vivendi

Annual Report – Universal Registration Document

2019

UNIVERSAL MUSIC GROUP · CANAL+ GROUP · HAVAS GROUP · editis · GAMELOFT · vivendi village · dailymotion

The Annual Report – Universal Registration Document in English is a translation of the French *Document d'enregistrement universel* provided for information purposes. This translation is qualified in its entirety by reference to the *Document d'enregistrement universel*.

The Annual Report – Universal Registration Document is available on the company's website www.vivendi.com.

Table of Contents

Questions for
Yannick Bolloré and Arnaud de Puyfontaine

Yannick Bolloré
CHAIRMAN OF THE SUPERVISORY BOARD

What was Vivendi's strategic vision in 2019?

Yannick Bolloré: Vivendi's goal is to be a world leader in culture, at the crossroads of the entertainment, media and communication industries. We're already number one in Europe, and we're growing every year. There are three main components to our strategic vision as a group.

The first is cultural. At a time when globalization can sometimes rhyme with homogenization, Vivendi is taking a firm stand in favor of diversity – in terms of content, source and forms of expression. We support local artists in all the countries where we have a presence, invest in original productions, and continue to expand internationally to deliver content to the widest possible audiences. We promote diversity as an asset, particularly for today's younger generations.

For the industrial component of our strategic vision, integration is the key. Our group's biggest strength is our ability to build bridges between our different businesses. When Universal Music Group (UMG) supplies the music for a book published by Editis, or Havas provides communication support to Canal+, it means that our businesses are growing together. Numerous cross-business projects like these were carried out in 2019, and we intend to develop that trend in the future.

Last but not least, society also plays a part in Vivendi's strategic vision. As a responsible corporate citizen, we are determined to act in the interests of all our stakeholders – our employees, shareholders and partners, as well as the broader communities to which we belong.

> Vivendi's goal is to be a world leader in culture, at the crossroads of the entertainment, media and communication industries.

How did this strategy play out during the year in practical terms?

Arnaud de Puyfontaine: In 2019, Vivendi once again achieved strong results, with like-for-like organic revenue growth of 5.6%, and made further progress toward realizing its strategic vision.

This is clearly demonstrated by the year's highlights. 2019 was another exceptional year for music industry spearhead UMG, which recorded even higher double-digit revenue growth and saw its artists topping the charts of the world's main music platforms. At the end of the year, we signed an agreement with a consortium led by Tencent, enabling it to acquire a 10% share of UMG's capital. The transaction values UMG at €30 billion and underscores both its strengths and significant growth potential. The deal will enable UMG to speed up its development in Asia, and more particularly in China, where the music market grew by 80% last year.

2019 was also a crucial year for Canal+ Group, which continued its transition from a pay-TV channel to a content platform, signing major distribution agreements with beIN Sports, Netflix and Disney. During the year, we also expanded into seven new European countries thanks to the acquisition of M7 and strengthened our presence in Africa by expanding our operations there beyond French-speaking countries.

Havas Group continued its successful transformation, in the face of major changes in the communication market. Following its reorganization, the group announced its new positioning – where engagement and meaningful communications are key – and won a number of large accounts. It also continued its expansion during the year thanks to seven acquisitions,

Arnaud de Puyfontaine
CHIEF EXECUTIVE OFFICER

In 2019, Vivendi once again achieved strong results and made further progress toward realizing its strategic vision.

Worldwide, demand for books is as strong as ever. With six authors in the Top 10 of the 2019 best-sellers list, 50 respected publishing houses and 4,000 new books released each year, Editis has everything it needs to become the number one publisher in its home market, France. It will then benefit from the same international development strategy as our other subsidiaries. We have big plans for this rising star.

including three in India – which tripled its size in this fast-growing market – and several creative gems like Buzzman in France and Battery in the United States.
Lastly, we stepped up cross-business initiatives in 2019 to create an even more integrated group. One example is the launch of Harlan Coben's latest novel at L'Olympia, which involved teams not only from Editis but also Canal+, UMG, Havas and Olympia Production. Collaborative projects like this one will become increasingly common. They allow us to showcase the work of our artists in a unique way and offer our audiences an enhanced user experience, setting us apart from our competitors.

Could you tell us more about Editis?

Arnaud de Puyfontaine: 2019 was a year of integration for Editis. And it proved extremely successful. It's no real surprise – publishing is an industry based on artistic creation and talent, and the challenges are similar to those faced by the music, audiovisual and gaming industries, where Vivendi is already present.
In addition, Editis shares many of the characteristics of our other businesses, including an intrapreneurial culture, the ability to attract top talent and the capacity to constantly reinvent itself to adapt to changes in the industry. It has therefore been able to create a multitude of connections with our other subsidiaries, simply and rapidly. With two-thirds of movies and series based on literary works, Editis represents an invaluable reservoir of stories and franchises!

You talked earlier about Vivendi's commitments to society. What role does Vivendi intend to play in this regard?

Yannick Bolloré: The very nature of our businesses means that we have a huge responsibility. Culture is both a cornerstone of community life and a lever for individual emancipation. That's why Vivendi's strategic position is to defend cultural diversity, versus isolation and uniformity. It's a choice and a strong commitment.
As a company, we also have responsibilities toward all our stakeholders. This includes a responsibility to the environment, of course. The cultural and creative industries are obviously not the worst polluters, but we still have a duty to make every effort to ensure that our impact on the environment is not just neutral but positive. After stabilizing our greenhouse gas emissions in 2019, this year we will draw up an ambitious roadmap for reducing emissions.
Our responsibility to society also means that we have a duty to set an example within our organization. Gender parity in leadership and equal pay are top priorities for all of our subsidiaries. The index we're publishing for the first time this year provides a clear and transparent diagnosis that will enable us to identify pinch points for improvement and take appropriate action.
Vivendi is also committed to taking action outside the organization, particularly for the benefit of young people. Through the Vivendi Create Joy solidarity program, we support associations that help disadvantaged young people,thanks to cultural education projects and vocational training initiatives in fields that relate to Vivendi's businesses.

Universal Music Group

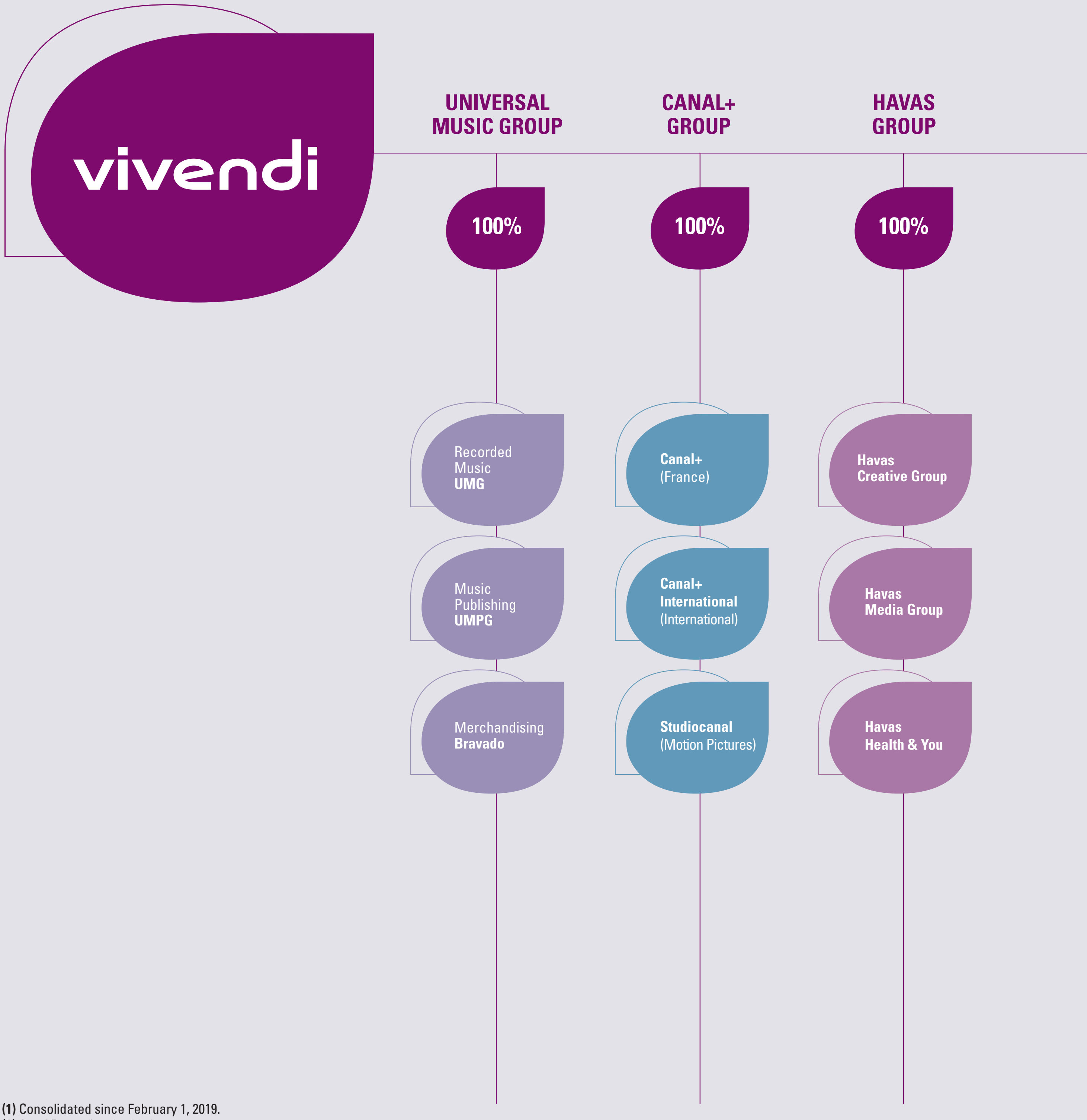
▲
Billie Eilish

◄
Gregory Porter

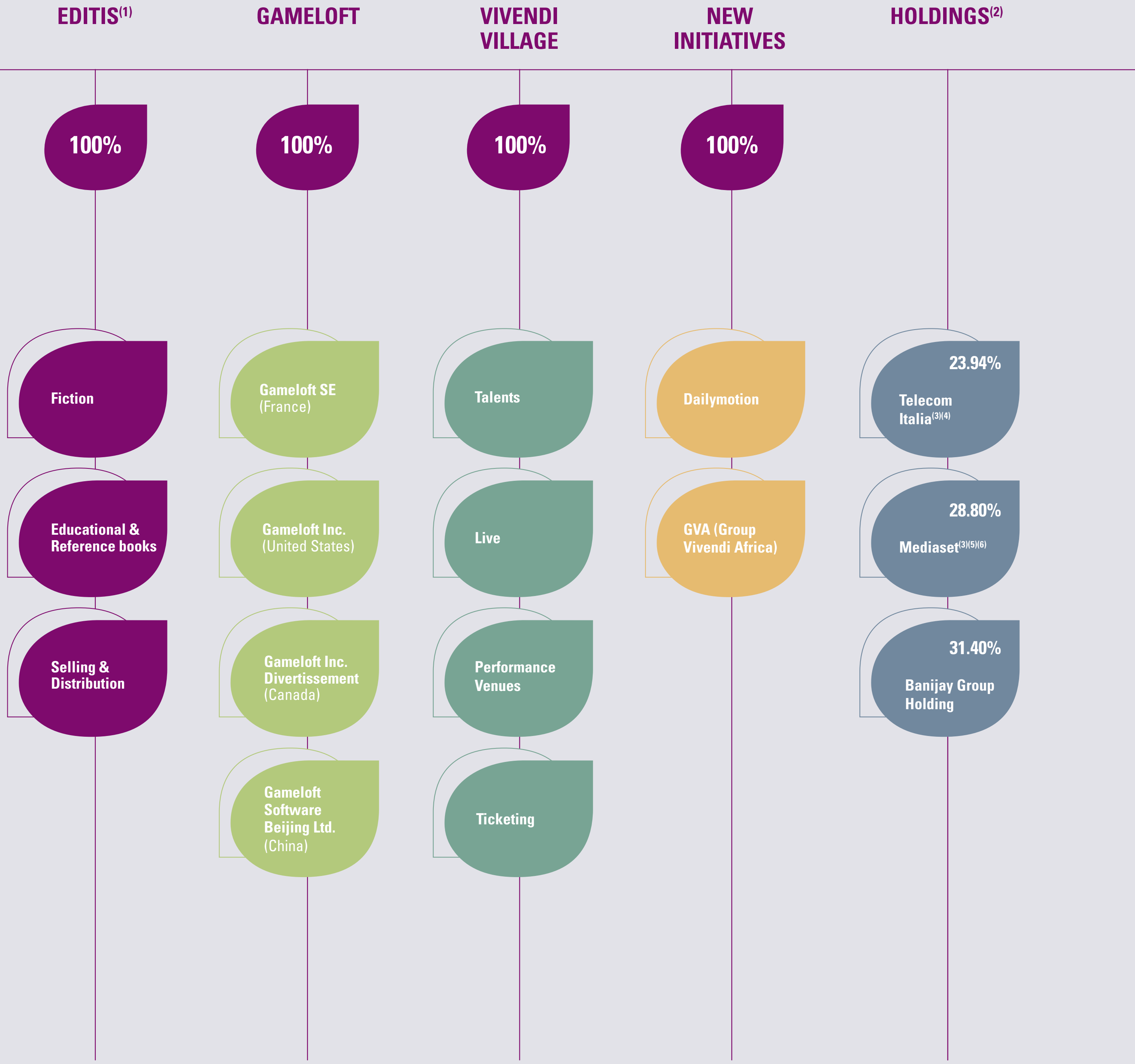
1 Profile of the Group, Strategy and Value Creation, Businesses – Financial Communication – Tax Policy and Regulatory Environment, Non-Financial Performance

SECTION 1. PROFILE OF THE GROUP

1.1. Simplified Organization Chart of the Group



(1) Consolidated since February 1, 2019.
(2) As of December 31, 2019.
(3) Listed company.
(4) Based on the aggregate number of ordinary shares with voting rights.
(5) On April 9, 2018, in compliance with the undertakings given to the AGCOM, Vivendi transferred the portion of its shareholding in excess of 10% of Mediaset's voting rights to an independent Italian trustee.
(6) Of the share capital (% interest).


