artist of 2004.

CANAL+
GROUP

"La Collection"

In 2001, the channel began a series of ten short films, "La Collection", offering 15,245 euros per film to directors and producers participating in the operation. The films are selected from synopses following a call to tender launched during the Cannes festival. They are shot in the fall and then broadcast in February on the occasion of the festival in Clermont-Ferrand, where they are screened simultaneously. They are then published on DVD by StudioCanal, the film production, co-production, acquisition, and distribution subsidiary of the Canal+ Group, in collaboration with FNAC (France's leading distributor of culture products) as part of their "Attention Talent" operation.

Overseas

Media Overseas, a 100 %-owned subsidiary of the Canal+ Group, participated in the production of 33 audiovisual works in 2004, the majority dedicated to French overseas territories, representing 35 hours of programs. These works mainly include documentaries, but also short fiction films and music clips in which new talent (directors, actors, singers) from Reunion, the French West Indies, and Guyana can get a hearing (see *NèG MARON* opposite).

Universal Music Group

Despite the recession the record industry is facing, Universal Music Group has maintained its position as a worldwide leader in recorded music in terms of sales (internal estimate for 2004 and that of the International Federation of the Phonographic Industry [IFPI] for 2003).

UMG's success lies in its ongoing ability to attract and win the loyalty of numerous successful artists while continuing to discover and promote new talent over the longer term.

The artistic directors of the group's numerous labels, constantly on the lookout for new authors-composers, performers, and musicians, ensure long-term relations with their artists through contracts which generally call for the release of several albums over a period of several years.

To enrich its stable of talent, UMG launched, in November 2004, a digital label – UMe Digital – which artistic directors can use to sign exclusive agreements with new artists and digital-distribution agreements with independent labels. This initiative is contributing to the promotion of talent within the group, present in 77 countries around the world.

In 2004, many new talents promoted by Universal Music were among the best-selling artists of the year – an achievement evident in particular in the United States and the United Kingdom with Scissor Sisters, JoJo, Lloyd Banks, Snow Patrol, Jamie Cullum, and also in Finland with The Rasmus, Juli and the Rosenstolz duo in Germany, Nox in Hungary,

Ramin Bahrami in Italy, Dao Lang in China, Bhudaza in South Africa, JoSH in India, etc.

In France, new talent represented close to 11% (10% in 2003) of total production (68 albums out of 622) and 38% of releases of new French-language albums. La Grande Sophie and Chimène Badi (French easy-listening), Gonzales (jazz), and Olivia Ruiz are among the new signings with Universal Music France who were noticed at the 2005 *Victoires de la musique* (music awards) in particular.

Vivendi Universal Games

Vivendi Universal Games, a worldwide developer, publisher, and distributor of multi-platform interactive games, conducted a total renovation of its development and quality processes in 2004.

The talent and know-how of the teams at the creation studios of VU Games, which include Blizzard Entertainment, Sierra Entertainment, and Massive Entertainment, were recognized by several awards, such as the prestigious E3 (Electronic Entertainment Expo), which they won in 2004 and in 2005.

The brilliant success of *World of Warcraft* has allowed VU Games to move into a leading position in the category of subscription massively multi-player online (MMO) games.

VU Games' goal for the coming years is to consolidate its market share in online games, but also to increase its shares of the market for games on PC and the new generations of consoles. It was with this in mind that, in March 2005, VU Games acquired Radical Entertainment, one of the leading independent developers of games for consoles. VU Games thereby adds a team of 200 developers and additional studio technologies to its resources.

This acquisition confirms VU Games' determination to strengthen its internal capacities for creativity and development.



Universal Music Group promotes the discovery and growth of new talent such as the American jazz singer Lizz Wright (Verve), the French singer Chimène Badi (AZ), the top group and No.1 album seller in the United Kingdom, Scissor Sisters (Polydor) and the Russian soprano Anna Netrebko (Deutsche Grammophon).

Protecting intellectual property

Respect for intellectual property nourishes the economic development of Vivendi Universal, several of whose business activities (music, films, television series, games software) are directly threatened by electronic piracy.

Cultural diversity and artistic creation are harmed by the illegal downloading of content on the Internet and by counterfeiting. In order to combat this risk more effectively, Vivendi Universal appeals to governments to reinforce legal frameworks and informs consumers of the dangers of piracy.

Vivendi Universal is involved in the initiative of the International Chamber of Commerce (ICC), launched in June 2004, aimed at promoting the protection of intellectual property. This initiative, named BASCAP (Business Action to Stop Counterfeiting And Piracy), consists in assessing the current state of affairs, evaluating the economic and social stakes of counterfeiting and piracy, and raising the awareness of local and national authorities in charge of implementing regulations concerning intellectual property (see www.iccwbo.org). In particular, Vivendi Universal supports the creation of a base of indicators by country and by industry sector (figures; products concerned; legislation; assessment of actions carried out by legal authorities; etc.).

Vivendi Universal also took part in the work of the Group commissioned by the European Commission to deal with problems of digital rights management (DRM) and the interoperability of media for distribution of content.

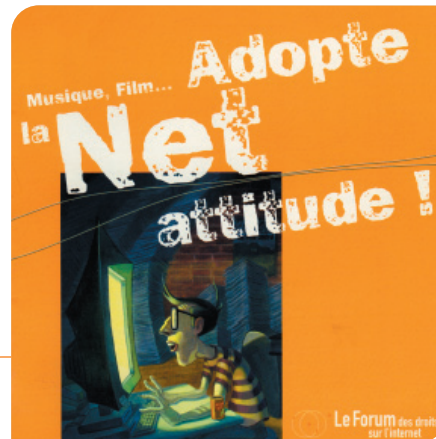
In France, Vivendi Universal is working in liaison with the various public, professional, and citizen stakeholders to increase awareness of the effects of piracy. Accordingly, Vivendi Universal has encouraged its own professionals to participate in the development of a *Charter of Commitments for the Promotion of the Legal Offering of Online Music, Respect for Intellectual Property, and the Fight Against Digital Piracy*. This Charter was signed on July 28, 2004 by the public authorities, Internet Service Providers (including Cegetel), and the music industry (including Universal Music France). As part of this cooperation, Vivendi Universal contributed to the preparation of the guide *Musique, Film... Adopte la Net attitude!* (see boxed item).

Within the Vivendi Universal group, the different business sectors are facing the struggle against piracy together by meeting regularly, at the initiative of the Executive Vice-President and General Counsel and the Executive Vice-President of Communications and Public Affairs, to come to a better understanding of each other's issues and the resources brought to bear by the Group's various subsidiaries.

Universal Music Group

According to the International Federation of the Phonographic Industry (IFPI), potential losses to the record industry from illegal file-sharing could reach US\$2.1 billion in 2004 (source: Informa Media Group).

Thanks to awareness-raising campaigns and to the growing availability of legal digital music, a reduction in the number of illegal files circulating on the Internet has been noted: 870 million in January 2005 compared to 900 million in January 2004. On peer-to-peer networks (a file exchange system between Internet users who connect directly to each other without using a central server) alone, the number of illegal music files was estimated at 760 million in January 2005 compared to 800 million in 2004 and one billion in 2003 (source: IFPI: 05 Digital Music Report).



Net attitude

The booklet entitled Musique, Film... Adopte la Net attitude! (Music and Movies... Get the Net Attitude!) is a practical guide to downloading and sharing (P2P) via the Internet for teenagers. The booklet was created in March 2005 by the Forum des Droits sur l'Internet (Forum for Internet Rights) with the support of the Ministry of Culture and Communication, the Deputy Minister for Industry, Vivendi Universal, the SACEM (Society of Authors, Composers and Music Publishers), the SNEP (National Union of Phonographic Publishing) and the UNAF (National Union of Family Associations). With 450,000 copies published, the guide is distributed by the Ministry of Education to middle-school and high-school students, in particular on the occasion of the Tour de France des collèges operation. It is also available on line at several sites (the Ministry of Culture and Communication, the Forum des Droits sur l'Internet and its partners' sites, including Vivendi Universal).

But the increase in the number of Internet users in January 2005 who used peer-to-peer networks offering unauthorized musical files (8.6 million in January 2005 compared to 6.2 million in January 2004, according to IFPI estimates) has led the record industry to maintain its efforts to steer those who participate in illegal sharing towards legal, paid services.

In 2004, Universal Music Group pursued the actions undertaken to fight against piracy, which break down into three main areas:

- **development of the online pay-music offering**

To respond to the burgeoning of new forms of consumption (paid downloading and sale of music on mobile telephones), the record industry has digitized an increasing share of its catalog, from 500,000 to one million titles in 2004 (source: IFPI: 05 Digital Music Report).

Universal Music Group maintained its leading position on the market for digital distribution of music in 2004. In Europe, 300,000 titles from more than 25,000 albums have been digitized. UMG's goal is to digitize, every week, some 2,500 recently released titles.

- **consumer-awareness campaigns**

UMG participates actively in awareness-raising campaigns that generally associate the public authorities and artists. The goal of these campaigns, conducted in 2004 and in 2005, in Italy, Germany, France, the United States, and Canada in particular, and also in Japan, is to demonstrate to Internet users that the concept of “free music” is not viable, that cultural diversity and creativity are in danger if the entire music industry is thrown out of balance and if the various professions that make it up (from authors, composers, and performers to producers, graphic artists, photographers, and video clip directors) are deprived of the resources that are indispensable to the permanence and the growth of their activities.

These campaigns also remind Internet users that peer-to-peer networks can entail security problems (introduction of viruses, possible infiltration of disks by spyware, capture of personal data, absence of filtering against undesirable content). These campaigns are relayed by international instructional sites such as www.pro-music.org.

- **punishing infringers**

UMG cooperates with entities representing the music industry, such as the International Federation of the Phonographic Industry (IFPI) and the Recording Industry Association of America (RIAA), to sue infringers and online pirates and send a clear message: don't accept or trivialize theft of artistic content.

During the second semester of 2004, IFPI announced more than 700 civil and criminal actions in Europe against Internet users participating on a large scale in making protected files available on illegal file-sharing networks. These actions were filed in Germany, Italy, Denmark, the United Kingdom, and France.

Cegetel

Cegetel, as a member of the *Association des fournisseurs d'accès et de services Internet (AFA)*, the French association of ISPs, committed itself on July 28, 2004 to adhere to the *Charter of Commitments for the Promotion of the Legal Offering of Online Music, Respect for Intellectual Property, and the Fight Against Digital Piracy*.

This Charter is based on an awareness – shared with music professionals – of the need to promote a broadband Internet while ensuring the legal distribution of artistic creation.

In the context of application of the Charter, the operator agrees in particular:

- to notify its subscribers of the illegal nature of unauthorized exchanges of files protected by literary and artistic property rights;
- to end advertising campaigns promoting downloading without making reference to the legal nature of that downloading;
- to send a formal letter of warning to infringing Internet users;
- to suspend subscriptions if illegal acts have been committed.

SFR

In launching third-generation (3G) mobile telephony in 2004, SFR was the first operator to offer its customers the possibility of downloading musical selections to mobile devices with a high level of listening quality. In offering this service, SFR has adopted the Open Mobile Alliance standard to protect musical works against piracy and protect their creators' intellectual and artistic property rights.

Vivendi Universal Games

The Interactive Software Federation of Europe estimates that the video game industry lost 2.5 billion euros in 2003 due to piracy. According to the Entertainment Software Association, piracy at a worldwide level has cost American publishers more than 3 billion US dollars in 2004. Revenue loss linked to Internet piracy and not included in these figures (as this sector is currently developing a method to assess these losses) is estimated to amount to millions of US dollars.