EDITIS(1)
GAMELOFT
VIVENDI VILLAGE
NEW INITIATIVES
HOLDINGS(2)
100%
100%
100%
100%
Fiction
Educational & Reference books
Selling & Distribution
Gameloft SE (France)
Gameloft Inc. (United States)
Gameloft Inc. Divertissement (Canada)
Gameloft Software Beijing Ltd. (China)
Talents
Live
Performance Venues
Ticketing
Dailymotion
GVA (Group Vivendi Africa)
23.94%
Telecom Italia(3)(4)
28.80%
Mediaset(3)(5)(6)
31.40%
Banijay Group Holding

1.2. Key Figures

HEADCOUNT BY GEOGRAPHIC ZONE

TOTAL HEADCOUNT
44,641

HEADCOUNT BY BUSINESS SEGMENT

19,939 Havas Group	2,558 Editis
8,865 Universal Music Group	743 Vivendi Village
7,826 Canal+ Group	702 New Initiatives
3,777 Gameloft	231 Corporate

TOTAL HEADCOUNT
44,641

REVENUES BY GEOGRAPHIC ZONE

€4,792 M FRANCE	€1,559 M ASIA AND OCEANIA
€3,850 M REST OF EUROPE	€696 M AFRICA
€5,001 M THE AMERICAS	

REVENUES
€15,898 M

REVENUES BY BUSINESS SEGMENT

Year ended December 31 – in millions of euros

	2019	2018
Universal Music Group	**7,159**	6,023
Canal+ Group	**5,268**	5,166
Havas Group	**2,378**	2,319
Editis **(1)**	**687**	–
Gameloft	**259**	293
Vivendi Village	**141**	123
New Initiatives	**71**	66
Elimination of intersegment transactions	**(65)**	(58)
TOTAL	**15,898**	13,932

EBITA BY BUSINESS SEGMENT

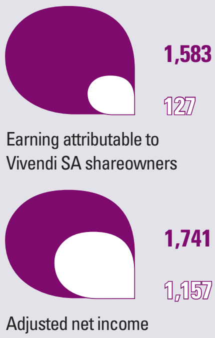
Year ended December 31 – in millions of euros

	2019	2018
Universal Music Group	**1,124**	902
Canal+ Group	**343**	400
Havas Group	**225**	215
Editis **(1)**	**52**	–
Gameloft	**(36)**	2
Vivendi Village	**(17)**	(9)
New Initiatives	**(65)**	(99)
Corporate	**(100)**	(123)
TOTAL	**1,526**	1,288

EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS AND ADJUSTED NET INCOME

Year ended December 31 – in millions of euros

2018 2019



ADJUSTED NET INCOME PER SHARE (BASIC)

Year ended December 31 – in euros

2018 2019

DIVIDEND

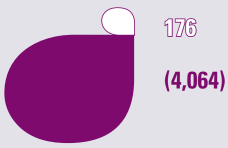
With respect to fiscal year – in euros

2018 2019

NET CASH POSITION/ (FINANCIAL NET DEBT)

As of December 31 – in millions of euros

2018 2019



(1) Consolidated since February 1, 2019.
(2) Submitted to the approval of the Annual General Shareholders' Meeting of April 20, 2020.

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – Leases. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. Moreover, Vivendi applied this change of accounting standard to the Statement of Financial Position, Statement of Earnings and Statement of Cash Flows in 2019; therefore, the data relative to prior years is not comparable.

For a detailed description, please refer to Notes 1.1, 1.3.5.7 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019, in Chapter 4.

As a reminder, in 2018, Vivendi applied two new accounting standards:

- IFRS 15 – *Revenues from Contracts with Customers:* in accordance with IFRS 15, Vivendi applied this change of accounting standard to revenues since 2017; and
- IFRS 9 – *Financial Instruments:* in accordance with IFRS 9, Vivendi applied this change of accounting standard to the 2018 Statement of Earnings and Statement of Comprehensive Income and restated its opening balance sheet as of January 1, 2018.
- The non-GAAP measures of Income from operations, EBITA, Adjusted net income and Net Cash Position (or Financial Net Debt) should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Vivendi Management uses these indicators for reporting, management and planning purposes because they exclude most non-recurring and non-operating items from the measurement of the business segments' performances. In addition, it should be noted that other companies may have definitions and calculations for these indicators that differ from those used by Vivendi, thereby affecting comparability. Each of these indicators is defined in Section 1 of the Financial Report, in Chapter 4, or in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2019, in Chapter 4.

1.3. 2019 Highlights

JANUARY

• Vivendi acquires **Editis**.

• **Studiocanal** receives 27 César nominations in 2019, including 10 for *Le Grand Bain*.

• Alejandro Sanz, the most successful Spanish artist of the past three decades, renews his contract with **Universal Music Spain**.

FEBRUARY

• **UMG** wins two Oscars: Best Original Song for *Shallow* from *A Star is Born* and Best Original Score for *Black Panther*.

MARCH

• Gauvain Sers (**UMG** artist) works with Michel Bussi (**Editis** author) to compose a soundtrack for his novel *J'ai dû rêver trop fort*.

• **Canal+** launches Canal+Séries, a new streaming service that offers exclusive access to the best TV shows of Canal+.

• **Def Jam Recordings** signs an exclusive agreement with Mosley Music Group, the label owned by artist and producer Timbaland.

APRIL

• Three **UMG** artists feature on *Time Magazine's* list of the world's most influential people (Ariana Grande, Taylor Swift and Lady Gaga).

• **Canal+** launches its new *Création Originale* series *Vernon Subutex*.

• **Canal+ Group,** through its subsidiary K+, signs an exclusive agreement to broadcast Premier League football matches in Vietnam during the 2019 to 2022 seasons.

• **UMG** and Wondery, the world's largest independent podcast publisher, announce an agreement to develop original podcasts that draw from UMG's artists and labels.

MAY

• **Havas Group** publishes its *The Future of Entertainment* report, which explores major trends in entertainment.

• **Gameloft** and LEGO Group unveil the game *LEGO® Legacy: Heroes Unboxed*.

• **Canal+ Group** and Altice France announce the signature of an agreement giving Canal+ subscribers in France access to all Premier League matches, live or recorded, until 2022.

• Marc Levy's novel *Ghost in Love* is published by **Robert Laffont** (an **Editis** publishing house).

• **UMG** strengthens its South-East Asia operations by opening a regional head office in Singapore and announcing the upcoming opening of an office in Vietnam.

JUNE

• Rap duo Bigflo & Oli **(UMG)** perform at the final of France's Top 14 rugby competition in a memorable aftershow.

• Vivendi announces the launch of **Vivendi Brand Marketing**.

• **Olympia Production** and OL Groupe, which owns the Olympique Lyonnais football club, create a joint venture to produce the Felyn Stadium Festival in Lyon in June 2020.

• The first **Garorock** festival under Olympia Production's management attracts a record-breaking 160,000 attendees.

JULY

• Movie ticket sales for the **CanalOlympia** network pass the one million mark.

• **CanalOlympia** opens a cinema and live performance venue in Madagascar.

• Music-oriented TV channel Mezzo, which reaches 60 million households in 80 countries worldwide, becomes part of the **Canal+** universe.

• Editis acquires publishing house **L'Archipel**.

AUGUST

• **Editis** expands into graphic novels and comic books by joining forces with Jungle editions to create a publishing house dedicated to comics.

• **Gameloft** and Alibaba Interactive Entertainment forge a partnership to launch *Asphalt 9: Legends* in China.

SEPTEMBER

• **Gameloft** becomes one of the first video game publishers on Apple Arcade with *Ballistic Baseball*.

• Taylor Swift chooses **L'Olympia** as the venue for her only concert in Europe.

• **Canal+ Group** finalizes the acquisition of pay-TV operator M7.

• **Canal+ Group** and Netflix sign a partnership agreement to include Netflix in Canal+ subscriptions in France.

• **Havas Group** acquires acclaimed ad agency Buzzman.

OCTOBER

• **UMG** releases an anniversary edition of the Beatles' famous album *Abbey Road*.

• **Vivendi Village** unites its ticketing operations under the **See Tickets** brand.

• **Gameloft's** *Disney Princess Magic Quest* game becomes available on App Store, Google Play and Windows Store.

• Ten **Havas Group** campaigns receive recognition from the Care Awards jury for their excellent work in promoting care for people and the environment, with HOST/Havas winning the Grand Prix award for *Palau Pledge*.

NOVEMBER

• For the release of his novel *Run Away* in France *(Ne t'enfuis plus*, published by **Belfond** a publishing house of Editis), Harlan Coben takes to the stage at L'Olympia.

• **Canal+** celebrates its 35th anniversary.

• **Canal+** is awarded exclusive rights to the two premium Champions League packages by UEFA for three seasons starting in 2021.

• **Canal+** announces the launch of Olympia TV, a channel dedicated to live performances.

• **UMG** launches Universal Music Artists, an exclusive service designed to help UMG artists advance their careers and better understand their fans.

• **Havas Group** is named "Most Sustainable Company in the Communication Industry" by *World Finance* magazine.

DECEMBER

• Adweek names **BETC** "International Agency of the Year".

• **Canal+** holds the first ever Olympia Awards ceremony, broadcast live on C8 from L'Olympia.

• **Canal+ Group** and beIN Sports enter into exclusive talks with a view to signing a distribution and sublicensing partnership in June 2020.

• **Canal+ Group** announces the signing of an agreement with The Walt Disney Company to be France's sole distributor of the new Disney+ streaming service.

• Negotiations begun in August lead to an agreement between **Vivendi** and a Tencent-led consortium for the acquisition of 10% of UMG's share capital (with an option to acquire an additional 10% interest).

SECTION 2. STRATEGY AND VALUE CREATION

2.1. Strategy

2.1.1. A STRATEGY CONFIRMED BY STRONG RESULTS

In 2019, Vivendi carried out a number of strategic transactions, including the acquisition of Editis, the announcement of the partial sale of Universal Music Group's (UMG) share capital, the acquisition of M7 and the completion of agreements with Netflix and Disney. All these transactions contributed to its strategic roadmap and clear and unwavering pursuit since 2014 to become a world leader in culture at the crossroads of entertainment, media and communications.

Ramping up its core business in the creative industries, the group recorded excellent results in 2019 and its strongest like-for-like growth in five years, with revenues amounting to €15.9 billion, a 5.6% increase on a constant basis compared to 2018.

The group's decision in 2014 to refocus on content and media has more than paid off, with each new investment and each new project embodying this strategy and uniting the group around its core DNA: entertainment. Currently, at least 83% of the population considers entertainment to be a vital need **(1)**. It is ever present and will be even more so for generations to come. Vivendi's results for 2019 clearly indicate that it is fully equipped to create and assist brands in delivering original, quality and diverse content.

UMG enjoyed a record year in 2019, with revenues of €7.2 billion, a 14% increase on a constant basis compared to 2018. This strong growth continues to be primarily driven by streaming, an activity that is steadily growing, spearheaded by several successful UMG artists.