VU Games is updating its internal security and copy protection procedures in order to prevent and curb the theft of its intellectual property. Furthermore, VU Games is incorporating anti-piracy technological processes in the development of massively multi-player online (MMO) games. Thus, for the release of *World of Warcraft*, VU Games incorporated an online log-in system into the game, which makes it possible to check the code given to the players after their subscription. This contributed to a significant reduction in the level of piracy registered so far.

VU Games also takes legal action against offenders. In 2004, VU Games won major cases related to intellectual property rights, such as that against 321 Studios, Inc., which published a software for illegally copying game software.

Canal+ Group

Since its creation, the Canal+ Group has been involved in an active fight against the pirating of its programs in order to protect its commercial interests as well as those of the entitled beneficiaries. For this purpose, it has developed measures to fight efficiently against different attempts at audio-visual piracy by creating a subsidiary, CK2 Security, dedicated to technological monitoring and research, with some 15 employees.

At the end of 2004, the Canal+ Group implemented an “over-encryption” system for some of its signals, that put an end to the pirating of its satellite broadcasts, which was particularly present in North Africa. Similarly, in February 2005, the analogical keys of the decoders providing access to the Canal+ channel have been changed. The Canal+ Group has also taken legal action against pirates.

Attentiveness

to our customers

The evolution of technologies, of modes of consumption, and of the services offered by our different business sectors all strengthen the nature of the relationship we have with our customers, more and more of whom benefit from our product and service offerings by becoming subscribers.

This means that managing subscriptions is now common to the various Vivendi Universal business sectors – whether the Canal+ Group, whose revenue is based on the number of subscribers, Universal Music Group, with the burgeoning of legal offerings of music for downloading via the Internet, VU Games, with the success of subscription-based multi-player online games, SFR Cegetel Group, or Maroc Telecom – to a lesser degree as purchase of prepaid cards remains the dominant mode of consumption for the Moroccan operator's customers.

This specific relationship with subscribing customers contributes to nourishing and sharing the expertise of the different business sectors of Vivendi Universal. The development of this mode of consumption and the methods of management deployed makes it possible to comprehend customers' expectations better and to respond to them.

Canal+ Group

The Canal+ Group has implemented an entire infrastructure for responding to the needs and expectations of its subscribers by making service quality its priority. The group has two call centers, in Paris and in Rennes, which were rewarded with the "Best Social Practices" Trophy in April 2005 for their social practices (in terms of recruitment, training and working conditions) at the 7th *Casques d'or* award ceremonies, organized by the *Centres d'Appels Magazine* and the French Association of Customer Relation Centers. There are now nearly 600 employees answering all requests on a daily basis. In 2004, they received more than five million calls from subscribers. More than five million letters and 120,000 e-mail messages have been handled by customer service with an average response time of five days for mail and two days for e-mail.

The Canal+ Group noted a significant improvement in its quality indicators in 2004. Nearly 90% of the subscribers who contacted Canal+ by telephone and 85% by mail indicated they were pleased or very pleased with the response. The service provided by the customer-service teams, which received a score of 18/20 in 2003, is now at a steady level of 19.5/20. The quality of their attentiveness, their instructional ability and their professionalism are behind this outstanding performance.

Activity in the customer space has also increased, making this performance all the more satisfactory. Nearly 200,000 transactions were carried out in 2004 compared with just under 50,000 in 2003. This service is available 24/7 on the website www.canalplus.fr. It provides subscribers with information and privileged access, enabling them to manage their own subscription directly.

CANAL+
GROUP



The customer service team (left to right): Sophie Hohman, Vincent Savignac, Victoria Rodriguez, Alain Vogel, Clarisse de Maublanc, Marie-Odile Rames, and Carole Sauvanet.

The Canal+ customer service department

The customer service department, whose seven employees like to think of themselves as "subscriber spokespersons", is one of the pillars of the group's customer relations policy. Its primary mission is to guarantee the coherence of communication to the subscribers. It supports the call centers by stepping in as soon as an event concerning Canal+ causes a reaction on the part of customers. "We write memos, but also scripts for the call center employees. It can involve anything from getting soccer rights to problems with dish antennas during storms", explains Alain Vogel, head of the department.

Canal+ Group

8.4 million individual and collective subscribers in France (including overseas territories) at 12/31/2004

Universal Music Group

a world market share estimated at 24.7% in 2004 with more than one out of four records sold throughout the world

Vivendi Universal Games

2 million subscribers of the online game *World of Warcraft* at mid-June 2005

SFR Cegetel Group

17.6 million customers in France at 12/31/2004

Maroc Telecom

7.8 million customers in Morocco at 12/31/2004

Vivendi Universal Games

In 2004, Vivendi Universal Games became a leader on the market for subscription-based massively multi-player online (MMO) games with the success of *World of Warcraft*, developed by its internal studio Blizzard Entertainment. Two million people around the world (excluding China) had subscribed to the game at mid-June 2005.

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

This service is provided by “game masters” in particular, who step in at any time to help players overcome their difficulties, whether they be technical incidents or problems related to illicit behavior by other players (see page 27).

Concerning the Europe zone, the infrastructures deployed by VU Games are the most extensive ever observed on the gaming market. Three technical platforms – two in France and one in Germany – have a total of more than 1,000 servers. The team in charge of customer service more than doubled at the start of 2005 to deal with the growing number of subscribers. In May 2005, this European team, which is based in France, had nearly 150 “game masters” and 50 employees in the technical and billing departments.

In order to guarantee optimum service to all European subscribers, the “game masters”, of different nationalities, must master most of the languages spoken in Europe.

SFR Cegetel Group SFR

The quality process at SFR is based on consideration of customers' expectations through concrete service commitments involving the 7,000 SFR customer-service personnel, half of which are subcontracted. The honoring of these commitments (whose number increased from 30 to 50 in 2004) is verified regularly by the certification entity SGS ICS. The 2004 audit noted, for example, that the average time for reaching a customer service representative is less than one minute and that the SFR customer service responded in two working days to customers' e-mails and in five to their letters in 93% of cases.

In 2004, the SFR customer service extended its certification scope to include its four business sectors (customer relations, distribution relations, customer management, the SFR express directory) and in 2005 will undertake another extension specifically concerning corporate clientele, managed by three dedicated sites.

In 2004, SFR deployed the “Six Sigma” quality method. In 2005, twenty-two projects oriented towards customer satisfaction are being deployed within the company.

Cegetel

Setting itself apart from the competition through customer satisfaction is of strategic importance for Cegetel. To deal with the very strong growth in customer requests related to the deployment of the new ADSL offerings, Cegetel has optimized and strengthened its customer-relations organization.

Requests from the 1.7 million private and business customers are now managed at nine dedicated sites, employing approximately 1,500 customer-care agents and technicians who handle 40,000 calls and 3,500 letters or e-mails every day.

For Cegetel's 25,000 corporate customers, a single site – located in Saint-Herblain (Loire-Atlantique) and employing close to 120 persons – manages all customer relations. Measured every three months by an independent institute, the rate of overall satisfaction of Cegetel's corporate customers attained 88%, a growth of one point over a year.

Maroc Telecom

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

This certification process, which began in June 2002, is the result of a true group effort which mobilized all the employees around the same goal: customer satisfaction and the company's success.

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

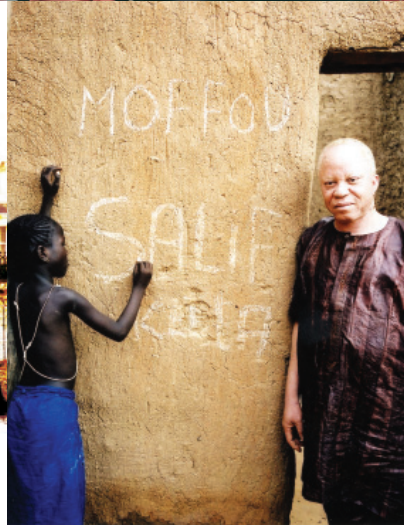
The certification guarantees customers that the company is always able to supply products and services suited to their needs and that it does everything possible to eliminate errors and dysfunction.

Mouna Mellah

Organization and Quality Manager, Maroc Telecom



“In adopting this quality process, in accordance with the ISO 9001 standard version 2000, centered on improvement of customer satisfaction, Maroc Telecom now has a tool which will help us develop new working methods and new behavior to continue to make progress. For the shareholders, certification is evidence of increased competitiveness, because it is part of the process of winning over new customers and gaining the loyalty of our current customers. Certification is also a motivating force for our employees, who see it as a recognition of the quality of their own work.”



At December 31, 2004

37,906 Total Group employees

Group employee breakdown by geographical area



Group employee breakdown by business unit



40% Percentage of management in total Group staff

39% Percentage of women in total Group staff

33.4% Percentage of women among total management

Social and societal responsibility

The picture of diversity at Vivendi Universal with (from left to right): folk-pop singer/songwriter Dao Lang; portrait of the captain Jean-François de Galaup de Lapérouse; I>TELE, the non-stop news channel; opera singer Renée Fleming; the World of Warcraft game; French League 1 soccer players; Vera Drake, a film by Mike Leigh; author/composer/performer Salif Keita; jazz singer Madeleine Peyroux; the advent of 3G mobile telephony; a scene from the shoot of The Emperor's Journey; U2; the Ni Putes Ni Soumises support campaign; the Internet portal Menara Junior; basketball championship; the Spyro the Dragon game.

Vivendi Universal, which today holds a leading position in media and telecommunications, takes the expectations of its internal and external partners into account in planning its future development.

The Group, as a producer and distributor of content, has the ambition of perfecting its understanding of the emerging issues related to its business sectors, and to make even more progress in the realm of cultural diversity, quality of content, public awareness and protection of minors.

Our major sustainable development concerns in terms of social and societal responsibility are:

page 20 employee involvement

page 24 concern for the expectations of civil society

Employee involvement

Shared values

Vivendi Universal has defined its values and commitments regarding its partners in Charters that are accessible on the Group's intranet.

To ensure that these commitments, which are formalized in the form of rules of conduct, are observed throughout the Group, on January 24, 2002 Vivendi Universal adopted a compliance program. Inspired by the guiding principles of the OECD aimed at multinationals, this program is intended:

- to make all employees aware of the need to follow the rules of conduct;
- to implement structures and procedures for monitoring the proper application of these rules in all the Group's companies, under the coordination of specially authorized correspondents: the compliance program officers.

These rules of conduct have to do with employees' rights, the accuracy and protection of information, prevention of conflicts of interest, business ethics, protection of assets and resources belonging to the Group, financial ethics, and protection of the environment.

Adherence to these rules of conduct is a condition for belonging to the Vivendi Universal group. An evaluation report on their implementation within the entities of the Group is compiled each year by the Executive Vice-President and General Counsel and presented to the Audit Committee. The second edition of this evaluation report, in 2004, is evidence of the progress made in its deployment in the subsidiaries (see boxed item below).

Social dialog

In 2004, the bodies representing personnel at Group level, the Corporate Works Committee and the European Social Dialog Committee, were regularly informed of the major orientations of the company's economic, financial, and social life.

These meetings resulted in constructive social dialog marked by frank and detailed exchanges of views on the general situation of Vivendi Universal and on the results of the restructuring plans undertaken in 2002 and 2003.

Continuing the process of adapting these bodies to the scope of the Vivendi Universal group, the trade-union and personnel representatives also met several times to attempt to reach an agreement on social dialog for increased participation of the personnel representatives at European level.

At the level of the subsidiaries, social dialog resulted, in particular, in the signing of 148 collective agreements (including 34 in mainland France) in 2004. These agreements covered primarily remuneration, overtime, work organization, social welfare, health and safety, working conditions, non-discrimination and staff reductions.

In France, Vivendi Universal offered employees affected by the restructuring several types of redeployment and support measures: internal mobility with vacancies advertised within the Group on the intranet; redeployment time outside the company; training time enabling employees to improve their professional qualifications; business creation support and outplacement services. Vivendi Universal also implemented redeployment measures for employees made redundant in countries where this kind of measure does not exist.

The Vivendi Universal Charters

> Values Charter

Priority to the consumer, creation of value, teamwork, social responsibility, cultural diversity, creativity, ethics.

> Safety at Work Charter

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

> Fundamental Social Rights Charter

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

> Supplier Relations Charter

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

> Environmental Charter

(see page 32)

> Internet Confidence Charter

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

Marie-Hélène Huertas

in charge of the compliance program,
General Counsel's office

« In two years, Vivendi Universal has gone from a more or less theoretical vision of compliance in the company to the implementation, within each of the subsidiaries, of concrete policies, consistent with each other and in harmony with other governance tools such as the Sarbanes-Oxley Steering Committee and Sustainable Development Committee. The 2004 report marks a decisive stage in the integration of the compliance program by all the Group's management staff. In 2005, our task is to make all employees aware of this program and inform them about it. »

Internal mobility in the Group

Thanks to a network of one hundred internal recruiters in France, Vivendi Universal has implemented a site called "In Vivo" on its intranet, offering all categories of job opportunities in the holding company and in the subsidiaries. Employees wishing to find a new job within the Group can consult the internal job offers and apply directly with the recruiting company. While browsing the site, practical advice for progressing professionally within the Group is also available.

To facilitate job changes within the same business sector – telecoms, music, audiovisual, video games – or to make it possible to move from one business sector to another, the Group and its companies have made commitments that can be read about in detail by clicking on "Invivo Netique."

These commitments are set down in a document intended for all Human Resources Departments in the various Group companies. It lays down, in particular, the legal rules to be applied for transfers from one company to another. This document was updated in 2004 with the participation of all the Human Resources managers in charge of mobility in the main Vivendi Universal group companies.

For several years, a network of some twenty correspondents belonging to the Group's different business sectors has been working to implement these mobility principles. Their role as active intermediaries between recruiters and internal candidates is essential. It is facilitated by regular experience exchange meetings, organized systematically in the different companies.



This mode of operation, founded on mutual knowledge and reciprocal trust, facilitates management both of individual mobility requests and of group cases. It has made it possible to mobilize the main companies' different Human Resources Departments very quickly in order to meet the Group's obligations as regards reclassifications in a context of staff reductions concerning several entities.

Employee shareholding and investment programs

In 2004, the Group continued its employee shareholding and savings program as Vivendi Universal's shares outperformed the market as a whole. Following the broadening of choice of investment funds offered to employees carried out in 2003, employees diversified their investments more widely in 2004. The share invested in diversified funds reached 42.5% of the total amount of new employee investments.

Capital increase reserved for employees

As in 2003, a capital increase reserved for employees was offered to employees of the Group's companies in France and the major European countries where the Group is present in 2004, as part of the Vivendi Universal employee stock purchase plan (PEG VU). The capital increase, approved by the Board of Directors meeting of March 16, 2004, was successfully effected on July 27, 2004. This operation brought in investments of 15.1 million euros (i.e. 30% more than in 2003), corresponding to the purchase of 831,171 new shares at the preferential price of 18.20 euros.

Implementation of the measure authorizing early disposal of shares

To allow application of the exceptional government measure allowing early disposal of shares issued under employee savings plans introduced in France with the Act of August 9, 2004 concerning stimulation of consumption and investment, an additional clause to the bylaws of the PEG VU was signed within the Group, after consultation with personnel representatives, on September 14, 2004. 9,371 employees took advantage of this measure, which expired on December 31, 2004. Taken together, they disposed of a total of 30.338 million euros, i.e. an average of 3,190 euros per beneficiary.

Employee involvement

Independent management of human resources

In order to better leverage our human capital and take into account the specificities of each business sector in its specific context, the Group gives each operational entity broad independence in the area of human resources. Each of the business sectors, as part of the process of growth and social responsibility, mobilizes its employees through energetic policies.

● Developing skills

SFR Cegetel Group

SFR Cegetel has been committed to the importance of training for several years now, devoting an average of more than 4% of its total payroll to training, which represents an average 4.5 days of training per employee. In 2004, training outlays involved 77% of personnel, and 51% of permanent-contract positions were filled through internal mobility.

SFR Cegetel was among the first French groups to implement the "individual right to training" instituted by the French Act of May 4, 2004 relative to life-long professional training. In 2004, 1,500 management personnel were trained to conduct professional assessment interviews as part of the individual right to training scheme.

Maroc Telecom

In signing the first collective agreement in Morocco's telecommunications sector with its trade-union and personnel representatives on November 16, 2004, Maroc Telecom implemented a new framework for human resource management. The Department of Human Resources introduced new tools such as a classification of jobs, a new remuneration structure, and a system of annual assessment of skills and performance. The training policy was reinforced in 2004 and represented 10% of the total payroll, i.e. an average of more than 4 days of training per employee.

Canal+ Group

To support the technological challenge taken up by Canal+ to become the first major player in television to enter the digital era, an extensive training plan was launched in 2004. Operation "*Bascule antenne*", which took place on October 29, 2004, resulted in the implementation of digital control rooms within the same space, thus facilitating programming and management. This operation required training 80 broadcast and maintenance technicians (2,550 hours of training). The program was part of the predictive process for job and skill management negotiated with the trade unions.

● Working conditions

Vivendi Universal Games – United States

In the United States, in late 2004, VU Games implemented a "whistle-blowing" procedure in the form of a hotline accessible to all employees for reporting violations of the law or of the policies put in place by the company. The hotline is operated by a specialized third party who also provides services to several major American companies. Whether or

اتصالات المغرب
Maroc Telecom



The collective agreement at Maroc Telecom

An agreement reached in January 2004 with trade-union and personnel representatives called for moving the company regulations introduced in October 2003 towards a collective agreement. Negotiations begun in February 2004 resulted in an agreement with the two most representative unions and the signing on November 16, 2004 of the first collective agreement in the telecommunications sector in Morocco. This agreement, which replaced the company's regulations, represents a fundamental stage in the process of modernization of human resources launched in 2001.

not the employee chooses to remain anonymous, he or she is assigned a confidential case number and is asked to call back at a later date to find out the results of the investigation or answer additional questions. A campaign to make employees aware of this "whistle-blowing" procedure, which is now part of the company's code of conduct, was conducted in early 2005 using posters in break rooms, among other means of communication.

Canal+ Horizons – Ivory Coast

Faced with the anxiety generated by the political crisis in Ivory Coast, Canal+ Horizons Côte-d'Ivoire, a subsidiary of Media Overseas (a 100% subsidiary of the Canal+ Group), called on the services of a physician in 2004 in order to give employees appropriate psychological support. His daily presence within the company contributed to reducing employees' stress, developing programs for building awareness of rules of hygiene, and setting up a committee to fight AIDS. The percentage of employees absent due to sick-leave dropped from 13.8 % to 7 % between January 2004 and March 2005.

Françoise Le Guennou-Remarck

CEO of Canal+ Horizons CI and Vice-President of the Ivory Coast National Council of Employers



Canal+ Horizons Côte d'Ivoire today has 74 staff members (61 employees and 13 temporary staff), 52% of whom are women. The company is very vigilant in providing employees and their families with protection in the form of health insurance and access to care. We have launched vaccination programs and, in 2004, with the aid of a physician, we set up a committee to fight AIDS. The rate of HIV prevalence in Ivory Coast is among the highest in sub-Saharan Africa. This action, aimed at stemming the AIDS epidemic, is being continued with the cooperation of Ivory Coast's employers.

SFR Cegetel Group

With an average employee age of 35, the SFR Cegetel Group is a young company, characterized by a high proportion of management personnel (51%) and by a balanced representation between male (49%) and female (51%) personnel.

In order to respond to employees' concern for better reconciling their professional and family life, the SFR Cegetel Group entered into an agreement on professional equality in 2003. One of the provisions of the agreement allows fathers who take their 11 working days of paternity leave to receive benefits which, combined with their French social security allowance, make up their gross salary.

In 2004, 415 employees benefited from paternity leave, including 312 management personnel.

● Diversity

Universal Music Group – United States

UMG is committed to making its employees aware of the need to respect differences and the importance of the individual's development in the workplace.

Every two years, it offers managers and their employees the opportunity to receive training in diversity, which is a fundamental value for the company. The programs inform employees about legislation and internal rules of conduct regarding non-discrimination, and encourage them to share their own experiences and concerns.

Canal+ Group

The Canal+ Group is among the forty French groups who signed, on October 22, 2004, the *Diversity in the Company Charter*, committing themselves to work towards cultural, ethnic, and social diversity within its entities. Proposals for implementation of this charter will be discussed during the year 2005.

As regards equality between women and men, Canal+ has adopted a wage policy aimed at closing the gap between the average salary of women and that of men. In 2004, women's average salary grew at a faster rate than men's (an additional 0.5 points). This policy is being continued in 2005.

Women represent 48% of the workforce and 42% of the management personnel of the company.

SFR Cegetel Group

The commitment made by the SFR Cegetel Group via the company agreement of November 20, 2002 in favor of employing handicapped workers, resulted in the company's attaining a 7% rate of hiring of handicapped persons in 2004, and 8% in 2005.

This agreement also provides for raising employees' awareness and acceptance of handicapped personnel. In 2004, 200 employees benefited from the specific training modules put in place.

● Outreach to the younger generation

Universal Music Group – United States

In the United States UMG has committed itself to a program aimed at creating a dynamic relationship between students and employees of the group. Each year, UMG offers long-term internships to students who wish to embark on a career in the music industry. These internships comprise three cycles of eight weeks and make it possible for students to acquire solid hands-on experience while also providing managers with a context to spot talent and creativity for recruiting. The students have the choice of doing their internship in one of the following departments: artists and repertoires, legal affairs, marketing, product development, sales, publicity, and finance.

The program has met with growing success: in 2004, UMG welcomed close to 700 interns. It reflects UMG's desire to consolidate partnerships with universities and contribute to the development of knowledge and talent by entrusting interns with important assignments.

Canal+ Group

In 2004, the Canal+ Group entered into a partnership with the *École de Journalisme de l'Institut d'Études Politiques de Paris*, whose inaugural class began its studies in October 2004. This partnership involves: hiring several young journalists under new professional-access contracts; Canal+ paying a part of the apprenticeship tax to the school; a certain number of hours of instruction dispensed by Canal+ Group employees, and lastly, the participation of the school's instructors in certain training courses at Campus, the Canal+ Group's company university. In 2004, four students benefited from the agreement.

SFR Cegetel Group

In March 2005, the SFR Cegetel Group began a program called *Passeport Ingénieur Télécoms* in partnership with France's Ministry of Education and Research and the Ministry for Employment, Labor, and Social Cohesion.

Passeport Ingénieur Télécoms is aimed at helping young people from disadvantaged neighborhoods and who hold a technician's diploma (BTS) to pursue engineering studies in telecommunications with the possibility of receiving the title of Telecommunications Engineer. Particular attention is given to young women and students from immigrant families.

This program is based on the threefold support, in each region, of: a secondary school dispensing BTS training in the electronics sector, a school of telecommunications engineering, and an entity of SFR Cegetel. In April 2005, SFR Cegetel's 6 principal regional sites, 24 secondary schools located in disadvantaged urban areas, and 11 telecommunications engineering schools were involved in *Passeport Ingénieur Télécoms*, with a minimum goal of one hundred young people admitted each year.

SFR Cegetel's contribution consists in offering each young person admitted to an engineering school support from a SFR Cegetel tutor, a complementary 1,500-euro scholarship each year, and the possibility of internships in the company.