UMG had artists topping the rankings on each of the five leading music platforms (Amazon, Apple, Deezer, Spotify and YouTube), with Post Malone, Taylor Swift, Ariana Grande, the Japanese group King & Prince and music's latest phenomenon, Billie Eilish, all garnering critical and commercial success. At the age of just 18, Billie Eilish won five Grammy Awards in January 2020.

Movie releases also contributed to UMG's performance. The soundtracks from *A Star Is Born* (2018), starring Lady Gaga and Bradley Cooper, *Bohemian Rhapsody* (2018), inspired by the story of the rock group Queen, and *Joker* (2019), by composer Hildur Guðnadóttir, were great successes.

At the forefront of the music industry, UMG brings significant value across the entertainment industry. Keen to capitalize on its potential in all markets, Vivendi decided to sell part of UMG's share capital to external investors in 2019. In early August 2019, the group and the Chinese group Tencent entered into preliminary negotiations. On December 31, 2019, Vivendi and a consortium led by Tencent entered into an agreement. The agreement sets out the terms and conditions for the sale of a 10% interest in UMG to the consortium based on an enterprise value of €30 billion for 100% of UMG's share capital. The deal will close in the first half of 2020. The consortium also has the option of acquiring an additional 10% interest in UMG's share capital, on the same price basis, until January 15, 2021. Tencent is one of the largest media and entertainment groups in China. As its partner, UMG will benefit from its expertise and solid positioning in Asia and the continent's fast-growing music industry.

Negotiations for the potential sale of other non-controlling interests are also underway, and eight banks have been mandated by Vivendi to assist. UMG's initial public offering is planned for early 2023 at the latest.

Canal+ Group also experienced a number of new developments in 2019, in terms of both strategic transformations and content. In September 2019, the acquisition of the European pay-TV operator M7 infused the group with fresh momentum, extending its scope to over 40 countries and a total of 20.3 million subscribers. The acquisition of M7 marks an acceleration in the international development of Canal+ Group, which is expanding across all markets, with almost two-thirds of its subscribers now located outside France and steady growth in Africa in recent years.

The group continued to grow internationally while maintaining its activities in France. Moreover, the announcements at year-end 2019 concerning sports rights (the Champions League, French Ligue 1 and others) and distribution partnerships with Netflix and The Walt Disney Company are expected to revitalize the French market. Since October 2019, subscribers to Canal+ movie channel/TV series packs have had access under a single subscription to the premium channel Canal+ and Netflix services. Through its partnership with Disney, Canal+ Group also obtained exclusive distribution rights to Disney channels and services, and became the exclusive distributor of the new Disney+ streaming service set to be launched in France in April 2020.

Havas Group posted more moderate revenue growth in 2019. Against a constantly-shifting communications market, especially in Europe, health communications and pure player creative businesses (BETC, Rosapark and Edge) performed extremely well.

Havas Group also continued to expand worldwide, winning new clients both on a local and global level and integrating six new agencies into its network: Buzzman in France, Gate One in the United Kingdom, Battery in the United States and three agencies in India (Shobiz, Langoor and Think Design), where the group is gaining new market share.

In 2019, Havas Group and its agencies received a significant number of awards. The group was named "Most Sustainable Company in the Communications Industry" at year-end 2019, and BETC was named Adweek's "International Agency of the Year" for 2019. Building on this pursuit of excellence, Havas Group has adopted a new positioning based on meaningful and involved communication, which is fully aligned with the new expectations of customers and consumers.

In January 2019, Vivendi added a new business line, publishing, to its portfolio, with Editis and its more than 50 publishing houses. As the second-largest publishing group in France, Editis represents over 16,000 authors in fiction, education, paperback and other categories. Publishing offers a new creative outlet for Vivendi and represents a rich source of new stories and talent. In 2019, Editis published six of the ten top-selling authors in France.

(1) Source: *The Future of Entertainment* (May 2019): https://download.havas.com/prosumer-reports/cannes-2019-the-future-of-entertainment.

Editis's acquisition rounds out Vivendi's offering as a major player in cultural entertainment. Drawing on the expertise of the group's other business lines, Editis will be able to grow and support Vivendi's other activities to create a unique ecosystem for talent and intellectual property. The integration process is already well underway, with many joint projects already launched and set to continue in 2020.

In video games, despite a mixed performance in 2019, Gameloft continued to develop its successful franchises and create games based on franchises with major groups such as Disney and LEGO. *Disney Princess Magic Quest* was released in October 2019, *Disney Getaway Blast* in late January 2020 and the *LEGO® Legacy: Heroes Unboxed* game in March 2020.

Gameloft is exploring other more lucrative business models to complement its free-to-play mobile model. In 2019, two games were released simultaneously on mobile and Nintendo Switch. In addition, Gameloft will soon be included in subscription-based game distribution platforms. *Ballistic Baseball* was one of the first games to feature on Apple Arcade, the new subscription gaming service from Apple. These services are likely to become increasingly common and will represent new growth drivers for Gameloft.

In 2019, Vivendi Village, which is an ideal fit with the group's main businesses, developed across many fronts, particularly in live entertainment in France, the United Kingdom and Africa.

Together with festivals, artistic production and venue operation, live entertainment is central to Vivendi Village's strategy. Through Olympia Production and U Live, Vivendi Village owns ten festivals that hosted approximately 450,000 festival-goers. The business unit buys festivals and also creates events of its own. For example, the Felyn Stadium Festival, a new festival combining sports and music, created by Olympia Production and OL Groupe, will take place in Lyon on June 19 and 20, 2020.

In Africa, Vivendi continues to expand CanalOlympia, its network of cinema and entertainment venues. The structure now has 14 venues and topped the million spectator mark in July 2019. CanalOlympia also hosted a number of live shows and Vivendi Sports organized its first MMA (Mixed Martial Arts) competition in Dakar, Senegal.

All these achievements show that Vivendi's businesses are at the forefront of their respective industries. They also reflect the value created collectively to serve creativity and entrepreneurial initiative.

2.1.2. AN INTEGRATED INDUSTRIAL GROUP

Vivendi is now an integrated industrial group. Along the entire value chain of talent-driven content, live and audiovisual production, performance venues and merchandising, the group has built a unique ecosystem capable of providing custom services and drawing on the collaboration of multiple entities and both internal and external talent.

This group-wide approach is reflected by:

- an increasing number of cross-business projects. Collaboration between UMG and Editis, Canal+ Group and Havas Group has come to fruition. Projects led jointly by several business lines include the after-show by Bigflo & Oli following the rugby Top 14 final at the Stade de France, the Harlan Coben evening event at L'Olympia and the Canaltour held in Douala, Cameroon. Increasing these types of collaboration gives the group flexibility and resources to explore new formats;
- the creation of Vivendi Brand Marketing, which combines Havas Group's in-depth knowledge of consumers and brands with the creativity, production and distribution skills of Vivendi's other businesses. Vivendi Brand Marketing offers expert insight into brand content strategies for companies worldwide; and
- internal studies of areas affecting all group entities. In addition to the challenges involving content, all Vivendi business units work together on technical and technological issues that will accelerate the development of each business towards the group's vision for the future. 5G, artificial intelligence and blockchain technology are just some of the group's cross-business projects designed to meet the future needs of consumer content. To this end, Vivendi has also entered into partnerships with leading tech and media multinationals.

Vivendi, as an integrated industrial group, also creates opportunities in high-growth regions such as Africa and Asia.

Entertainment industries are developing extremely rapidly in these areas of the world. Cases in point include the exponential growth in China's music market, significant demand for content due to the boom in smartphones in Africa, and new consumer habits formed by the use of connected speakers, among others. Vivendi aims to offer an alternative to US and Asian giants in markets where diversity of content makes all the difference.

2.1.3. VIVENDI'S SOCIETAL PROJECT

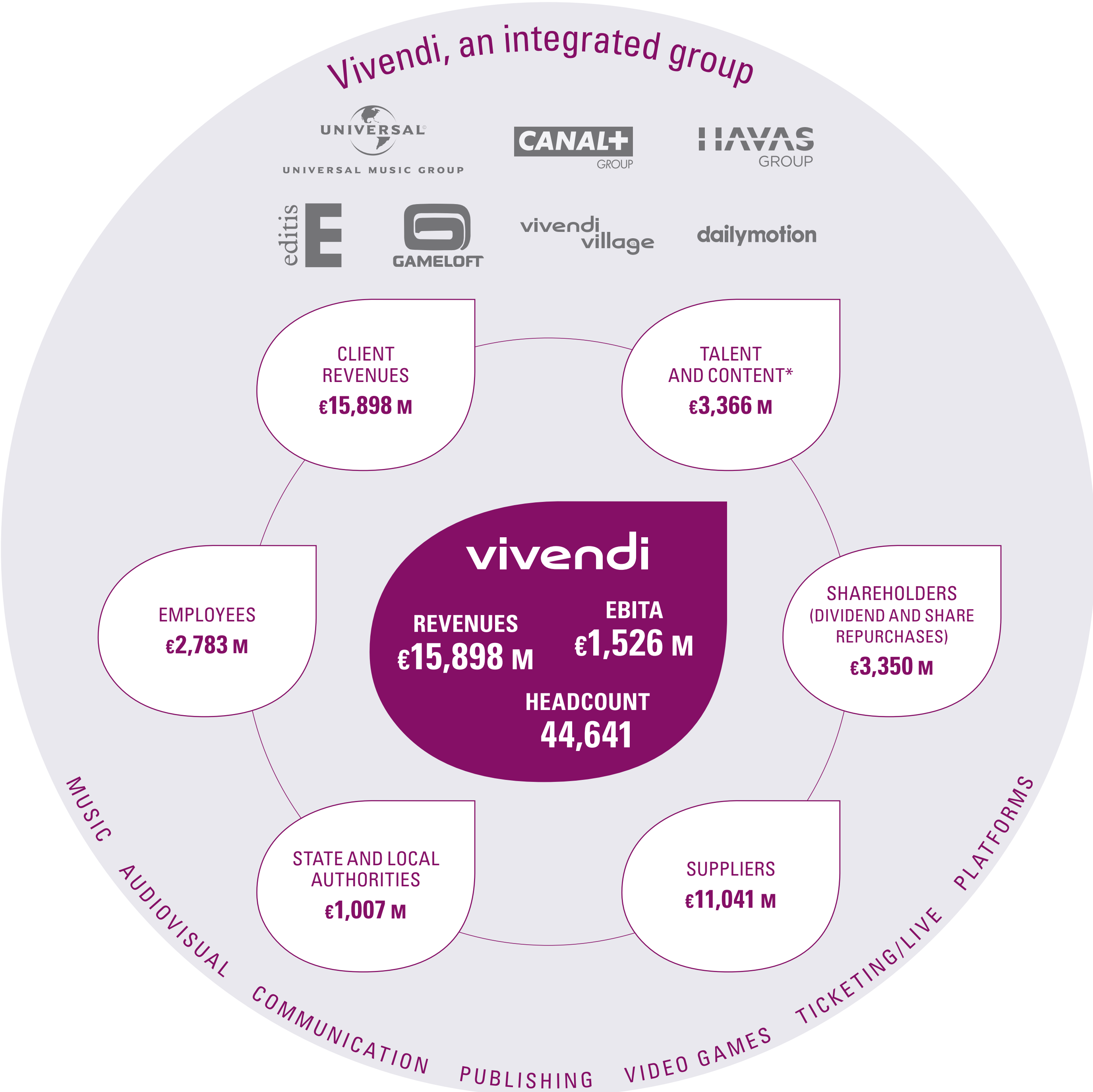
Achieving Vivendi's industrial plan to transform a French pan-European group into a global player in culture at the crossroads of entertainment, media and communications would be impossible without a clear vision of what it contributes to society.

Entertainment promotes personal fulfillment, opens minds and creates bonds, and Vivendi's aim is to offer varied and high-quality content for its audiences to discover, sparking curiosity and shared emotions.

By ensuring that the group is always at home in all cultures, able to support creative talents wherever and whatever they are, Vivendi demonstrates its commitment to cultural diversity. Through the stories it tells and the messages it conveys, the group must also reflect today's contemporary world, offering challenging, diversified and ambitious content that engages audiences.

Alongside its business objectives, Vivendi's agenda includes the prevention of climate change and protection of our planet. It is a priority that has led the group to set higher targets and decisive commitments; commitments that are central to Vivendi and to its ambition to have a positive impact on society and all its stakeholders.

2.2. Business Model



* Main contributors to the investment in content: UMG, €1,483 million and Canal+ Group, €1,883 million.