Concern

for the expectations of civil society

Issues related to production and distribution of content

Vivendi Universal, as a major player in media and telecommunications, delivers content through various modes of production, distribution, and consumption. The reflection process undertaken by the Group to better understand the different sectors' issues of societal responsibility, focuses on three particular themes: promotion of cultural diversity, the quality of the content delivered to our customers and to the public, and the protection of minors.

● Promoting cultural diversity

Making it possible for current and future generations to satisfy their curiosity and to develop their talent is a priority for Vivendi Universal.

One of the most significant issues is that of assessing the capabilities of our business sectors to promote diversity of content and artistic expression.

This issue, clearly identified where the media activity is concerned, is still emerging for telecommunications. With the development of third generation (3G) mobile telephony, SFR's role as a distributor of content will become more and more important.

Universal Music Group

Through its presence in 77 countries and the diversity of its labels (which include Deutsche Grammophon, Decca, Mercury Nashville, Lost Highway Records, Def Jam Records, Aftermath, Verve, Impulse, and Polydor), Universal Music Group endeavors to promote the development of artists of varied cultures and genres: jazz, classical, pop, rap, gospel, etc. (see statement by Jorgen Larsen opposite).

Through the richness of its repertoire, UMG encourages the exchange of cultural expression and access to a diverse range of artistic content, as reflected by the success of Colombian artist Juanes in Europe, the Danish percussion Safri Duo in South America, the Russian pop-music duo t.A.T.u in Japan, the French composer Éric Lévy, the Tuareg blues group Tinariwen, numerous musicians from the Pacific islands, such as Savage, Adeaze, Dei Hamo and Mareko, and South Africa's Bhudazza, in the rest of the world.

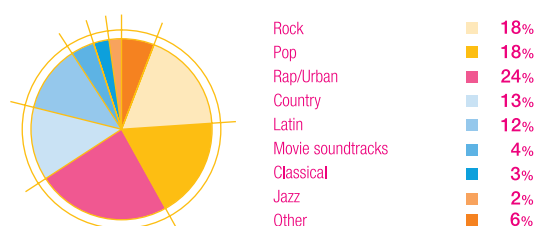
Jorgen Larsen

Chairman Emeritus of Universal Music International

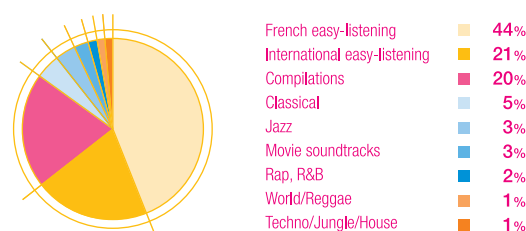
When following media coverage of the music industry, it is easy to gain the impression that major music companies are clearly in favor of globalization, and have as their sole objective to sell very few, established U.S. artists in large quantities around the world. Nothing could be further from the truth - at least in our case.

Our international division has around 2000 active artists under contract in more than 50 countries, and we vigorously support and further local recordings in all musical genres: from ancient sacred music to cutting-edge rock and hip hop - and a vast majority of our international artists obviously perform in their own language, since this is the only way we can truly reach the hearts and minds of our worldwide consumers.

Universal Music Group revenues - United States 2004
by musical genre



Universal Music France revenues 2004
by musical genre



On the trail of Lapérouse...

Media Overseas, the operator of Canal+ and CanalSat in the French overseas territories and sub-Saharan Africa, is contributing to the production of the film on the 2005 Lapérouse expedition. This film is the final installment of a trilogy in which producer/director Yves Bourgeois attempts to reconstruct the fate of the famous and mythical Lapérouse expedition, which disappeared in 1788 after three years of navigation around the world. This great nautical exploration was initiated by Louis 16th in 1785.

Yves Bourgeois, April 2005: "In 2003, an initial meeting with the Media Overseas team marked the start of a real shared adventure, accompanying the research missions following the tracks of the Lapérouse expedition.

The mission of supporting audiovisual works from the French overseas territories fit perfectly into the context of this project, whose main setting was only a few days' travel by sea from New Caledonia and whose main participant,

From left to right: Portrait of Lapérouse. Restoration of the expedition's shipwreck in 1788, off the island of Vanikoro. Map of Vanikoro island. The shooting team of the 2003 mission.

European cinema

Canal+ has a policy which supports European cinema over the long term, ensuring that its greatest artists are represented in the channel's film programming: Pedro Almodovar, Nanni Moretti, Lars Von Trier, Roberto Benigni, etc. In 2004, Canal+ programmed The Best of Youth by Marco Tullio Giordana and Good Bye Lenin! by Wolfgang Becker, and acquired 18 European films for a total of 17.66 million euros, including Alejandro Amenabar's The Sea Inside, Emir Kusturica's Life is a Miracle, Mike Leigh's Vera Drake, and Oliver Twist by Roman Polanski.

Canal+ Group

The Canal+ Group's commitment to cultural diversity is reflected by the variety of its editorial offerings and its support for artistic creation.

Film, sports, news programs, documentaries, fiction, entertainment, music... subscribers are given access to a rainbow-like palette of content, viewpoints, and horizons (see the following page).

Promoting the diversity of cinematic genres and themes is of major importance for the benchmark cinema channel, and responds to specific expectations on the part of its subscribers (77% of whom say they subscribe for the films).

This diverse cultural offering takes several forms:

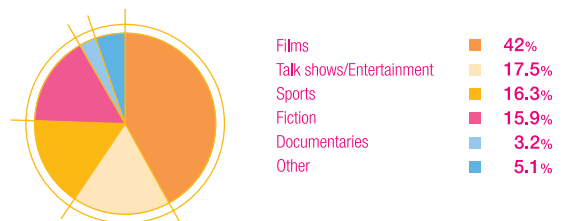
- the broadcasting of more than 400 films each year, more than 300 of them first-run;
- numerous slots devoted to the Seventh art, such as "Avant-première", which offers TV viewers unreleased feature films seen at foreign festivals or selected at the time of shooting;
- the launch, in March 2005, of Canal+Cinéma for digital subscribers.

In addition, the agreement signed by Canal+ with the French cinema industry organizations illustrates its desire to promote diversity in creation. Canal+ has made several commitments under this agreement, which entered into force on January 1, 2005 for a period of five years:

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

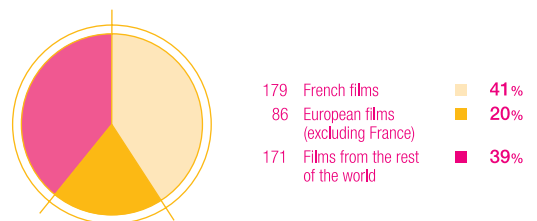
As a committed partner of French and European cinema, Canal+ also offers its subscribers a wide variety of American works thanks to its exclusive contracts with seven of the largest American studios and privileged relationships with independent studios.

Breakdown of Canal+ programs in 2004
(out of a total of 8,760 hours of programs)



Canal+ broadcasts 5 hours and 52 minutes on average of non-crypted programs in the morning, midday and early evening.

Breakdown of origin of films broadcast by Canal+ in 2004
(out of a total of 436 films aired)



"Being aware that cultural diversity, the common heritage of humanity, is a mainspring of sustainable development, and that it is thus as vital for humankind as biological diversity is for living organisms (...)"

(taken from the Preamble of the Preliminary Draft of a Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions, UNESCO, March 2005)

the Salomon Association, has been working for 25 years from Nouméa to finally get to the bottom of the legendary "Lapérouse Mystery".

Media Overseas had expressed its desire to support the filming of this fascinating search and was one of the major partners in the production – one of whose ambitions was to draw the parallel between the quest for knowledge during the "Age of Enlightenment" and the passion of today's research expeditions.

A rare and invaluable close working relationship was thus established and has continued for three years, based on a shared desire to understand, to delve into, and to promote this fascinating page in France's history and the saga that began 217 years ago.

Now we're preparing for one last trip to record the most important research mission yet undertaken, to Vanikoro, where the remains of the Lapérouse shipwreck are located, again with the support and trust of Media Overseas."

From left to right: Aerial views of the island of Vanikoro in the south pacific. Mission 2003: finding a skeleton of one of the expedition shipwreck victims. Thanks to the latest technology in facial reconstruction, a model was able to be made based on this skeleton.



Concern

for the expectations of civil society

● Quality of information and public awareness

Part of the responsibility of a group that produces and distributes content to society consists in showing an uncompromising attitude towards the quality of its information and using its role to help raise public awareness of issues concerning sustainable development.

Canal+ Group

Television is a medium that is particularly concerned by this issue. Canal+ based the slogan campaign it launched in February 2005 on encouraging television viewers to be more scrupulous in what they choose to watch (see below).

Clarity in its treatment of news stories as well as respect for pluralism and independence are the goals pursued by the channel's management, for whom news is a top priority, with the non-stop news channel L>TELE, (voted best channel of the year in 2004 and winner of the CB News award), investigative and current affairs magazines such as *Lundi Investigation* and *90 Minutes*, documentaries and special programming. With its special features focusing on history and current events, Canal+ is committed to providing an uncompromising perspective, in every sense of the word.

Canal+ has made it one of its missions to contribute to current debates by taking up positions concerning topics that are fully relevant to sustainable development. Respect for human rights is at the heart of numerous news stories and feature programs such as the *Ni Putes Ni Soumises* movement's campaign to raise awareness of violence against women, broadcast between January 5 and February 1, 2005.

Contributing to increased awareness of the need to protect our planet is one of the ambitions of the Canal+ Group, with programming rich in documentaries, in particular the weekly *Dimanche Évasion*; with its participation in the production or direction of feature films such as *Juan de Nova* (screened in January 2005 as part of the Paris Conference on biodiversity) and *The Emperor's Journey* (in collaboration with France's *Institut polaire Paul-Émile-Victor*); and with its support of biodiversity research missions such as the naturalist expedition directed by Dr. Jean-Louis-Étienne on the deserted island of Clipperton, off the Mexican coast (see page 30).

Canal+ Group also relays messages devoted to the issues of sustainable development (environment, health, solidarity, children's rights, etc.)

by broadcasting commercials (more than 3,000 in 2004) free of charge from non-governmental organizations, foundations, and international institutions.

SFR Cegetel Group

The SFR Cegetel Group's mobilization for the causes of childhood protection, of the handicapped, and of the environment is aimed at involving a number of its partners. Among the most noteworthy of its actions is the large-scale mobile telephone recycling operation launched in 2003, which thus contributed to making the group's customers and employees conscious of the need to protect children and the environment.

Thanks to this program, some 34,000 used mobile telephones were collected in the 600 SFR points of sale throughout France in 2004. 48% of these used telephones were recycled or repaired for resale in countries where mobile telephony may serve to advance development. The proceeds from this resale were donated to the *La Voix de l'Enfant* non-profit organization to help finance facilities to aid abused children.

Maroc Telecom

Maroc Telecom contributes to raising the awareness of its customers and the public of the importance of sustainable development through its commitments as a socially-aware company. It achieves this through environmental and solidarity-based actions, and through its web portal Menara.

Among the citizenship initiatives are the "Clean Beaches" operation, to which the company, together with the Mohammed VI Foundation for Environmental Protection, has contributed since 2002. Maroc Telecom has assumed responsibility for the infrastructures and cleaning of the beaches of Tangier and the surrounding region with the goal of being awarded the "Blue Flag," a European label recognizing the cleanliness of coastlines.

Another tool for increasing awareness is Menara, the first bilingual (French-Arabic) web portal in the Arabic-speaking world. It is visited by nearly two million net surfers who view more than 21 million pages per month. Menara is a privileged access point to national and international information and to coverage of events related to the major sustainable development issues. It offers a space where net surfers can share opinions. It also includes a unique space for young web surfers: Menara Junior.



The Canal+ slogan campaign (opposite: "Progress is when TV screens get flatter. Not programs") was an opportunity to reiterate the channel's ambition to satisfy their subscribers' curiosity, encourage openness, and enable them to discover new things while being entertained.

● Protection of minors

Responsibility towards minors is a major societal concern for Vivendi Universal. Mobile telephones, video games, films, etc. can be vehicles for content of a sensitive nature. The Group's different business sectors, aware of this danger, are developing tools that give parents the means of protecting their children against undesirable behavior and illicit content.

SFR

A team created within the Publishers Division has the task of developing rules of professional behavior and ethics regarding the content that is accessible via the Vodafone *live!* multimedia portal, based on those put in place internationally by Vodafone. A system of content monitoring and encouragement of vigilance has been implemented, including a strict editorial line concerning sexually-oriented content; a system where parents are able to block access to unsuitable content on the mobile telephones of their children under 18; warning messages; displaying of rules of good conduct on chat room home pages, with moderators to monitor and interrupt conversations if necessary; systematic reminders of downloading fees, etc.

SFR has also implemented an information system via its various media and its distribution network and published a specific brochure for parents in 2004. A second edition is planned for 2005.

Through its Ethics Charter, SFR has also committed itself to implementing the means to anticipate and, if necessary, prevent the distribution of content that is illegal or disrespectful of human dignity. An article of the charter focuses on the means of content monitoring and protection of minors.

Vivendi Universal Games

In order to alert consumers as to the content of video games, Vivendi Universal Games was one of the initiators of the Pan European Game Information (PEGI) system, and is today one of its most active promoters. This system came into force in April 2003 at the initiative of the video game industry, and is overseen by the Interactive Software Federation of Europe (ISFE). Companies are free to apply this classification for leisure software. VU Games adopted the PEGI charter from the outset. It uses five age brackets (3+, 7+, 12+, 16+, 18+) and six criteria (violence, nudity or sex, drugs, frightening images, encouragement of discrimination, explicit language) to categorize games' content.

As part of this responsibility assuming process, VU Games has also implemented other tools to support the development of massively multi-player online (MMO) games. This category of game is played in a network via the Internet within a community of players who interact in the same virtual world. They are encouraged to communicate among themselves and participate in discussion forums. With the launch in late 2004 of its *World of Warcraft* game (intended for players over the age of 12), VU Games defined rules of conduct that are part of the subscription contract entered into by the player. VU Games employs and trains "game masters" whose main mission is to ensure that these rules of conduct are followed and to take punitive action against players who engage in illicit and undesirable behavior or language.

Canal+ Group

The Canal+ Group has always been extremely vigilant regarding the protection of young audiences of its broadcasts and anticipated the CSA (the French broadcasting regulatory body) recommendations published in October 22, 2003 regarding the broadcasting of category 5 programs (those prohibited for under-18s).

For digital broadcasting, the Canal+ Group set up a double encryption system in early 2002 for its premium channel, and for CanalSat channels broadcasting category 5 programs.

Pilotime, the digital terminal marketed by the Canal+ Group since March 2003, gives subscribers the possibility of double-encrypting not only category 5 programs but also those in other categories, for each of the channels broadcast.

As part of the media education campaign carried out by the CSA, Canal+ contributed to the televised message explaining the symbols used for protecting young audiences. Canal+ took part in the work carried out by the consulting committee convened by the CSA to examine the projects presented prior to production of this televised message. The message was broadcast during the first two weeks of January 2005, targeted at the largest possible television audience, during both free-to-air and encrypted time slots, on Canal+ and on certain other group channels.

Marc Valleur

Psychiatrist; Senior Physician, Marmottan Hospital, Paris

Clinical data confirm the existence of a phenomenon of dependency on online network games – persistent-universe adventure games, and more rarely FPS games.*

But, these addictions are a minority phenomenon and constitute "pathologies" that are much more unstable than drug dependencies. Above all, clinical monitoring of such players does not really confirm the fears often expressed in the frequent polemics concerning games:

- *Firstly, the individuals who were monitored have so far never shown evidence of a tendency towards violence and even tend to be timid and introverted. In their case at least, it appears that the game perfectly fulfills its role of catharsis, of being an escape valve for aggressiveness.*
- *Moreover, no cases of "personality doubling" or confusion between the game universe and reality have been observed. Even excessive players are fully aware that they are only playing a game. One area of research development could be a study of the mechanisms of addiction, aimed at avoiding the unnecessarily additive dimensions of certain games. This would combine prevention with criticism of the game phenomenon, in the highest and most cultural sense of the term.*

* F.P.S = First Person Shooter

Concern

for the expectations of civil society

Issues related to health and mobile telephony

The rapid development of mobile telephony has raised an international debate about the potential health risks associated with the electromagnetic waves emitted by mobile telephones and by the electromagnetic fields emitted by antennas. The Vivendi Universal group's mobile telephony operators, SFR in France, and Maroc Telecom in Morocco, are contributing to providing concrete answers through their approach based on vigilance and a concern for transparency.

SFR

To better respond to these concerns, SFR created a special department in 2000. The Health and Environment Department is assisted by a scientific intelligence unit composed of an epidemiologist, an environmental specialist and a sociologist, in order to monitor progress made by research, to understand the expectations of stakeholders better, and to take appropriate measures where necessary. It coordinates the company's health and environmental policy and relays it to management at the different operational and regional business units.

Contribution to ongoing scientific research

In 2004, SFR worked alongside the Ministry for Research and seven other industry partners towards the establishment of the "Radio Waves and Health" foundation, recognized by the French Government in January 2005.

The foundation has set itself the goal of defining, promoting, and financing epidemiological, experimental, and sociological research programs on the effects of exposure to electromagnetic fields and radio waves, particularly in the area of electronic communications. Its role is also to disseminate information acquired in these areas.

Information and dialog with stakeholders

In its concern for transparency and comprehensive information, SFR is increasing dialog with stakeholders (political representatives, lessors, journalists, physicians, and the public at large) with close to 200 informational meetings organized in 2004. In addition, SFR contributes to the actions carried out by the AFOM (the French association of mobile operators).

SFR also informs a wide audience, via its web site and its distribution networks, about the levels of exposure induced by the telephones it sells. In addition, SFR identifies these levels of exposure on product packaging in its SFR points of sale. All SFR kits include a hands-free kit which enables customers to reduce their exposure to electromagnetic waves.

Cooperation with political representatives and residents

In 2004, SFR played an active role in the publication of a "Guide to Good Practices Between Mayors and Operators", published jointly by the AFOM and the Association of French Mayors. Local charters have already been signed to help ensure that antennas are installed in a more consensual, more transparent, and more visually harmonious manner. This guide extends the process of consultation to all of France.

These commitments were expressed by increased mobilization of SFR's regional technical teams, in particular with reinforced campaigns to measure electromagnetic fields, conducted by independent inspection bodies and accredited by COFRAC (French accreditation committee) in compliance with the official protocol of the ANFR (French frequency agency).

Experts' opinions

Official expert bodies both in France and abroad now agree that antennas are harmless. The most recent report by the AFSSE (the French agency for environmental health and safety), which is scheduled to be updated in 2005, confirmed "the absence of any effects on health caused by radio waves emitted by base stations". It also points out that "recent experimentation on the effects of exposure to waves emitted by telephone antennas [terminals] reveal that no statement may be made confirming that they are harmful, within the limits of current knowledge in this area". Certain results, however, have raised concerns which deserve further study, and research is continuing in this area; in particular, INTERPHONE, a wide-ranging epidemiological study (13 countries involved) backed by the World Health Organization (WHO). The results of the study should be published by the end of 2005.

SFR conducted 540 such measurements in 2004, at the request of individuals, lessors, and political representatives. All these measurements proved to be 100% in compliance with legislation and can be consulted on ANFR's official site (www.anfr.fr).

Maroc Telecom

Maroc Telecom has adopted international safety standards and precautionary principles and has undertaken a process of transparency towards its partners (suppliers, customers, residents, etc.)

Strict control of compliance with standards

Maroc Telecom ensures that all the mobile telephones provided by manufacturers for sale in its phone packs adhere to the strictest safety standards. Maroc Telecom also requires that antenna installers observe the greatest possible vigilance regarding compliance. In addition, the operator performs inspections once the antennas are installed in order to verify that they comply with limitations on the public's exposure to electromagnetic fields.

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

Transparency and exchange

Maroc Telecom holds informational meetings to respond to questions and concerns of customers and the persons affected by the installation of antennas. All residents who express apprehension to the operator are put in direct contact with regional managers.

In its concern to inform the general public, Maroc Telecom published a brochure on the safety of mobile telephony in 2003. This document explains, in a very instructional manner, how mobile telephones and antennas operate, and goes over a few safety principles (not talking on the telephone while driving your car, for example).

The Arsat Moulay Abdeslam park in Marrakech, renovated thanks to Maroc Telecom's sponsorship, bringing the environment and new technologies together.



Issues related to citizenship

Vivendi Universal is involved in a number of partnerships with civil society, aimed in particular at strengthening social ties, encouraging access to the new information and communication technologies, and associating employees in concrete, ongoing solidarity-based actions.

● Strengthening social ties

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

Vivendi Universal is committed to making funds available to reinsertion companies to an amount of 5 million euros over a period of 5 years – a total of 25 million euros – with the goal of creating 1,000 jobs in 3 years and 1,500 jobs in 5 years. In the first stage of this initiative, three areas (Sarrebourn, the Oise, and the Arles region) have been designated by the Ministry of the Economy, Finance, and Industry.

Vivendi Universal has made a point of fully associating itself with the local authorities, the representatives of the central government administration, companies, and trade unions in this process. This close collaboration and coordination resulted in the project's initiation in Sarrebourn on January 1st, 2005 and in the other areas on March 1st.

● Access to new information and communication technologies

Afrique Initiatives

Vivendi Universal has been supporting the Pésinet program ever since its launch in January 2000. The program was established by Afrique Initiatives to help improve the health of children in Africa.

Launched in Saint-Louis, Senegal, the program enables doctors to use new technologies to monitor the health of children up to the age of five. An inexpensive subscription fee entitles the parents to two visits a week by agents who weigh their children and provide contact with a doctor. Via the Internet, the doctor was able to monitor the weight of close to 2,000 children in 2004 and respond immediately to any warning signs.

SFR

Facilitating the access of disabled persons to new information and communication technologies is a long-standing commitment made by SFR. As a partner of the *HandiCapZéro* association since 1997, SFR develops adapted services that facilitate the use of mobile phones for blind and visually-impaired people: "Mobile Accessibility", free software making it possible to read the mobile functions in vocal mode, receive invoices in Braille, etc. This partnership was awarded the 2004 *Handicap et Citoyenneté* trophy by the *Ligue Pour l'Adaptation du Diminué Physique au Travail* (LADAPT). In 2005, SFR will launch an offer dedicated to the hearing impaired using the video-conferencing possibilities (an innovation of 3G), giving them the means to communicate at a distance with sign language.

SFR also supports several study and research projects aimed at developing terminals and services specifically adapted to each type of handicap. SFR is working in partnership with the *Institut de Garches*, the *École nationale supérieure des Arts et Métiers*, and the *École Centrale de Paris*, among others.

Maroc Telecom

The inauguration, on February 12, 2005, of the Arsat Moulay Abdeslam park in Marrakech, which was renovated through the sponsorship of Maroc Telecom, is a perfect example of the company's concern with good corporate citizenship. The natural and cultural heritage of this 18th-century park have been preserved while encouraging access by Marrakchis and visitors to the new information and communication technologies. Equipped with a "cyber space", multimedia terminals, and an exhibition space, the 8-hectare park, which opens out onto the city, has all the latest telecommunications technologies: fiber optics, WiFi, and ADSL.