Since 2014, Vivendi has worked to establish itself as a world leader in culture, at the crossroads of entertainment, media and communications. In 2019, its revenues were €15,898 million, a 14.1% increase compared to 2018 as reported and a 5.6% increase on a constant basis. EBITA for the group amounted to €1,526 million, a 18.5% increase compared to 2018 as reported and a 10.8% increase on a constant basis. Its healthy balance sheet included net debt of €4 billion as of December 31, 2019 and a net debt-to-equity (gearing) ratio of 26%.

Vivendi operates in 81 countries and has 44,641 employees. Approximately 54% of its revenues originates from Europe, where it is active in 22 countries, 32% from the Americas, 10% from the Asia-Pacific region and 4% from Africa. On January 7, 2020, Vivendi registered as a European company to align its corporate structure with its European roots.

Being a worldwide leader in media, content and communications means operating in a variety of sectors. The group is therefore active in the music industry (Universal Music Group), television and movies (Canal+ Group), communications (Havas Group), video games (Gameloft), digital platforms (Dailymotion), live entertainment and ticket sales (Vivendi Village) and publishing (since its purchase of Editis in early 2019).

As an integrated group, Vivendi develops projects led jointly by all its subsidiaries. As two-thirds of movies and series are inspired by literary works, Editis will be a source of stories for Canal+ Group, just as the CanalOlympia venues developed in Africa show Studiocanal films and host concerts featuring artists signed with UMG labels.

In 2019, music, television, cinema, communications and publishing accounted for 97.4% of Vivendi's revenues.

In 2019, Vivendi's largest asset, UMG, generated revenues of €7,159 million (45% of Vivendi's revenues) and an EBITA of €1,124 million. UMG had 8,865 employees as of December 31, 2019 and operates in nearly 60 countries.

UMG's labels (including Capitol Music Group, Interscope Geffen A&M, Republic Records, Island Records, Def Jam Recordings, Universal Music Group Nashville, Universal Music Latin Entertainment, Polydor, Blue Note Records, Decca, Deutsche Grammophon and Verve) represent all musical genres, making UMG home to the greatest local and international artists of all time, including The Beatles, The Rolling Stones, U2, Andrea Bocelli, Lady Gaga, Taylor Swift, Queen, Helene Fischer and others, as well as many of the biggest artists of the year, such as Billie Eilish, Post Malone, Ariana Grande, J. Balvin, Halsey, Lewis Capaldi and Shawn Mendes.

UMG has three main businesses: recorded music, music publishing and merchandising. Accounting for nearly 80% of revenues, its recorded music business discovers and develops recording artists, marketing and promoting their music across a wide array of formats and platforms. Its activities also extend to other areas, such as live events, sponsorship, podcasts, films and television.

The music distribution landscape has changed considerably in the last two decades. Following over a decade of decline linked to digital transformation, the sector began to recover in 2015 due to the success of streaming platforms such as Spotify, Deezer, Apple Music, Amazon Music and YouTube Music. Although these platforms are available worldwide, different markets have reached different stages in their digital transformation. There is still considerable growth potential for streaming in both mature and developing music markets.

UMG has licensing agreements with more than 400 digital services around the globe. In 2019, subscriptions and streaming generated 59% of total recorded music revenues. Licensed streaming platforms generate recurring revenue and provide valuable data, unlike the point-of-sale model, which stops generating revenue and data after the initial sale. The streaming model has accentuated the importance of catalog ownership, a key advantage for UMG, which owns the biggest recorded music catalog in the world.

Its music publishing entity, Universal Music Publishing Group (UMPG), licenses musical compositions for use in sound recordings, films, television, advertising, video games, and live and public performances. It also licenses compositions for use in printed sheet music and song portfolios. Generally, UMPG licenses compositions after acquiring a direct interest in their copyrights by entering into agreements with composers and authors. UMPG owns and controls a vast catalog of original music and arrangements.

Bravado, UMG's full-service merchandise and brand-management company, works closely with new and established artists as well as both longstanding and more recent entertainment clients to create comprehensive campaigns that include innovative products, partnerships and promotions. The resulting products are sold through a variety of channels, including brick-and-mortar retail stores, online through direct-to-consumer sites, at concert tours, and through limited-edition retail experiences. Bravado also licenses rights to an extensive global network of third-party licensees.

Accounting for 33.1% of Vivendi's revenues over the year, Canal+ Group generated revenues of €5,268 million and an EBITA of €343 million in 2019. It has 7,826 employees and operates in 40 countries.

Canal+ Group has three main businesses: pay-TV in France and worldwide, free-to-air TV and cinema. Pay-TV and free-to-air TV in France represent 58% of the group's revenues, while pay-TV outside France accounts for 34%.

In recent years, the French pay-TV market has been transformed by the arrival of new entrants and by new television viewing habits (TV on-the-move, catch-up TV and TV on demand). Faced with these changes, Canal+ has restructured its offers to make them more modular and flexible (with or without a twelve or twenty-four-month minimum subscription period).

The group produces a premium general-interest channel, Canal+, showing movies, series and sports, together with five specialized channels (Cinéma, Sport, Family, Décalé and Séries). The Canal packages comprise Canal+, approximately 20 proprietary theme channels and 130 third-party French and non-French channels. Canal+ has also entered into distribution agreements with RMC Sport, beIN Sports, Netflix and Disney.

Canal+ generates most of its revenues from monthly subscriptions, with 20.3 million subscribers, including 8.4 million in France. Subscriptions are sold directly on all distribution networks (Internet, satellite and DTT) and through partnerships with Internet service providers (3.4 million customers at year-end 2019).

Pay-TV has developed significantly outside France, with 11.9 million subscribers at year-end 2019. A highlight of 2019 was Canal+ Group's purchase of M7, an operator active in Benelux and Central Europe (Belgium, Netherlands, Luxembourg, Austria, Czech Republic, Slovakia, Hungary and Romania). As the group was only present in Poland before the acquisition, the takeover significantly expanded its operations in the region. In addition, Canal+ Group developed in Asia (Vietnam and Myanmar, with nearly 500 points of sale) and 25 African countries.

Canal+ Group also operates in the free-to-air TV market with three national channels (C8, CNews and CStar). Advertising is their main source of revenue, with Canal Brand Solutions selling airtime on the group's channels as well as on more than a dozen themed channels.

Canal+ Group produces and distributes feature films and TV series through its subsidiary Studiocanal, which produces, co-produces or distributes approximately 50 films a year. Providing another source of revenue, Studiocanal's films catalog is one of the largest in the world, with more than 6,000 movies.

Accounting for 15% of Vivendi's consolidated revenues, Havas Group generated revenues of €2,378 million and an EBITA of €225 million in 2019. It has 19,939 employees and operates in 58 countries.

Havas Group has three operating units specializing in advertising, creative and consulting services (Havas Creative), health and well-being communications consultancy (Havas Health & You) and media expertise and advertising space sales (Havas Media).

To best meet client needs, Havas Group brings together the most talented people from all communications disciplines under one roof, the Havas Village. The group has more than 60 villages worldwide. Although each is unique, they all share the same philosophy and the same creative energy. This concept has made Havas the most integrated group in its industry.

In 2019, Havas Group announced its new corporate purpose and positioning: "Make a meaningful difference to brands, businesses and people". Its goal is to support brands that have meaning, helping them to grow sustainably and establish authentic relationships with their communities to ultimately improve lives. This new positioning is the seamless extension of its strategy of collaboration and integration, "Together".

Combined, Havas Creative and Havas Health & You represent approximately 65% of Havas Group's net income.

Havas Media accounts for 35% of Havas Group's net income. In addition to its extensive experience in media strategy and advertising, Havas Media has developed specialized expertise in programmatic services, social media, mobile and geolocalized communications, online performance marketing and data analysis.

Over an eleven-month period in 2019, Editis generated revenues of €687 million and an EBITA of €52 million, and had 2,558 employees.

The group is the second-largest publishing group in France and a leader in books in Europe. It publishes nearly 4,000 new works each year and boasts a catalog of over 45,000 titles.

It has two divisions: publishing, through its 50 publishing houses (68% of revenues), and distribution, through Interforum (32% of revenues). Revenues for Editis derive mainly from the sale of books released by its publishing houses and partner publishers and, to a lesser extent, from the sale of book rights in France and abroad.

In France, Editis is the leader in various sectors: No. 1 in thrillers, history, textbooks and influencers, and No. 2 in literature (largest source of revenue for the publishing division), children's books, leisure/practical guides and tourism (source: GfK 2019). In 2019, educational reforms to the high-school curriculum, in which publishers Nathan, Bordas and Le Robert played a significant role, led to a 16.8% growth in revenues recorded by the Education & Reference segment over the eleven-month period.

Editis is active throughout the value chain in the book industry. Its publishing houses work closely with their authors, which gives them a portfolio of book rights and helps drive the paperback segment.

Editis is also a leader in book distribution through Interforum. Its teams work with multiple points of sale (in France, Belgium, Switzerland and Canada) and distribute the catalogs of over 200 group or independent publishers.

2.3. Global Performance

Global performance incorporates both financial and non-financial aspects of the group's activities. It embodies the value created by all Vivendi business lines.

Vivendi's global performance approach is being rolled out gradually across all business lines and is monitored by the Management Board and coordinated by the Corporate Social Responsibility (CSR) Department. It includes an analysis of the social and economic contribution made by business lines at each stage of the value chain, from content creation to talent discovery, publishing, production and distribution. This approach also emphasizes the value that business lines derive from belonging to the group.

In 2019, it was extended to include the contribution of members of the group's General Management. As such, global performance is analyzed in light of functional benefits, the group's organizational structure and the notion of belonging to the group. This method supplements the individual analyses led by subsidiaries to provide a full picture of what global performance means at the Vivendi group.

The approach is used alongside components from the group's strategy (Section 2.1), business model (Section 2.2) and the non-financial performance statement (Section 4), which together form a comprehensive overview of how the group performance is shaped to prepare for the medium and long term.

2.3.1. BELONGING TO THE VIVENDI GROUP: A DRIVER OF GLOBAL PERFORMANCE

Belonging to the Vivendi group provides each business line with a foundation upon which they can build to grow, meet and anticipate customers' needs and map out their medium- and long-term strategy. This belonging offers significant financing capacity together with a stable shareholder base, which are powerful factors in driving more sustainable global performance.

A growth accelerator for business lines

By supporting actions to foster development, such as acquisitions and partnerships, Vivendi helps further its existing businesses' growth. While its business lines are the primary initiators of development opportunities, they can also count on Vivendi's support where necessary to transform opportunities into reality. This support is also geared toward developing the group in new directions, as demonstrated by the acquisition of Editis. These actions enable Vivendi to consolidate its positioning in new businesses and new regions to attract new customers and capture new audiences. By focusing on high-potential markets, such actions support the group's international development.

Its complementary and interconnected business lines within the entertainment value chain provide an edge that is attractive to new partners and gives the Vivendi group considerable leverage. This represents a significant advantage in reaching equity investment deals and commercial agreements with industry leaders. In addition, the partners of the group's businesses understand and foresee the benefits of forging a long-term business relationship.

Each business line can also take advantage of expertise on specific issues, providing additional support for company growth. Vivendi teams guide the operating teams in evaluating risks and making decisions regarding complex acquisitions or contractual negotiations involving large global players. This expertise in financial, IT, legal and other matters offers valuable support for business lines in developing in their respective markets.

Long-term investment capacity

Vivendi's financial support is key to the long-term development of the group's businesses. With a farsighted investment strategy, Vivendi supports its business lines through their economic and technological growth phases, which can last up to several years.

Its substantial investment capacity gives the group the ability to respond quickly to internal and external growth opportunities that will lead to producing new content and new distribution channels addressing broader audiences. Facing the challenges of new consumer habits and the emergence of new competitors, the group's business lines have access to resources to adjust their business models and implement new strategies. They are given the necessary amount of time to adapt, grow and innovate. For Vivendi, this means allowing its businesses to achieve sustainable economic performance.

This financing capacity combined with a stable shareholder base promotes the group's cohesive development based on a long-term economic strategy.

An opportunity-rich environment

By providing its business lines with long-term economic support and access to international markets, Vivendi creates a breeding ground for new projects and new businesses that embrace an entrepreneurial mindset. For example, Vivendi Village applied the L'Olympia model to build a network of entertainment venues in Africa and a diversified range of festivals in France and abroad. Several strategies are taken to encourage complementary business growth, the emergence of ideas and innovative projects that can help drive long-term global performance:

- giving teams the space to initiate collaborative projects in an entrepreneurial spirit is a key way of generating economic opportunities. The following projects illustrate collaborations that emerged within the Vivendi group in 2019:
  - a large tech firm selected the group's proposal for developing one of its brands, basing its decision on Vivendi's combination of media (Havas) and music (Universal Music & Brands) businesses to manage its digital campaign,
  - the "Harlan Coben & Friends" event celebrated both books and music, in a meet-up between the novelist and his fans at L'Olympia with performances by talent from UMG, Olympia Production and Canal+;
- expanding the capacity to share experience within an international network clears the path for transforming budding ideas and opportunities. In this respect, a geek squad was formed to unite cross-entity expertise that encompasses technology and business knowledge. This project helped accelerate the incubation of intragroup projects, examine innovation issues and anticipate technological change specific to the group's businesses; and
- harnessing the value of the group's diverse business portfolio is another advantage available to each business as a way of supporting its development projects to differentiate its offering on the market. The complementary fit between group business lines enables Vivendi to offer innovative multi-product and multi-service combinations to future customers and partners. Canal+ Group embodies this approach by extending its cultural offering outside the sphere of audiovisual activities (see page 21). Several internal communities composed of representatives from business lines support these approaches. International "co-founder" seminars bring together the group's main executives to encourage discussions about future collaboration. Eleven country committees also contribute to sharing experiences to consider new areas of development. Vivendi Brand Marketing explores how the group's potential can be used to build a differentiated offering for large companies and brands that want to provide consumers with attractive, meaningful content.

2.3.2. THE GLOBAL PERFORMANCE MODEL FOR ALL BUSINESS LINES

Operating across the entertainment value chain – from talent discovery to the creation, production and distribution of content – Vivendi enjoys an unrivaled, competitively differentiated position. Vivendi is a well-balanced group, in which its complementary business activities are reflected in a performance model with three main pillars, shared throughout the organization:

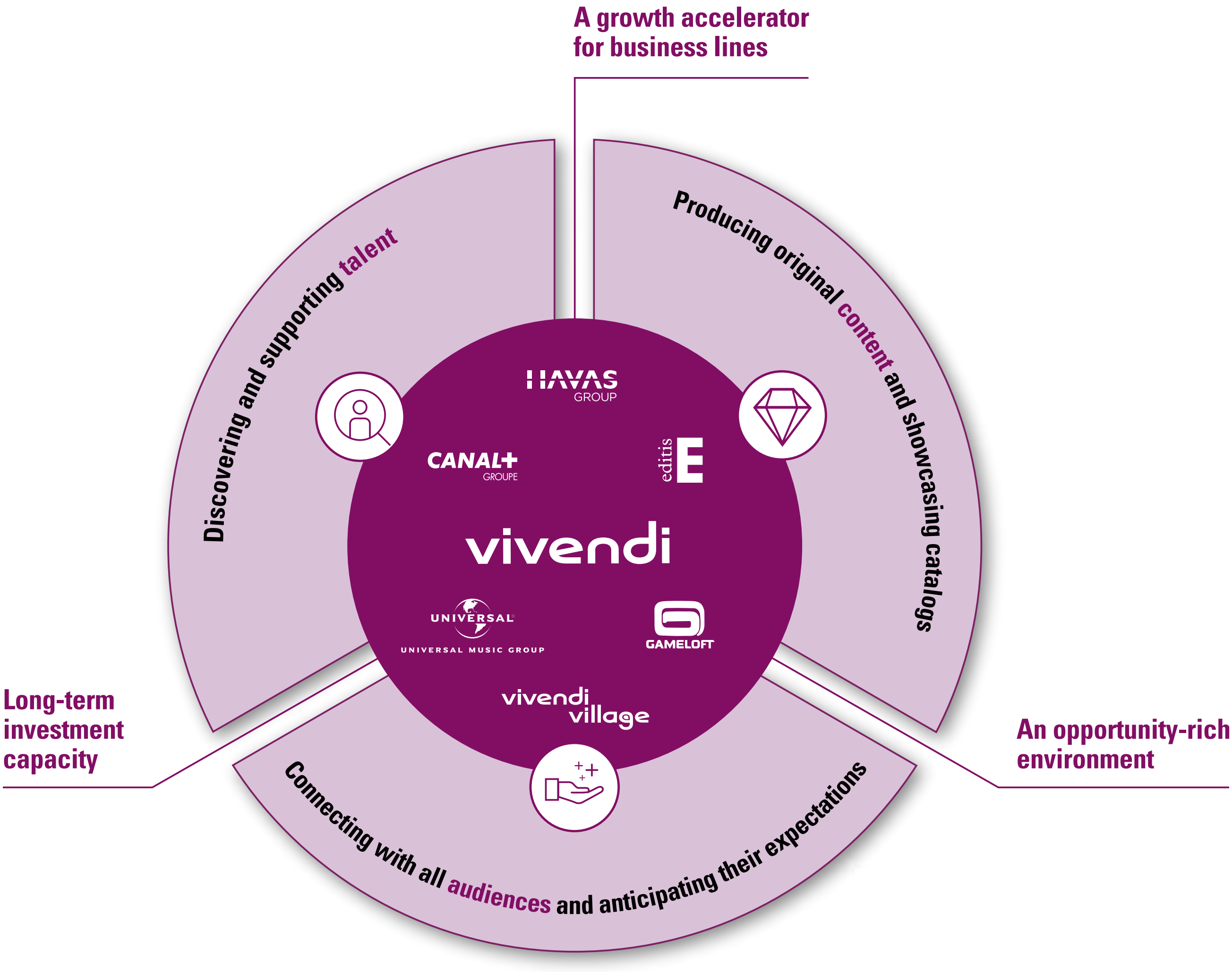
- scouting and supporting talent;
- producing original content and showcasing catalogs; and
- connecting with all audiences and anticipating their expectations.

Each business line translates these objectives into performance drivers that are measured by key indicators.

Belonging to the Vivendi group bolsters this performance model through the contributions described above (see Section 2.3.1).

The group's businesses are firmly rooted in their local environment. This is reflected in their investment decisions and relations with talent and audiences, based on insight gained into local tastes and close work with local creative ecosystems. This involvement is balanced with a capacity to promote artists and broadcast their work on an international scale, providing them with exposure to a wide audience.

As a European group with global ambitions, Vivendi applies this model to set itself apart on the international entertainment market.



2

Discovering and supporting talent

The ability to identify and guide talented people who will enhance the originality of the group's content and services and cater to audience tastes is a key factor driving Vivendi's performance. This objective is the focus of dedicated multicultural teams who analyze artistic, social and technological trends, build trusted relationships with innovative creators, support talent incubator programs and draw on multiple methods of talent discovery and entry points into the group. Internal talent development programs contribute to maintaining and updating this expertise, and to creating an environment that promotes entrepreneurship.

Experienced creators and up-and-coming talent alike receive tailored support throughout each stage of their development from specialized teams who adapt equally well to a budding artist as they do to a seasoned professional. This global, diversified career management approach goes beyond promoting the content created. It also extends to participation in promotional events, audiovisual and film rights management, brand partnerships and fan base management. Fostering the loyalty of creative talent stems from, among other assets, the group's ability to unlock potential development throughout the value chain of its businesses.

UNIVERSAL MUSIC GROUP

- Scouting for the most talented artists across all musical genres by labels and their A&R teams
- Adapting to each artist's individual approach (e.g., comprehensive partnerships, music services deals and distribution through Spinnup) and giving local artists a global arena through the group's international marketing network
- Providing world-class resources beyond recorded music and music publishing: e.g., merchandising, licensing, audiovisual rights and social media management, touring and brand partnerships

€4.1 billion in investments for artist development
More than 188,000 agreements with songwriters

CANAL+ GROUP

- Forming teams dedicated to spotting talent and analyzing entertainment trends
- Supporting talent incubator programs and developing training that aims to unleash the potential of young screenwriters, authors and journalists
- Offering multiple opportunities for talent to develop through exposure on the group's various platforms and formats, such as TV shows, movies and TV series

Nearly 600 co-financed and pre-purchased works
Support for **over 40** debut and second films
Almost 600 hours of training provided for talent outside mainland France, particularly in Africa

HAVAS GROUP

- Multidisciplinary and multicultural teams that understand consumer tastes and are capable of bringing complementary expertise in terms of strategy, creativity and data
- Unique, differentiating expertise in strategic and creative consulting to support agency and brand reputations
- Integrated talent management on a global scale
- Programs to develop talent and collaborative work methods

79% of employees confirm a feeling of belonging to their agency or group *(HavaSay survey)*
3 talent programs and **167** participants *(NextGen, Femmes Forward, Lofts)*
BETC named Adweek's International Agency of the Year in 2019

editis

- Scouting and developing talent while offering them new opportunities to express themselves and interact with readers
- Multiple channels for identifying authors and illustrators
- Internal expertise in supporting authors, publishers and retailers

6 Editis authors in the top 10 bestselling authors in France

GAMELOFT

- Identification of artists and technical profiles with the skills needed to create an innovative, high-quality gaming experience
- Multicultural talent able to produce relevant content attuned to local needs and player preferences
- Support for internal talent to enable individuals to adapt to new environments for game distribution

17 studios in America, Europe and Asia
68 nationalities represented in the workforce
Over 19% of employees are under the age of 26

vivendi village

- Capacity to give artists exposure to a broad audience at festivals owned or produced by the group
- Development of a diversified portfolio of experienced and up-and-coming musicians and comedians for support services in the production of live shows
- Prestigious venues that attract a broad range of artists and creators

19 festivals owned or produced by Olympia Production and U Live
75 music artists and comedians produced by Olympia Production
More than 300 shows hosted at L'Olympia

Producing original content and showcasing catalogs

The group's production resources – ranging from video game development studios, writing workshops, film and recording studios – are instrumental in helping talent make their creative projects a reality. They can also draw on the wide range of expertise available to them for professional guidance throughout the creative process, thus benefiting from the businesses' significant investment in producing and developing artistic works in France and abroad.

The group's catalogs are among its prime assets. The content of these catalogs reflects the diversity of the music, literary, film and video game collections available through Vivendi. Maintaining this wealth, quality and originality is a constant challenge crucial to developing the loyalty of existing audiences and attracting new audiences with local content that matches their sensibilities. The group can also provide multiple and diverse opportunities for promoting and disseminating works to extend their life (as well as their intellectual property rights) by adapting them to new formats and environments for distribution. The management of creative works includes protecting rights attached to them and implementing measures to safeguard them against piracy and counterfeiting, which could adversely affect the value of titles and works contained in the group's catalogs.

UNIVERSAL MUSIC GROUP	• Leveraging the combined strengths of UMG's labels and publishing business to bring artists, songwriters and producers together to work on musical creation • Prestigious labels and timeless catalogs with a unique repertoire of genres and content where investment in local artists is key • Promotion of IP rights (e.g., for films, advertisements, new media) and production of audiovisual content for iconic artists • Investments in technology to make music searches more fluid on streaming services and voice-activated devices	**61%** of UMG's sales accounted for by local repertoires in their own countries **57%** of UMG's digital sales generated by its catalog (works marketed for more than three years) **More than €9 million** supporting the conservation and digitization of the UMG's archive
CANAL+ GROUP	• Investment policy in local content in every country where the group operates • Studiocanal's promotion and management of Europe's largest heritage film catalog, with 6,000 titles from more than 60 countries • Worldwide exposure of content due to broadcasting group channels in 40 countries and through the Studiocanal distribution network	**€3.2 billion** devoted to financing programs, of which **over 50%** spent on programs produced locally **€400 million** invested in French and European cinema **212** films restored or digitized by Studiocanal
HAVAS GROUP	• Campaigns designed to create value in a differentiated way, by helping brands give meaning to their products and services • Common methodology shared by creative, media and health & wellness agencies to give brands added value • Award-winning campaigns (recognition of creative reputation) and social-impact campaigns • Havas's positioning as a specialist in the convergence between communication and entertainment	**Over 1,000** awards received by Havas campaigns at festivals (e.g., *The 9'58 Biography,* by BETC and Havas São Paulo; *Ecoparking,* by Havas PR Spain) **106** pro bono campaigns
editis E	• Leading brands that can address the widest possible audiences • Recognized quality in the creation of educational content and teaching innovation • Promotion of copyright across the entire entertainment value chain • Maximization of the value of collections, in particular through the management of fan communities	**4,000** new works published Editis **No. 1** in thrillers, history, textbooks and influencers, and **No. 2** in literature, children's books, leisure/practical guides and tourism
GAMELOFT	• Extensive catalog of mobile games covering multiple genres accessible from all platforms to offer an original experience or a universe derived from partnerships with major international franchise owners • Marketing of back catalog and update of successful games • Diversification of products and services: sale of advertising space in mobile apps, mobile e-sports and creation of the Asphalt Esports Series	**65%** of the catalog represented by games under directly-owned IP rights **42%** of spending invested in production costs to develop the portfolio and game quality
vivendi village	• Acquisition and promotion of high-potential intellectual property (e.g., *Paddington* franchise) • Collaboration established between the group's live activities and media to support content creation (e.g., adapting the L'Olympia brand to a Canal+ channel for live entertainment; broadcasting sports competitions organized by Vivendi Sports on Canal+)	**More than 1,000** shows produced by Olympia Production **Over 600,000** viewers for the Olympia Awards on C8 **197** franchise agreements for *Paddington*

2

Connecting with all audiences and anticipating their expectations

Being able to offer differentiated content and services that meet the expectations of the widest possible audiences is a key performance driver for Vivendi. The group's audiences vary from fans of music, sports and television series to gamers, film-lovers, readers and educators. To connect with them effectively, Vivendi develops multiple interaction points and distribution channels, drawing on its infrastructure (platforms, TV channels, live performance venues, etc.) and partnerships with digital and telecom operators.