● Involvement of employees in solidarity-based actions

Vivendi Universal's approach to corporate citizenship includes involving its employees in solidarity-based actions in partnership with non-profit associations. They include skills sponsorship, participation in internal project selection juries, and additional funds added by Vivendi Universal to employee donations.

Vivendi Universal develops international solidarity missions that are open to employees of the head office and of the SFR Cegetel Group. Employees who volunteer put their professional expertise at the service of non-governmental organizations (training, counseling, auditing, etc.) or of micro-projects. Vivendi Universal covers any costs of the missions. These missions are organized primarily in partnership with the NGO *Planète Urgence* and *PlaNet Finance*, which the Group has supported since 2002.

In 2004, in association with *Médecins du Monde*, Vivendi Universal implemented volunteer days during which employees participate in events for children of families who are applying for political asylum. In May 2005, employees of the Group in France took part in "*Courir ensemble*" ("Running Together"), a race organized by Handicap International. Each year, a collection to which Vivendi Universal contributes is organized for World Food Day for the benefit of *Action Contre la Faim* (Action Against Hunger).



All the business units of the Vivendi Universal group, as well as the head office, rallied in support of the victims of the tsunami of December 26th 2004 in South-East Asia. Among the many initiatives, we should mention that of Universal Music France and its artists, who gave up their royalties from the Solidarité Asie album for the benefit of the NGO Action contre la Faim (Action against Hunger). The album, which was released as early as mid-January 2005, sold almost 350,000 copies in four months.



At December 31, 2004*

101	million kilograms CO ₂ emissions
400,148	thousand kilowatt-hours Electrical-energy consumption
15,312	tons Waste production
598	thousand cubic meters Water consumption

* Scope: Canal+ Group, Universal Music Group, Vivendi Universal Games, SFR Cegetel Group, Corporate

Environmental responsibility

From December 2004 to April 2005, Jean-Louis Étienne led a major naturalist expedition on the island of Clipperton, off Mexico, which was filmed by Canal+ cameras. Jean-Louis Étienne, together with a team of researchers, carried out a biodiversity survey of this deserted island of which little is known, and which is inhabited by an important fauna. This expedition will be the focus of a special film and a documentary series broadcast on Canal+.

In the past five years, Vivendi Universal's scope has changed profoundly. Today the Group is refocused on two sectors – media and telecommunications – sectors whose potential for environmental risks are relatively low.

Our major sustainable development concerns in terms of environmental responsibility are:

- page 32** an environmental approach integrated into our business sectors
- page 33** a consensus on objectives

An environmental approach integrated into our business sectors

Belonging to the Group requires complying with the rules of conduct established by Vivendi Universal (see page 20).

The Environmental Charter

In 2001, Vivendi Universal formalized ten commitments in an Environmental Charter. This Charter serves as a roadmap with which to identify priorities, both for the subsidiaries and the head office, focused on the following areas:

- **measurement:** assess our environmental impact; define performance objectives; develop a system of environmental management using new information and communication technologies; study means of lowering water and energy consumption, and reduce waste production;
- **control:** ensure that our activities comply with environmental regulatory requirements and encourage reduction of environment-related risks;
- **information:** inform the public of the progress made on a regular basis;
- **awareness-raising:** promote dialog with stakeholders and partners in the environmental field; implement training programs aimed at building employees' technical skills in environmental areas.

Compliance with environmental, health and safety standards

In order to meet criteria for transparency and comply with the corporate governance practices of the Group, Vivendi Universal adopted a program of compliance with environmental, health, and workplace safety standards in 2000.

The Sustainable Development Department, in close contact with the General Counsel's office, ensures the program's coordination and application.

In five years, nearly 70 sites have been audited to ensure their compliance with the laws and standards in force. This program, deployed principally at Vivendi Universal Entertainment and Universal Music Group during the first three years, was extended to the SFR Cegetel Group and the Canal+ Group in 2004.

In 2004, nine Vivendi Universal Entertainment sites and two Universal Music Group sites were audited, and six sites (four belonging to the SFR Cegetel Group and two to the Canal+ Group) underwent pre-audits.

The implementation of this program comprises four main phases:

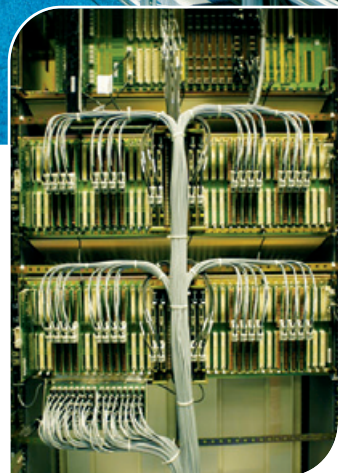
- sending a questionnaire to the person in charge of the site;
- a visit to the operational site, including facilities inspections and verification of the application of regulatory documents;
- compiling of a detailed report listing any non-compliant areas, an inventory of corrective measures if required and a precise timetable for their implementation, and an inventory of good practices;
- follow-up to ensure that the corrective measures have been completed and that non-compliant points have been corrected.

The main sites undergo an internal audit every three years on average, depending on their complexity and the results of the initial audit.

The Sustainable Development Committee informs its members of the application of this program of compliance and promotes the good practices that have been identified.



Implementing Vivendi Universal's compliance program in accordance with environmental, health and work safety standards, at one of the Cegetel network's major sites.



A consensus

on objectives

Review of objectives defined in 2000 and interim assessment

In 2000, the Group defined four performance objectives for the period 2001-2006:

- **climate:** reduce carbon-dioxide emissions by 10%;
- **water:** reduce consumption of drinking water by 5%;
- **waste:** reduce waste production by 10%;
- **landscape:** integrate sites and activities into the natural environment as much as possible.

Halfway through the period defined, for a comparable scope, the results concerning climate, waste, and the landscape are positive. CO₂ emissions were reduced by 6.5% and waste production by 20% between 2001 and 2003.

Water consumption did not decrease during the period for two reasons: firstly, due to the construction of a new theme park in Spain in 2002, Universal Mediterranea, an activity that requires a considerable amount of water, and secondly, due to changes in United States regulations requiring the theme parks in Hollywood and Orlando to adopt new water management programs for certain attractions.

The divestiture of Vivendi Universal Entertainment in 2004 significantly altered Vivendi Universal's environmental impact, and in particular, meant the performance objective concerning water consumption was less relevant at Group level (see pages 34-35).

Integration of new objectives

In 2004, the work of the Sustainable Development Committee resulted in making progress in three areas that cut across our activities:

- better evaluate our impact related to waste from electrical and electronic equipment – a category of waste which concerns all of our business units;
- better integrate sustainable development criteria into relations with suppliers;
- improve our reporting procedures.

In 2005, the Sustainable Development Committee continued to prioritize these three objectives and is conducting a survey of the various activities focused on reduction of energy consumption.

Waste from electrical and electronic equipment

As part of the committee's work, Vivendi Universal held an awareness-raising seminar in 2004 with all of its subsidiaries, led by experts on European regulations. This seminar was an opportunity for executives of Vivendi Universal's subsidiaries in charge of compliance with environmental regulations to discuss the resources mobilized for measuring the impact of this category of waste, and to prepare for the European directives' entry into force, set for August 2005.

These directives restrict the use of certain substances in this type of equipment and enforce specific objectives regarding recycling and disposal.

The Sustainable Development Committee is working on defining new indicators in order to measure and evaluate impacts related to waste from the electrical and electronic equipment used by most of our companies.

Relations with suppliers

Vivendi Universal's Sustainable Development Committee has made progress in the meeting the objective set in 2003 to reinforce criteria regarding social and environmental responsibility in relations with suppliers.

Frequent, candid discussions led, for example, to the Canal+ Group's adding a sustainable development clause to its contracts with suppliers in early 2005 and the adoption by the SFR Cegetel Group of an Ethics Charter aimed, in particular, at integrating social and environmental responsibility criteria into its relations with industrial and commercial partners and ensuring their application.

The Sustainable Development Committee is studying the implementation of these sustainable development clauses included in contracts with suppliers. It also contributes to promoting the good practices adopted by certain suppliers, such as Dalkia or Kinnarps who has entered into a framework agreement with Vivendi Universal. The fact that these suppliers work with the head office and certain subsidiaries contributes to sharing the commitment to sustainable development.



Kinnarps, one of Vivendi Universal's furniture suppliers, is the third largest manufacturer of office furniture and the leading manufacturer of seating in Europe. Daily production is 900 units of seating, 1,300 countertops, and 1,500 storage units.

For more than sixty years, this Swedish group has made the environment its concern. Its three production sites are ISO 14 001 and EMAS accredited. Its products are designed with the environment in mind, taking their environmental impact into consideration throughout their life cycle; 96% of production waste is recycled. The furniture is packaged with reusable containers. Wood waste is turned into briquettes used for heating.

Reporting tools

The significant restructuring of the Group has made it necessary to review the tools used for collection of information, including the environmental reporting system (SEMS) initiated in 2001 and implemented as a priority at Vivendi Universal Entertainment.

The Sustainable Development Committee assisted in developing a reporting tool for sustainable development indicators (see page 36). These indicators are referenced to the provisions of the French Decree of February 20, 2002 in application of the 2001 New Economic Regulations Act and the indicators of the Global Reporting Initiative (see page 36 and the environmental indicator table on page 40), among others.

A consensus

on objectives



This tool, developed internally by the Vivendi Universal's IT Department, is accessible to users (subsidiaries and corporate) via the intranet. Tested by Cegetel in early 2005, it should be operational for the 2006 business year.

The tool should contribute to strengthening consistency control as well as facilitating internal control, validation, and consolidation procedures. It should also take into account the different systems of environmental management implemented in Vivendi Universal's various business units. It is also a means of reminding its users of Vivendi Universal's commitments, as defined in its Environmental Charter.

At the completion of their review, one of the external auditors, commissioned by Vivendi Universal to issue an expert opinion on sustainable development information reporting procedures, provides comments to the Group.

The Canal+ Group carried out an internal awareness-raising campaign in December 2004 to reiterate the group's commitment regarding protection of the environment to its employees.

The group endeavors to reduce its consumption of natural gas, electricity, and water by implementing strict control procedures and concentrating on optimization of maintenance of installations. For example, by adopting technical measures such as programming air conditioning to follow occupation patterns and switching off lights. It has an environmentally-based system of management.

In January 2002, the company began selective sorting of waste in its major sites as well as recycling videotapes and processing of end-of-life set-top boxes. The group has been recycling used mobile telephones since 2003.

In order to make progress in evaluating the environmental impacts of its activities, Canal+ has incorporated sustainable development criteria into its purchasing policy, ensuring that its suppliers adhere to the provisions of the Declaration of the International Labor Organization and the regulations in force regarding protection of the environment (see page 33).



UNIVERSAL MUSIC GROUP

Universal Music Group is ensuring integration of environmental criteria into the management of its business activities through its implementation of a system of environmental management. One of its priority goals is the reduction of waste generation.

The UMG plant located in Hanover (Germany) is one of the largest CD production plants in the world (120 million CDs produced in 2004). The Hanover site is the only manufacturer that produces its CDs from recycled disks using a fully mechanized procedure that directly returns the recovered materials to the production chain. In 2004, more than 13 million CDs were produced from materials recycled at the site.

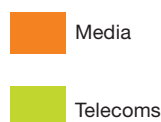
The Hanover site collects and sorts more than 60 different materials, enabling it to recycle 98% of its waste. The implementation of a program concerning waste from electrical and electronic equipment (WEEE) led

to the recycling of 97% of this category of waste in 2004, anticipating the requirements of the European regulations.

UMG's distribution warehouses, aware of these environmental concerns, are also working to limit their waste impacts. The Milton Keynes facility, located near London, is the main distribution site for disks for the United Kingdom. As an example, it collects its used plastic cups and, in partnership with a local company, recycles them into rulers and pencils. In 2004, 10,000 rulers and pencils were produced.

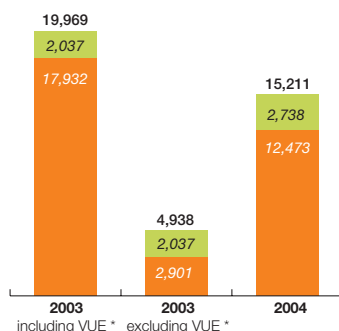
The Universal Music France warehouse near Paris receives and distributes more than 50 million disks and DVDs each year. In order to reduce waste generated by the packaging of these disks and DVDs, the site, in partnership with its suppliers and customers, has introduced the use of environmentally designed cardboard boxes that are foldable, open-topped, and reusable.

Environmental impacts by business sector (media and telecommunications) in 2003 and 2004 (excluding head office)

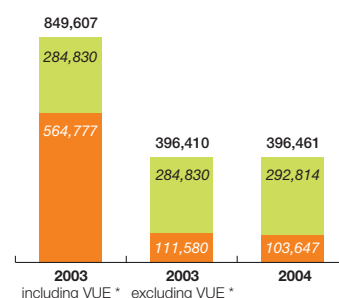


* Vivendi Universal Entertainment

Waste production (in tons)



Electrical energy consumption (in thousands of kWh)





SFR, conscious of its environmental responsibilities, established a Health and Environment Department in 2000, which coordinates environmental policy and relays it to the head office and the six regional divisions in France.

The environmental reporting protocol

Late in 2004, an environmental reporting protocol was implemented with the different operational divisions. It uses a network of correspondents in charge of providing information and monitoring action plans. A specific computer tool has been developed to facilitate data collection. In 2005, SFR will test deployment of an environmental management system in compliance with the requirements of the ISO 14001 standard at two pilot sites.

Internal information

In 2004, the Health and Environment Department produced an environmental awareness newsletter sent to all managers concerned. This tool complements the environmental measure already operational, with in particular, an intranet dedicated to this issue. Special half-day training sessions will also be organized at the Espace Campus to increase employees' awareness of environmental issues.

Recycling of mobile telephones

Without waiting for the decree – expected in August 2005 – adopting the European directive on Waste from Electrical and Electronic Equipment into French law, as early as 2001, SFR implemented a system for collecting and recycling mobile telephones and used batteries in its Espace SFR points of sale. This program was expanded in 2003. In 2004, nearly 34,000 used mobile phones were collected (see page 26).

Reduction of waste production and processes

SFR endeavors to reduce the quantities of raw materials used in the products it sells to its customers. In 2004, the company launched the "Virtual Mobile Pack", a mobile phone without a SIM card, activated directly in the point of sale. This has resulted in saving 650 tons of raw materials. Thanks to the deployment of payment terminals in SFR points of sale that allow customers to replace the plastic card with online recharging, approximately 50 tons of cardboard and paper were eliminated in 2004.

Integrating infrastructures into the environment

In 2004, SFR intensified its process of integrating equipment into landscapes and cityscapes, applying it to 85% of the new sites installed (as opposed to 76% in 2003). This integration is simplified in the case of UMTS antennas by the fact that in most cases (70% to 80%) they are installed at existing sites (see photo opposite).

SFR's commitments regarding health and mobile telephony (see page 28)



Integrating antennas into landscapes and cityscapes is a key aspect of SFR's environmental policy. In 2004, the Rouen Saint-Ouen site took precedence at the SFR trophies for environmental integration with the guest of honor, Yann Arthus-Bertrand.

اتصالات المغرب
Maroc Telecom



Maroc Telecom is committed to promoting environmental protection. Since 2002, the Moroccan telecommunications operator has encouraged the use of biodegradable and/or recyclable materials (cardboard and paper) in the distribution of its products such as telephone recharge cards and point-of-sale promotional articles (bags, packaging, brochures, etc.)

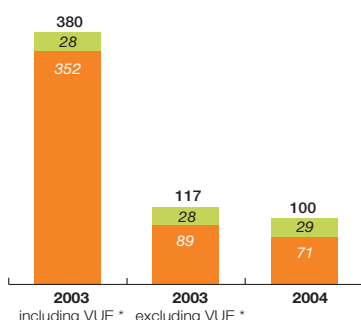
In December 2004, Maroc Telecom received ISO 9001 version 2000 process quality certification for all of its activities and is implementing a system of management in compliance with international standards as part of a transparency effort.

Other projects, currently under study, should bear fruit by 2007. They include:

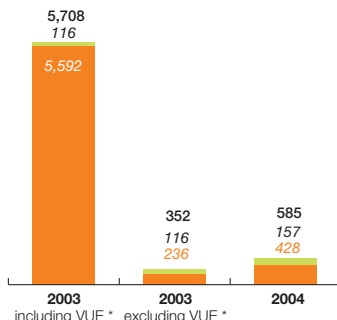
- reducing emissions of greenhouse gases through the gradual replacement of the automobile fleet with less polluting vehicles;
- recycling mobile telephone batteries;
- raising employees' awareness of environmental protection by increasing their knowledge of the issues.

Furthermore, Maroc Telecom contributes to raising both its customers' and the general public's awareness of environmental concerns through various actions (see pages 26 and 29).

CO₂ emissions
(in million kilograms)



Water consumption
(in thousand cubic meters)



Sustainable

development indicators 2004

Methodology

Indicators

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

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

Protocol for reporting social and environmental performance indicators

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

- for media:

Canal+ Group, Universal Music Group, and Vivendi Universal Games

- for telecommunications:

SFR Cegetel Group and Maroc Telecom

Following reorganization of the Group, it became necessary to harmonize the existing reporting systems and to adapt the protocol for collecting environmental and social information. The adaptation of this protocol was the fruit of an extensive consultation between the subsidiaries and the Sustainable Development Committee. It lists and defines the social and environmental performance indicators, their scope, and the procedures for collection of information, consolidation of data, and internal and external control.

This work was carried out alongside the creation of a computer application for collection of social and environmental information, designed by the IT Department of Vivendi Universal and currently undergoing tests. This tool should be operational in 2006.

External auditor's opinion

For the past three years, one of the company's external auditors has made an analysis of the procedures used for collecting, validating and consolidating the economic, social and environmental performance indicators provided for in France's New Economic Regulations Act (NRE) and the Global Reporting Initiative (GRI) guidelines.

* New Economic Regulations Act (NRE).

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

**Global Reporting Initiative (GRI)

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

Corporate governance*: legal obligations,

Independence	Directors in relation to management
	Auditors in relation to management
	Directors towards each other
Involvement in decisions	Directors
	Shareholders
	Other stakeholders

* Before the company's change in its management structure, at April 28, 2005.

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

(2) Viénot or Bouton reports.

(3) Sarbanes-Oxley Act.

(4) Other issues put forward by stakeholders.

Contents

- Indicators related to corporate governance pages 36-37
- Economic performance indicators page 37
- Social performance indicators pages 38-39
- Environmental performance indicators page 40

recommendations and expectations

Presence of at least 30% of independent Directors* on the Board ⁽¹⁾ , 50% on the Remuneration Committee ⁽¹⁾ and 100% on the Audit Committee ⁽³⁾	Board of Directors	Audit Committee	Human Resources Committee	Corporate Governance Committee	Strategy and Finance Committee
	83%	100%	100%	75%	75%
Maximum term of office of 5 years (Directors ⁽²⁾)	4 years				
Publishing the percentage of CEO proposals rejected by Board of Directors ⁽⁴⁾	0%				
Publishing the percentage of non-auditing assignments carried out by auditors ⁽³⁾	See 2004 Form 20-F				
Publishing the number of meetings between auditors and Directors without management presence ⁽²⁾	2				
Publishing the percentage of Directors who have no cross-holdings, who do not sit on the same Boards, and who have no common origins (training, career, family) ⁽¹⁾⁽⁴⁾	83%				
Maximum of 5 terms of office (excluding non-French companies) held simultaneously	In compliance				
Publishing the number of Board meetings and average participation rate of Directors ⁽⁴⁾	8 meetings in 2004; participation rate 88%				
Publishing the existence of Audit, Appointment and Remuneration Committees ⁽²⁾	Audit Committee	Human Resources Committee	Corporate Governance Committee		Strategy and Finance Committee
Publishing the number of annual Committee meetings ⁽²⁾	6	7	5		4
Publishing the Committee members' participation rate ⁽²⁾	87%	75%	80%		69%
Assessment of Board's performance every 3 years ⁽²⁾	Assessment carried out in 2003 (see 2004 Form 20-F). Existence of internal regulations for the Board of Directors and for each of the Committees				
Publishing shareholders' participation rate at Annual Shareholders' Meetings ⁽⁴⁾	Published the day after the Annual Shareholders' Meeting on www.vivendiuniversal.com				
Publishing ballot results of the resolutions submitted to shareholders	Published the day after the Annual Shareholders' Meeting on www.vivendiuniversal.com				
Having employees represented by a Director	Appointment of an employee Director, as defined in the company bylaws, when employee shareholders represent at least 3% of the capital stock.				
Percentage of questions on corporate social responsibility at Annual Shareholders' Meetings ⁽⁴⁾	33% in 2004				

Economic performance indicators

	2004 Data	NRE Act	GRI
Consolidated revenues	21,428 million euros		EC1
Breakdown of consolidated revenues by geographical area	See page 7		EC2
Breakdown of consolidated revenues by business unit	See page 7		
CEO's total remuneration (paid in 2004)	3.450 million euros ⁽¹⁾	✓	
Publishing determination criteria of the CEO's and senior executives' remuneration	See 2004 Form 20-F	✓	
Number of stock purchase options allocated	9.279 million stock purchase options including 800,000 to the CEO and 2.190 million for the ten biggest allocations (i.e. 23.6% of the total number of options allocated in 2004)	✓	
Total wages, including profit sharing	2,023 million euros (excluding VUE)	✓	EC5
Amount distributed to suppliers and service providers (distribution, purchase of programs, royalties, subscriber management, etc.)	14,697 million euros		EC3
Dividends paid to shareholders (excluding notes mandatorily redeemable for new shares of Vivendi Universal)	643 million euros		EC6
Payments to banks (interest on loans; loan reimbursements, net of new loans secured)	6,115 million euros		EC6
Total tax paid	580 million euros		EC8

(1) Total gross remuneration including fringe benefits in 2004; the CEO waived his Director's fees regarding his terms of office within the Vivendi Universal group in 2004.