To provide offers that best meet user expectations, the group invests in innovative analysis and recommendation programs. These programs aim to better steer users to its catalogs, offer relevant advertising campaigns and guide resellers in their sales strategy. The group's expert understanding of shifts in trends and consumer expectations in the market segments is critical in supporting the performance of its business lines as well as its partners and client brands. By setting up organizational structures and customer service teams for retail consumers, businesses and brands, the group can better meet their needs now and in the future.

Universal Music Group	• Strategic global and local partnerships with streaming platforms and social networks • Management of fan bases and development of interactions between fans and artists (e.g., social media, events and merchandising) • "Artists insight, consumers insight, brands insight" data analysis strategy to better understand artists and meet audience and brand expectations more effectively • Collaboration with start-ups and technology partners to anticipate and support the ways in which music will be enjoyed in the future	**More than 400** partnerships with digital platforms Digital sales account for **66%** of recorded music sales Presence in **nearly 60** countries
Canal+ Group	• Innovative and attractive user experience offered by myCanal, France's first OTT media app and the only solution covering all audiovisual consumer options • Aggregation of quality third-party offers to increase subscribers' access to key audiovisual creations at an affordable price • Aggregation of cultural works beyond the audiovisual space (e.g., ebooks, press and music) • Increasingly international subscriber base (e.g., Europe, Africa and Asia)	**Over 90,000** training hours provided for partners (customer service representatives, distributors and installation technicians) in France and abroad **65%** of subscribers using the group's on-demand services in France (December 2019) **8.8 million** titles viewed in press offerings
Havas Group	• Agile structure to engage in a customer-centric strategy • Integrated custom-designed multi-service offer covering complementary skill sets from the Creative, Media and Health & You networks to cover all client needs • Dedicated Route 66 program to coordinate and measure the degree to which villages are integrated in terms of shared resources, joint offers and revenue generated by clients served by different entities • Recognized market studies (e.g., Prosumers Report and Meaningful Brands)	**More than 60** villages on **5** continents **54** clients in the top 100 shared with Creative, Media and Health & You activities generating **35%** of net income **More than 160** competitions won thanks to the collective success of the Route 66 program **23** clients in the top 50 **loyal** clients since 2010 with net income up **38%**
Editis	• Custom distribution and broad array of services offered to Editis and third-party publishers • Disruptive manufacturing model based on an integrated supply chain and on-demand digital printing solution to create a virtuous economic and eco-friendly circle • Support for the educational community in implementing programs and updating teaching methods	**3 million** books printed with the Copernics printing solution **11 million** textbooks in use at secondary education establishments
Gameloft	• Multi-channel distribution approach (app stores and telecom operators) that contributes to profitability by providing multiple options for accessing games • Support in developing subscription-based distribution models (services for mobile operators, Apple Arcade, cloud gaming) • Data research and development program to improve the gaming experience and target advertising to improve performance	**72%** of revenue generated by OTT distributors (app stores) and **16%** by telecom operators **9 million** daily active players **12%** of total revenue from advertising
Vivendi Village	• Consolidation of a global ticketing network to provide access to live entertainment and a customer experience on the cutting edge of innovation via shared technology and services • Development of infrastructure for cultural and sports events in Africa to meet the continent's growing demand for entertainment • Expertise and original content developed for brands seeking new forms of expression	**Nearly 30 million** tickets sold and **10,000** show promoters served by See Tickets in 9 countries **Nearly 700,000** movie seats sold by CanalOlympia

SECTION 3. BUSINESSES – FINANCIAL COMMUNICATION – TAX POLICY AND REGULATORY ENVIRONMENT

1. Niska
2. Clara Luciani
3. Taylor Swift

3.1. Businesses

3.1.1. MUSIC

Music is Vivendi's most significant asset by revenue. Its flagship subsidiary, Universal Music Group (UMG), is a driving force in the global music industry, recording its fifth consecutive year of growth in 2019. UMG is a dynamic company that discovers countless talents each year and is constantly adapting to new music consumption patterns.

UMG is home to the greatest local and international artists, which span all genres and time. They include The Beatles, The Rolling Stones, U2, Andrea Bocelli, Lady Gaga, Taylor Swift, Queen and Helene Fischer. It also boasts some of the biggest artists of the year: Billie Eilish, Post Malone, Ariana Grande, J. Balvin, Halsey, Lewis Capaldi and Shawn Mendes.

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

The recorded music business is dedicated to the discovery and development of artists, marketing and promoting their music across a wide array of formats and platforms. UMG is also expanding into other areas such as live events, sponsoring, podcasts, film and television.

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

The merchandising business produces and sells artist-branded and other branded products. Products are marketed through multiple sales channels, including fashion retail, concert touring and direct Internet sales. Its activities also extend to other areas, such as brand rights management.

3.1.1.1. Recorded music

Discovering and developing talent

UMG's recorded music business is dedicated to the discovery and development of artists, and the marketing, distribution, sales and licensing of audio and visual content.

With a diverse range of labels and a global presence in more than 60 countries covering 180 markets, UMG is the world's largest recorded music company and the leader in many major music markets, including the United States, the United Kingdom, France and Germany.

UMG has licensed local and global streaming platforms to help establish legal music markets in countries that have not traditionally been major markets for recorded music sales, such as the BRIC countries (Brazil, Russia, India and China), Latin America, Africa, the Middle East and Eastern Europe. These partnerships have led to greater investment in developing local talent and have helped make music more accessible to fans.

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

In 2019, UMG's best sales were made by major international artists including Post Malone, Taylor Swift, Ariana Grande and Queen, rising stars such as Billie Eilish and Lewis Capaldi, and successful local artists such as Angèle and Nekfeu in France, Rammstein and Sarah Connor in Germany, Back Number and King & Prince in Japan, and J Balvin and Karol G in Latin America.

In 2019:

- a UMG artist took the top spot on five major platforms (Amazon, Apple, Deezer, Spotify and YouTube), with a different artist on each (Taylor Swift, Billie Eilish, J Balvin, Post Malone and Daddy Yankee);
- UMG records took the first four spots on the Spotify global charts, four of the top five albums were by UMG artists, and four of the platform's five most widely streamed artists of the decade signed with UMG (Drake, Post Malone, Ariana Grande and Eminem);
- in the United States, UMG produced seven of 2019's top ten singles and albums, and the three top-selling artists on the Billboard Charts were UMG's (Post Malone, Ariana Grande and Billie Eilish);
- in the United Kingdom, five of the ten best-selling singles and albums of 2019 were by UMG artists, including the single *Someone You Loved,* by Lewis Capaldi, as well as his debut album, both topping their respective charts;
- in Germany, the top two albums were released by UMG artists, i.e., Rammstein and Sarah Connor;
- France's two biggest-selling albums in 2019 were by UMG artists Angèle and Nekfeu;
- in Japan, two albums by UMG artists made it into the top five (Back Number and King & Prince); and
- Universal Music Latin America accounted for three of the five most widely watched music videos on YouTube worldwide.

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

Supporting new trends

With fans increasingly connected through mobile devices, recorded music consumption is reaching unprecedented levels. While UMG's products continue to be sold in physical form, which remains very significant in certain markets, most music consumption has now shifted from an ownership model whereby consumers purchase vinyls, CDs or downloads, to an access model that includes subscription and ad-supported streaming formats. Streaming is revolutionizing the listening experience for music lovers around the world and transforming the recording industry.

The strong growth behind subscription and ad-supported streaming in 2019 stems from a competitive and healthy market. UMG is playing a very active role in promoting the continued development of new digital services and consumer offerings. In total, UMG licenses more than 400 digital services around the globe. The dawn of subscription-based and ad-supported streaming services has created a legal supply of music in markets with few stores that were previously dominated by piracy.

In 2019, UMG strengthened its activities in Southeast Asia by opening a regional headquarters in Singapore. It will soon open an office in Vietnam. In addition, UMG has significantly developed its recorded music activities in the region, with the launch of two new label divisions: Def Jam South East Asia, which specializes in the region's hip-hop scene, and Astralwerks Asia, a label that seeks to encourage Asian talent, especially in the field of electronic music.

UMG has also announced its intention of extending its focus and commitment to local languages and national genres, notably through the launch of Ingrooves and Spinnup in Southeast Asia, which will help expand the range of marketing and retail services UMG offers to artists, labels and independent talents throughout the region. Moreover, UMG has partnered with AirAsia Group to launch RedRecords, a label that will sign contracts with emerging Asian artists, thereby reaffirming its goal of giving K-pop global reach.

The group is also extremely active in developing new sources of revenue, including through consulting, advertising and sponsoring agreements, as well as through the production and development of audio and audiovisual content.

Universal Music Group & Brands (UMGB), a specialist in brands, strategic partnerships, brand content, events and experiences, social networks and media, continues to develop projects with partners in more than 70 countries and across a variety of industries, including consumer goods, airlines, carmaking, banking, hospitality, luxury and telecommunications.

Offering a single entry-point to the complex world of entertainment, UMGB helps its clients define strategies to improve their voice in music and culture, increase audience reach and build brand awareness and differentiation to drive long-lasting engagement with customers and fans.

1. Vitaa & Slimane
2. BTS

UMGB's original approach to brand marketing brings together fans, brands and culture.

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

3.1.1.2. Music publishing

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

UMPG licenses musical compositions for use in sound recordings, films, television, advertisements, video games, concerts and other public performances. It also licenses compositions for use in printed sheet music and song portfolios.

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

UMPG owns and controls a vast catalog of original music and arrangements and works closely with studios and production companies to offer this music for use in films, television, advertising and new media industries as an alternative way of utilizing the license.

The company's global publishing catalog contains more than three million owned and administered titles, including some of the world's most popular songs. Major songwriters and artists whose works are represented include ABBA, Adele, André Rieu, Ariana Grande, Axwell & Ingrosso, The Beach Boys, The Bee Gees, Billie Eilish, Billy Joel, Britney Spears, Bruce Springsteen, Carly Simon, Coldplay, Demi Lovato, Diane Warren, Dua Lipa, Elton John, Eminem, Florence and the Machine, Gloria and Emilio Estefan, Halsey, Harry Styles, HER, Imagine Dragons, Irving Berlin, Jack White, Jacques Brel, J Balvin, The Jonas Brothers, Justin Bieber, Justin Timberlake, Kane Brown, Keith Urban, Linkin Park, Mariah Carey, Maroon 5, Metro Boomin, Miguel, Mumford & Sons, Neil Diamond, Nick Jonas, Nicki Minaj, Otis Redding, Paul Simon, Pearl Jam, Post Malone, Prince, Quavo, Red Hot Chili Peppers, R.E.M., Romeo Santos, Sam Hunt, Selena Gomez, Shania Twain, Shawn Mendes, SZA, U2 and Zedd, among many others.

In 2019, UMPG signed partnerships with a multitude of talents ranging from legendary artists to today's superstars and promising names: Rosalía, Alicia Keys, Maren Morris, DaBaby, Logic, Idris Elba, Tierra Whack, Lil Baby, Lil Tecca, City Girls and Kris Wu, among many others.

In 2019, UMPG also entered into landmark agreements, signing new contracts with Amazon, MGM, Paramount and Viacom, and thereby further consolidating its position as the premier music publisher for film and television studios. These successes add to existing relationships with other studios, including Disney, DreamWorks, DreamWorks Animation, HBO, Legendary Pictures, Lionsgate, MarVista Entertainment, NBC, Sesame Workshop, Universal Pictures and Warner Bros. Pictures.