Social performance indicators

	2004 Data	% of staff covered 2004	2003 Data	% of staff covered 2003	% of staff covered 2002
Total staff	37,906	100%	55,451 (41,264 excluding VUE)	100%	100%
Incoming employees					
New hires	4,645	100%	9,873 (4,797 excluding VUE)	100%	100%
Temporary hirings	62%	100%	ND		
Permanent hirings	38%	100%	ND		
Temporary hirings France*	55%	100%	53%	100%	NA
Permanent hirings France*	45%	100%	47%	100%	NA
Recruitment difficulties	none	100%	none	100%	none
Outgoing employees					
Staff reductions and departures	6,025	100%	12,708 (8,305 excluding VUE)	100%	56%
Staff reductions on economic grounds	1,679	100%	2,923 (2,517 excluding VUE)	100%	56%
Departures excluding staff reductions on economic grounds	4,346	100%	9,785 (5,788 excluding VUE)	100%	NA
Staff reduction and employment preservation plans					
Working week					
Average weekly duration (in hours) - full-time	37.2	100%	38.3	100%	22%
Annual yearly duration (in hours) - full-time	1,852	100%			
Average weekly duration (in hours) - part-time	26.4	100%			
Annual yearly duration (in hours) - part-time	1,314	100%			
Absenteeism days/employee	10.4	98%	7.9	83%	33%
Reasons for absence		98%		83%	33%
Overtime hours	968,566	100%	364,150	78%	55%
Gender equality					
% of women in the Group	39%	100%	41%	100%	56%
% of women in management	33.4%	100%	37.5%	100%	56%
Disabled persons employed					
	242 employees	100%	202 employees	65%	48%
Labor relations					
Collective agreements	148	100%	83	100%	56%
Number of personnel representatives (France*)	952	100%			
Health and safety					
Rate of workplace accidents with lost days	4.46	100%	8.14	100%	85%
Accident severity with lost days	0.17	100%	0.18	100%	85%
Employees trained in safety	2,001	98%	20,724	100%	NA
Training					
Training expenditure/payroll	2.20%	100%	1.90%	100%	32%
Average training duration/number of employees trained	25 hours	98%	6.6 hours	99%	NA
Average training duration/number of employees trained (France*)	31 hours	100%			
Social activities					
Social activities (France*)	€5,063,432	100%	€5,231,293	100%	NA
External resources					
Interim employees	4,525	100%	4,627	84%	NA
Subcontracting	306	75%			
Territorial impact					
Actions carried out	264	100%			

* Mainland France

The social data presented in this table refer to the Group's worldwide scope and come from companies in which Vivendi Universal holds more than a 50% share or those in which Vivendi Universal has management control.

Comments or references	NRE Act	GRI
The reduction in staff is the result of divestitures [in particular Vivendi Universal Entertainment (14,187 employees), Atica & Scipione (848 employees), VTI Kenya (582 employees), Monaco Telecom (462 employees), Babelsberg Studios (230 employees)] and restructurings.	✓	LA1
The notion of hiring varies according to country. Here the number of new employees of all types is shown: permanent hirings, temporary hirings, and student summer jobs, which are considered as hiring in the United States.	✓	LA1
In order to consolidate this indicator worldwide, we have chosen to consider hirings over 18 months long as permanent and hirings less than 18 months as temporary, which is roughly equivalent to the maximum duration of a temporary work contract in France.	✓	LA1
The rate of permanent hirings in France represents the number of permanent contracts (874) in the total number of hirings (1,931).	✓	LA1
No subsidiary reported difficulties in recruitment over the past three business years.	✓	
	✓	
The number of staff reductions on economic grounds in 2004 was lower than in 2003, a year during which reorganizations were carried out. Staff reductions on economic grounds are essentially the result of restructuring operations undertaken in 2003 and 2004.	✓	
Reasons for departures were mainly related to: resignation for personal reasons, disciplinary measures and targets not met (United States). Departures exclusive of staff reductions on economic grounds are down by 25% over 2003.	✓	
In France, measures for reclassification and assistance offered to employees affected by restructuring were of several types: internal job mobility through posting of internal vacancies on the corporate intranet, reclassification leave, training leave to enable employees to increase their qualification level, assistance for employees to create their own business, and outplacement services. Vivendi Universal also established reclassification measures for employees outside France where such measures do not exist.	✓	
Since approaches to work duration vary from one country to another, the number of hours worked varies as a consequence. The average weekly duration is defined here as the weekly duration most commonly worked within the company for full-time employees. Vivendi Universal's French subsidiaries apply the 35-hour work-week Act.	✓	
	✓	
Absenteeism is defined as absence on any working day excluding paid vacation time, training days, time off for union activities, special leave, and workweek reduction. The 35-hour work-week Act is enforced in all the Group's companies in France.	✓	LA7
In 2004, half (48%) of working-day absences involved sick leave. The majority of other reasons were personal: maternity and paternity leave and leave for personal reasons (marriage, death, moving house).	✓	
Overtime refers to hours worked beyond the contractual number; in 2004, 87.1% of overtime was in the United States (24.3%) and Morocco (62.8%). The figure for 2003 does not include Maroc Telecom.	✓	
	✓	LA11
	✓	LA11
The definition of a "disabled person" is based on each country's laws. When there are no applicable laws, the definition given in Convention No. 159 of the International Labor Organization is used. The number of disabled workers in the Group is up slightly over 2003, due notably to the policy conducted by the SFR Cegetel Group which, in 2003, entered into an agreement aimed at systematic increases in the hiring rate for disabled workers in the company over a period of three years.	✓	
The new agreements entered into in the Group in 2004 concern, in particular, remuneration, overtime, work organization, social protection, health and safety, working conditions, non-discrimination and staff reductions. 23% of the agreements were signed in the French subsidiaries in 2004.	✓	LA4
The reduction was due particularly to the divestiture of Vivendi Universal Entertainment and improved safety, in particular at Universal Music Group. <i>Calculation method: number of workplace accidents with time off x 1,000,000 / number of employees x number of hours theoretically worked per year (estimated at 1,750 for the Group)</i>	✓	LA5
<i>Calculation method: number of working days lost x 1,000/employees x the number of hours theoretically worked per year (estimated at 1,750 for the Group).</i>	✓	LA7
The reduction noted in 2004 is due mainly to the divestiture of Vivendi Universal Entertainment. In 2003, all theme park employees received safety training.	✓	
The percentage of the payroll devoted to training is a widely used indicator in France. Outside France, it is not always calculated in the same manner. For this reason, the indicator used here is total outlay for training compared to payroll. This average does not reflect variations between business sectors.	✓	
The variations between 2003 and 2004 are the result of a calculation modification. In 2003, each employee trained was counted as often as he or she took training courses. In 2004, each employee trained counts for one, regardless of the number of training courses taken.	✓	LA9
	✓	LA9
In France, the notion of social activities includes social and cultural events organized in the company primarily for the employees and their families. This notion is difficult to measure worldwide. Each entity is allowed to set its own policy, including the amounts contributed.	✓	
Number of interim employees hired on behalf of the Group (excluding Maroc Telecom) in 2004. A person hired several times is counted for each individual hiring.	✓	
Total number of jobs subcontracted for a duration of at least one week in 2004. The Group makes less frequent use of subcontracting than companies with high percentages of manual workers; in addition, Vivendi Universal's presence in less developed countries is limited. Subcontracting concerns primarily security, information technology, technical support, and customer service.	✓	
Vivendi Universal identified 264 partnership actions with civil society in 2004 (including 172 concerning relations with local populations, 58 with schools and universities, and 29 with work rehabilitation entities). In the context of application of the Consolidated Global Profit Tax System, Vivendi Universal made commitments to the French Public Authorities to contribute to the creation of jobs in regions particularly affected by unemployment and industrial restructurings (see page 29).	✓	

Environmental performance indicators

Environmental data concern the Group's worldwide scope (except for Morocco) and the sites which meet significant criteria in terms of environmental impact (number of employees, water and electricity consumption, waste production, etc.). Vivendi Universal Games was

integrated into the scope of consolidation in 2004. The divestiture of Vivendi Universal Entertainment significantly altered Vivendi Universal's environmental impact, as illustrated in the comparative graphs for 2003-2004 on pages 34 and 35.

	2004 Data	Comments or references	NRE Act	GRI
Water consumption (in thousands of cubic meters)	598	For a comparable scope, excluding VUE (see page 35), water consumption increased slightly in 2004. This increase is due notably to UMG (+45%) following an increase in activity and new regulations requiring the use of drinking water for applications where it was not previously required.	✓	EN5
Electrical energy consumption (in kilowatt-hours)	400,148,000	In order to optimize the initiatives taken by the business units, an assessment of the reduction of energy consumption in the Group is in progress.	✓	EN3
CO ₂ emissions (in millions of kilograms)	101	This figure is obtained from the electrical energy, fuel and gas consumption of the main sites. It is consolidated according to the recommendations of the World Business Council for Sustainable Development	✓	EN30 EN8
Waste production (in tons)	15,312	For a comparable scope, excluding VUE (see page 34), waste production increased in 2004. This increase is due in particular to UMG (+76%) following an increase in activity and non-recurring waste production associated with the closure of two units.	✓	EN11
Measures taken to limit the impacts on biological stability, natural environment, wildlife and protected species		Vivendi Universal's global operations have a relatively low impact on the environment as regards this requirement.	✓	
Environmental assessment or certification processes undertaken in the area of the environment		In 2000, Vivendi Universal adopted a program of compliance with environmental, health, and workplace safety standards and in 5 years has audited nearly seventy sites to ensure their compliance with the laws and standards in force. UMG's three CD production sites are ISO 14001 certified.	✓	
Measures taken to ensure compliance of the company's activities with environmental regulation and legislation			✓	
Company expenditures for prevention of environmental impacts	9.4 million euros	In 2004, the amount devoted to protection of the environment by the various Vivendi Universal businesses is estimated at 9.4 million euros (including VUE through May 11, 2004). This amount includes expenditures related to the major program being carried out by SFR for integrating its antennas into the landscape and cityscape.	✓	EN35
Existence within the company of internal environmental management staff, training and information on environmental issues for employees, resources devoted to the reduction of environmental risks, as well as a procedure to manage environment-related accidents which have a consequence outside the company	Corporate (Paris head office and New York office): 1 Business units: 5	Vivendi Universal employs a team in charge of environmental matters which works in close cooperation with the environmental managers in the business units. This team establishes internal precautionary measures regarding the environment and performs evaluations based on the ISO 14001 and EMAS standards at the Group's main sites. Furthermore, at all the major sites, emergency teams are trained to take action in the event of an accident or pollution release likely to damage the environment.	✓	
Amount of environmental risk provisions and guarantees except in the case where this information may prejudice the company in a current dispute or lawsuit		No Vivendi Universal site or entity needed to raise environmental risk provisions or guarantees for 2004.	✓	EN35
Amount of compensation paid during the financial year arising from a court ruling relating to environmental matters and the actions undertaken to repair environmental damage		In 2004, Vivendi Universal (excluding VUE) received no notification from a regulatory agency concerning lack of compliance with environmental, health, and safety requirements at any of its operational sites.	✓	

External

auditor's opinion

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

At Vivendi Universal's request, we carried out the work described below related to the application of the reporting procedures for the 2004 social and environmental performance indicators contained in the Sustainable Development Report.

These indicators were prepared under the responsibility of the company's management. Our role is to express an opinion on the 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 Auditing Standards.

Nature and scope of work

Our work consisted of:

- an analysis of the procedures used for reporting, validating and consolidating the Group's social and environmental performance indicators;
- discussions with managers concerning the collection of figures included in the Sustainable Development Report at corporate headquarters and in certain operating units⁽¹⁾.

Comments

We have the following comments to make regarding this work:

- implementation of the sustainable development approach improved during the year;
- rules determining scope differ for the various economic, social and environmental performance indicators, and are mentioned in each part of the report;
- comments on each indicator explain how it is calculated, where appropriate;
- the procedures drafted by the Group should be systematically specified for each operational unit;
- a specific information system to collect social and environmental data is currently being developed. It should contribute to reinforcing application of procedures and the related controls.

On the basis of the work performed and taking into account the above-mentioned comments, we did not observe any material exception from the procedures implemented, which appear to be in keeping with the objectives.

Paris, June 5, 2005

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www.vivendiuniversal.com

Investor Relations

<http://finance.vivendiuniversal.com>

Canal+ Group

www.canalplusgroupe.com

Universal Music Group

www.umusic.com

Vivendi Universal Games

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SFR Cegetel Group

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The Vivendi Universal's 2004-2005 Sustainable Development Report is available upon request (see the back cover for the Group's contact details). The electronic version of this report is also available on the Group's website www.vivendiuniversal.com under the publications section.

We appreciate your comments and remarks. Please do not hesitate to send them to us by e-mail at sustainabledevelopment@groupvpu.com or to the head office address by mail.

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TERRE DE SIENNE PARIS

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

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