3.1.1.3. Merchandising

Bravado is UMG's wholly-owned, global, full-service merchandise and brand-management company. It works closely with new and established artists as well as both longstanding and more recent entertainment clients to create comprehensive campaigns that include innovative products, partnerships and promotion. Merchandise is sold internationally through various channels, including in-store retailers, direct online retailers for tours and limited-edition retail experiences. Bravado also licenses rights to an extensive global network of third-party licensees.

With offices located in the world's main markets, Bravado leverages UMG's global network to provide services including sales, licensing, branding, marketing, e-commerce and creative resources, and to devise innovative cultural experiences for fans throughout the world.

Its client roster includes artists such as Aerosmith, Ariana Grande, Billie Eilish, Blackpink, Bob Marley, Elton John, Guns N' Roses, Justin Bieber, Kanye West, Kiss, Lady Gaga, Queen, Selena Gomez, Taylor Swift, The Rolling Stones, Shawn Mendes, The Weeknd, The Who and Travis Scott.

3.1.1.4. Regulatory Environment

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

In the United States, the implementation of the Music Modernization Act (MMA) continued in 2019, notably through work aimed at establishing the Mechanical Licensing Collective (MLC) system to manage the new general licenses for streaming musical works, and the filing with the US Copyright Office of documents establishing ownership by record companies of sound recordings made before 1972.

In Europe, progress was made on implementing the European Union's Directive on Copyright in the Digital Single Market. Several of the EU's member States have issued questionnaires to stakeholders on topics related to the implementation process, and some have started drafting implementing laws. Member States must enact implementing laws by June 7, 2021 (except for the implementation of the Directive's "transparency" provisions, for which the deadline is June 7, 2022).

3.1.1.5. Piracy

Piracy is an issue that materially harms the music industry and impedes the development of new business models. The findings of the 2019 IFPI *Music Listening* report show that it remains a major problem, with 27% of consumers violating copyright to listen to or obtain music (38% of 16-24-year-olds). Stream-ripping is the most widespread form of copyright infringement, practiced by 23% of consumers and by 34% of 16-24-year-olds. Working in liaison with the rest of the music industry and other entertainment sectors (including the movie and video games industries), UMG takes a multi-pronged approach to combating piracy, which includes:

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

3.1.1.6. Competition

The profitability of any record company depends on its ability to attract, develop and promote recording artists, the public's acceptance of those artists and the success of its recordings. UMG competes with other major record companies for creative talent that includes both new and established artists. It also faces competition from independent labels, and to a lesser extent, from certain distribution platforms.

The music industry also competes with apps, video games and films for consumer leisure spending. In addition, the recorded music business continues to be adversely affected by piracy, particularly in the form of illegal downloading and stream-ripping from the Internet (see Section 3.1.1.5 "Piracy" above).

3.1.1.7. Research and Development

As the industry continues to evolve, UMG works to maximize opportunities for digital distribution by partnering with both established and emerging digital businesses. It also actively works to protect its copyright and those of its artists against unauthorized digital or physical distribution.

In addition, UMG continues to pursue new ways to capitalize on the digital transformation of the industry, including using data that were previously unavailable in the physical business to help its artists better analyze consumers' listening habits. In this respect, UMG launched the Universal Music Artists (UMA) app, which allows its artists and their managers to implement follow-up on all levels, from audio and streaming activities to performances on social networks. The app can also be used to display personalized and aggregate information based on data from Spotify, Apple Music, Amazon and YouTube.

3.1.2. TELEVISION AND MOTION PICTURES

Canal+ Group is a major player in television and cinema in France and abroad. It is a leader in the production, bundling and distribution of first-run, pay-TV movie channels and themed channels in France, Africa, Europe (Central and Eastern Europe, especially Poland) and Asia (Vietnam and Myanmar). Through its StudioCanal subsidiary, Canal+ Group is also the European leader in the production and distribution of feature films and TV series.

The group is committed to offering subscribers the best content and services in terms of first-run exclusiveness, quality, mobility, consumer choice and customization.

Canal+ Group has a total of 20.3 million subscribers worldwide, including nearly 12 million outside France.

3.1.2.1. Pay-TV in France

3.1.2.1.1. Programming Activities

Canal+ channels

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

- a general-interest channel (Canal+) showing movies, sports, drama, documentaries, entertainment programs, as well as children's and discovery programs; and
- five specialized premium channels (Cinéma, Sport, Family, Décalé and Séries) featuring their own programs.

In 2019, Canal+ Group strengthened the main pillars of its editorial line: sports, drama and movies.

2019 was a year filled with announcements and major sporting events on the group's channels, with the return of the English Premier League, Conforama Ligue 1, Domino's Ligue 2, Arkema D1, FIFA Women's World Cup, Top 14, Formula 1™, MotoGP™, FIBA Basketball World Cup, EuroBasket Women 2019, golf and boxing.

In addition to broadcasts of the top three Ligue 1 matches in each round and a large range of Ligue 2 matches, the D1 (women's division) entered the programming each week. The broadcast of the entire Women's World Cup football in June was also a clear success.

At the end of 2019, Canal+ won exclusive rights from UEFA to broadcast the two premium Champions League series for three seasons from 2021, the two best matches of each round of the Champions League, and the best match of each round of the Europa League.

Canal+ Group also obtained the exclusive sublicense of the 2020-2024 Ligue 1 football rights held by beIN Sports, allowing Canal+ to broadcast two matches from each round, including 28 of the 38 best Ligue 1 matches in each season, starting next season (2020-2021).

In addition to rugby, with the complete broadcast of the Top 14, the best Pro D2 match, the Rugby Championship and Super Rugby, the group's other main drawcard remained motor sports, with Formula 1 and its audiences growing year on year, the arrival of the MotoGP World Championship, Formula E, Indy Car Series, the World Championship and the French Rally Championship.

The group also has a comprehensive golf offer, allowing fans to follow the European Tour and the PGA Tour, the Majors, the World Golf Championships, the final of the Race to Dubai, the Open de France and the Évian Championship.

Subscribers also discovered the *Match of ze day* and *King of ze day* panel shows dedicated to the Premier League. Sporting news and competitions were accompanied by the following headline shows: *Canal Football Club*, the reference in Ligue 1 football, *Canal Rugby Club*, and *Canal Sports Club*, which covers all sports news. Other iconic shows continued to be a hit with subscribers, from *Jour de Foot* to *Jour de Rugby* and the *Late Football Club*.

Major sporting news and documentary programs continued to emerge during the year, with high-quality features on *Intérieur Sport*, *Sport Reporter* and *Invisible*, plus a feature-length documentary on racism in football with *Je ne suis pas un singe,* by Olivier Dacourt.

Football will remain firmly in the spotlight in 2020 with the Premier League broadcast on the Group's channels. Lastly, the rights to the Formula 1™ World Championship have been extended until 2022.

Canal+ Group is also highly praised for the quality of its works of fiction. Acclaimed by critics and subscribers alike, the *Créations Originales* ("original programming") are particularly representative of the quality of content offered on the group's channels, while their scripts contribute to refreshing the genre in France.

In 2019, the *Créations Originales* continued to be a success and remained central to Canal+ Group's editorial line. This year, various premieres brought together talents from across the board: *Vernon Subutex,* with Romain Duris as the main protagonist, political thriller *Les Sauvages,* by Sabri Louatah and Rebecca Zlotowski, which received the Prix du Syndicat Français de la Critique de Cinéma for the best series of 2019, and *La Guerre des mondes*, the first science-fiction series under the *Créations Originales* label, starring Gabriel Byrne, Léa Drucker and Adel Benchérif. In comedy, Camille Cottin played the starring role in *Mouche,* and Éric Judor returned for season 3 of *Platane*. *Engrenages* confirmed its success with season 7 and was the first *Création Originale* to be the subject of a podcast collection, giving a behind-the-scenes look into this flagship Canal+ series.

Canal+ also stocked up on prestigious foreign series including *Catch-22*, with George Clooney in front of and behind the camera, *Years and Years*, Russell T Davies's critically acclaimed dystopia, *The Twilight Zone – The Fourth Dimension*, the must-see series by Jordan Peele, the new master of suspense, and *Catherine the Great*, the historic mini-series starring Helen Mirren.

In 2019, Canal+ launched a series of streaming offers on the Canal+ Séries platform, with a catalog combining several hundred series including *Création Originale de Canal+* staples and the best international series, including first runs such as *Deadly Class*, a series adapted from the eponymous graphic novel, and season 4 of *Gomorra*.

In addition to series, cinema again enjoyed pride of place on the Canal+ channels. In 2019, 451 films were broadcast on Canal+ and 612 on the other channels. *Taxi 5, Avengers Infinity War, Black Panther, Nicky Larson* and *Le Grand Bain* delivered some of the best audiences.

In 2019, Canal+ Group finalized an interprofessional agreement with film industry representatives for its Ciné+ themed channels, following the agreements on media scheduling and Canal+ Cinema agreements signed in 2018.

In addition to the programs only accessible to subscribers, Canal+ broadcasts free-to-air programs accessible to all viewers every day.

1. *Création Originale, La Guerre des mondes*

2. Canal Rugby Club

Each evening throughout the week, the premium channel offers *L'Info du vrai, le mag*, a talk show devoted to social and cultural news, presented by Isabelle Moreau. It is followed by *L'Info du vrai*, the Canal+ current affairs show hosted by Yves Calvi, before the new feature for the 2019 season, *Clique*, presented by Mouloud Achour. *Clique* talks about anything and anyone, with exclusive interviews, reports and comedian appearances. On Saturday evenings, *Groland* is back in a new season featuring Michael Kael, Francis Kuntz and Gustave de Kervern. Two new shows were launched on Sundays: *Poulpovision*, a hybrid concept halfway between feature interview and variety show with improvisation and circus performers, presented by Monsieur Poulpe, and *Les Reporters du Dimanche*, where Cyrille Eldin takes to the streets to meet with public figures or members of the public.

Themed channels

Alongside the premium channels, Canal+ Group produces about 20 pay-TV themed channels covering the main television genres, such as movies with the Ciné+ channels, discovery with Planète+, sports with Infosport+, and children's programming with Piwi+ and Télétoon.

In 2017, Canal+ Group launched Polar+, a police drama channel offering the best selection of movies and classic and original series in the genre from around the world. In 2018, in cooperation with Universal Music Group, it created Deutsche Grammophon+, a channel based on the prestigious catalog of the classical music label, with high-resolution sound recordings and, for the first time, Dolby Atmos surround sound. In November 2018, the Group also launched CliqueTV, a new-generation general-interest channel offering music, discussion, reports, video games and comedy shows. Since 2018, 12 Ciné+ digital channels have been launched: Ciné+ 80's, Ciné+ Romance, Ciné+ Asie, Ciné+ British, Ciné+ Comédie, Ciné+ Animé, Ciné+ de Quartier, Ciné+ Horreur, Ciné+ Crime, Ciné+ Western and, more recently, Ciné+ Italie and Ciné+ 90's. November saw the debut broadcasts of the Hello channel, which offers top original European and international LGBTQ+ creations. More recently, the Olympia TV channel was launched in January 2020. With the Olympia brand being a guarantee of quality, the channel offers the best in live performance, with a different theme each evening: contemporary theater, pop/rock concerts, modern circus, magic, musical performances, humor, classical theater, opera or ballet, in addition to mythical, cult or international concerts.

3.1.2.1.2. Distribution

Canal+ Group is a leader in the bundling and distribution of pay-TV offerings.

The bundles are marketed in France, with or without minimum subscription periods, under the Canal brand, including the Canal+ channels and all of the themed channels. Subscribers build their bundles around Canal+, which serves as the gateway for the entire Canal range. Depending on their preferences, subscribers can add themed packs, with movie or series channels and/or sports channels.

Via the myCanal platform, the channels and content of the Canal offer can be accessed live or on demand, making myCanal the most comprehensive platform for content streaming or downloading.

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

They are marketed directly by the group through a network of nearly 2,000 sales outlets operated with retail partners (big-box stores, specialty stores and telecom operator agencies).

Canal+ also markets some of its bundles and themed channels via ISPs, which include them in their own pay-TV or triple-play packages. The group has distribution agreements with Free, Orange, SFR and Bouygues.

In September, Canal+ Group and Netflix announced a partnership including the bundling of Netflix into the Canal+ offers. Since October, Canal+ subscribers choosing the Ciné/Séries pack have had access to the Canal+ premium channel and Netflix in a single subscription.

In December, Canal+ Group announced a strengthening of its longstanding partnership with The Walt Disney Company France. The agreement gives the group exclusive rights to the distribution of Disney group channels and services, the first TV release of films made by Disney and associated studios, including Pixar, Marvel, Lucas Films and 20th Century Fox, and also makes it the exclusive distributor of the new Disney+ streaming service in France.

Canal+ Group also announced an exclusive distribution agreement for the beIN Sports channels from June 1, 2020. Under the terms of this agreement, Canal+ also obtained the exclusive sublicense of the 2020-2024 Ligue 1 football rights held by beIN Sports, allowing Canal+ to broadcast two matches from each round, including 28 of the 38 best Ligue 1 matches of each season, starting next season (2020-2021).

With 8.4 million subscribers in mainland France as of December 31, 2019, Canal+ Group boasts the largest portfolio of pay-TV customers. This figure includes 3 million customers from partnerships with telecom operators.

1. *Venise n'est pas en Italie*
2. *Kings of Thieves*

3.1.2.1.3. Digital Services

Canal+ Group is a pioneer of digital technology and new television services in Europe, led by its myCanal platform and its multi-screen delivery.

myCanal gives subscribers access to content from all Canal+ offers, live or on demand, through a single point of entry. The platform offers direct access to the Group's channels and the 150 themed channels available. It also allows users to watch thousands of programs at any time in French or the original language. myCanal is available on PC, Mac, all smartphones and tablets (iOS, Android, Windows), as well as Apple TV and Android TV. It allows users to watch content on several screens in the same house at the same time, using a single subscription.

Innovation-driven, this Over-the-Top (OTT) service focuses its developments on new features together with image and sound quality. The viewer experience is augmented through a range of features such as "Start Over," which lets viewers go back up to eight hours before the broadcast, and "Multi-Live," which lets them watch up to four shows at the same time and on the same screen. "Airplay" and "Chromecast" let viewers watch a show on a TV screen, while the "Downloading" function allows them to download a program to watch offline. The user interface is now entirely customized, with "Playlist", "Personal recommendation" and "Profiles" functions where everyone can create their own viewing area. myCanal Kids is a space dedicated to children with parental controls. Ultra-HD is available on the platform, and Dolby 5.1 on an increasing part of the catalog. The quality of the experience offered has earned it an "Editors' Choice" on the Apple Store and high ratings from users on the Apple and Google stores.

Today, myCanal ranks as the leading online TV/video media platform in the French market, with an average of 2.3 million individual users each day **(*)**, 15 million per month **(*)** and more than 50 million video hours consumed every month. Its growth outstripped the market, coming in at 43% over the year **(*)**.

3.1.2.2. Free-to-air TV in France

3.1.2.2.1. Free Channel Division

Canal+ Group owns and directly operates three free-to-air channels: C8, CNews and CStar.

C8 is a general-interest channel that appeals to every generation and all types of viewers.

CStar, France's leading music channel for today's generation, is a showcase for musical artists, where they can fully express their talent.

CNews is a 24/7 news channel. It reports the news as it breaks, while capitalizing on the group's strengths, particularly in sports and cultural programming, to stand out in a market where competition continued to intensify this year.

These three channels, broadcast via DTT, are also included in the TV packages of satellite, ADSL, cable and other television operators. All of their revenue is derived from advertising.

3.1.2.2.2. Advertising Agency

Canal+ Brand Solutions is Canal+ Group's multimedia advertising agency and a wholly-owned subsidiary.

In 2019, it began marketing RTL9 and CliqueTV, and also announced the arrival of the Eurosport and Discovery channels and the Eurosport platform from January 2020.

Canal+ Brand Solutions offers 36 TV, digital and cinema media brands, allowing advertisers to manage their brand emergence and cementing its position as the market's third-ranking TV advertising agency.

2019 also saw the group leverage its data potential, with the roll-out of new innovative offers:

- CanalxChange: a data planning offer featuring solutions for closer targeting of brand performance indicators; and
- Canalytics: a solution to measure campaign impacts.

These offers prefigure the launch of personalized television in France in 2020 (subject to changes to the regulations), providing advertisers with new ways of targeting viewers via TV boxes, such as geolocation (for local or regional advertisers) or more granular data segmentation. Canal+ Group boasts key assets for the development of personalized television, both as a publisher and an operator.

3.1.2.2.3. International Pay-TV

Canal+ Group's pay-TV operations outside France are being expanded via its Canal+ International subsidiary, which has a total of nearly 12 million subscribers spread across Africa, Europe, Asia-Pacific, the Caribbean and the Indian Ocean.

Africa

Canal+ Group has operated in Africa for over twenty-five years. It operates in more than 25 countries, through 13 subsidiaries and more than 30 partners and distributors, and through a network of nearly 5,000 outlets. With its Canal+ bundles offering more than 200 channels, radio stations and

(*) Source: Médiamétrie, November 2019.

services, the group is the leading pay-TV operator in French-speaking Africa, with more than 4.9 million subscribers at year-end 2019.

The group delivers 23 channels specifically for Africa (including 17 premium Canal+ channels) and finances dedicated programs (such as *Invisibles*, the group's first original series launched in 2018 and winner of the prize for the best foreign series at the Festival de La Rochelle, as well as programs such as *Le Parlement du rire*, *Réussite* and *Talents d'Afrique*). It also produces A+ (the African series channel) and its offshoots A+ Ivoire (a free channel on DTT in Côte d'Ivoire) and Nollywood TV.

Canal+ Group is also rolling out a DTT offer under the Easy TV brand name in several African countries.

In 2019, the group acquired ROK Studios (taking over production activities, content distribution and delivery of the IrokoTV channels), positioning itself as a major player in Nollywood, the Nigerian film industry.

Canal+ Group also distributes Canalbox, an ultra-high-speed fiber Internet offer in partnership with Group Vivendi Africa (GVA), in Togo, Gabon and the Congo. GVA applies Vivendi's expertise and experience to bring fiber-optic Internet connections to as many households and businesses as possible in the African countries where the group operates.

Poland

Poland is Canal+ Group's second-largest market, with 2.7 million subscribers as of December 31, 2019.

With its twelve premium Canal+ channels and seven themed channels, it offers the most comprehensive premium television experience in Poland.

The group is particularly well-known for its sports offer, broadcasting major competitions such as the Polish Football Championship, the English Premier League, the LIGA, the Bundesliga, the Champions League and the Europa League, together with some of the most popular sports in Poland, such as speedway, the volleyball Champions League and basketball, with exclusive broadcasting rights for NBA matches.

Movies are another core component, with more than 300 first-run films shown exclusively on Canal+ channels, including exclusive releases from Fox and Universal studios. Under the agreement signed by Canal+ Group, Canal+ Poland has launched the Netflix offer on its subscriber platform. The acquisition of Kino Swiat in 2019 also made Canal+ Group the leading distributor of films in Poland and owner of the largest catalog of Polish films. Canal+ is also involved in local production, with original creations including the hit series *Belfer*, *Zmijowisko*, *The Raven* and *Illegals*.

Since 2016, in addition to TV packages, Canal+ has offered Internet and VoIP services in Poland through a partnership with a mobile virtual network operator.

Canal+ Poland is a trailblazer in terms of innovation. It markets multiplatform offers such as Player+ (an OTT offer in partnership with TVN), as well as Internet and telephony offers (in partnership with Orange), particularly on fiber. It is the only platform in Poland to broadcast live sports and 4K/HDR movies and series via satellite and on connected services.

Asia-Pacific

Canal+ Group operates in Vietnam through K+, a satellite package of local and international channels jointly owned with Vietnamese public television. It has operational control of K+, in which it holds a 49% interest.

The K+ package offers four premium K+ channels produced by the group. It is also available via the myK+ OTT app. The K+ packages are supported by a vast retail network comprising more than 2,300 outlets and 45 proprietary K+ Stores.

Since 2018, Canal+ Group has operated in Myanmar, in partnership with the Forever group, a major player in the country's TV industry. Canal+ offers nearly 80 channels covering all themes, including nine Canal+ channels developed in the Burmese language and showcasing local content (with the original Burmese series *Toxic* and *New Page*, and broadcasting of the Lethwei Burmese boxing championship). The group has opened its own Canal+ Stores and works with an extensive network of local distributors.

In 2019, the group accelerated its development in Asia through strategic distribution partnerships with telecom operators, and cable and IPTV networks.

It has 1.3 million subscribers in Asia-Pacific.

Overseas

The leading pay-TV group in France's overseas departments and territories, Canal+ International subsidiaries operate in the Caribbean (French West Indies, French Guyana and Haiti) and the Indian Ocean (La Réunion, Mayotte and Mauritius). The Canal+ packages comprise the Canal+ channels and more than 200 themed channels, radio stations and services. Canal+ overseas subscribers will also have access to the Netflix offer as part of the global agreement signed by the group.

Through its Canal+ Telecom subsidiary, Canal+ International also markets CanalBox, a triple-play ADSL/Fiber Internet offer coupled with fixed telephony and television.

M7

In September 2019, Canal+ Group finalized the acquisition of operator M7.

M7 is a bundler and distributor of local and international channels, over satellite and OTT platforms. It operates in Belgium, the Netherlands, Austria, Germany, the Czech Republic, Slovakia, Hungary and Romania. As of December 31, 2019, M7 had 2.3 million subscribers. The acquisition marks a major acceleration of the group's international expansion, particularly in Europe.

3.1.2.3. Motion Pictures & Series

Canal+ Group's Studiocanal subsidiary is the European market leader in the production, distribution and international sales of films and TV series. It directly manages theater, video, digital and TV releases in the three largest European markets (France, the United Kingdom and Germany), as well as in Australia and New Zealand. With 6,000 titles from more than 60 countries, Studiocanal manages one of the world's largest movie catalogs, featuring some of the greatest cinema masterpieces.

Committed to producing and distributing films and series combining a profoundly European identity with a capacity to appeal to a global audience, Studiocanal works with the industry's biggest talents (such as David Heyman, Benedict Cumberbatch and Idris Elba) and leading production companies (such as Working Title, Aardman, Blueprint Pictures and The Picture Company).

2019 was a year of transition for Studiocanal, with slightly fewer films distributed than in 2018, including some great successes, such as *Deux moi,* by Cédric Klapisch, *A Shaun the Sheep Movie: Farmageddon,* from Aardman studios and *Venise n'est pas en Italie,* starring Benoît Poelvoorde.

2020 will reflect Studiocanal's eclectic editorial line, which is focusing increasingly on the international market through prestige and family films (live or animated). This will include Anne Fontaine's *Police*, bringing together Omar Sy and Virginie Efira and due to be presented out of competition at Berlinale, *L'Origine du monde*, Laurent Lafitte's debut film, *SamSam,* adapted from the popular children's albums by Serge Bloch, *30 jours max*, a police comedy by Tarek Boudali, *Bac Nord*, a powerful film by Cédric Jimenez starring Gilles Lellouche and François Civil, and *La Boîte noire,* by Yann Gozlan, starring Pierre Niney.

Catalog

Studiocanal has one of the biggest catalogs in the world, with 6,000 films spanning a hundred years of cinema history, including the unmissable *Terminator 2*, *Rambo*, *Total Recall*, *The Deer Hunter*, the classics *Mulholland Drive*, *The Pianist*, some of the biggest French comedies, including *Les Bronzés*, *Le Corniaud* and *La Grande Vadrouille*, and more recent hit films such as *Tinker Tailor Soldier Spy*, *Non-Stop* and *Intouchables*.

Studiocanal is also carrying out an ambitious restoration program. Each year, it dedicates millions of euros to bringing classic films back to life at major international festivals, in highly publicized re-releases and debut releases in new markets.

Masterpieces rereleased in 2020 after 4K restorations include *Basic Instinct,* by Paul Verhoeven, *Elephant Man,* by David Lynch and *A bout de souffle,* by Jean-Luc Godard.

Series

Studiocanal is also a major producer and distributor of television series in Europe. It unites eight production labels in Europe and is the majority shareholder of Germany's Tandem Productions, the European leader in the production and sales of international TV series *(Shadowplay),* the UK's Red Production Company, specializing in high-quality English-language TV series *(Years and Years),* Bambu Producciones in Spain, a high-profile and award-winning Spanish producer *(Las Chicas del cable)* and Studiocanal Original *(Mouche),* the Canal+ Group TV production activity working in synergy with the Canal+ *Créations Originales,* whose expertise is world-renowned.

Studiocanal has also partnered with Scandinavian company Sam Productions (founded by Søren Sveistrup and Adam Price, screenwriter of the series *In the Name of the Father),* British companies Sunnymarch TV (founded by Benedict Cumberbatch), Guilty Party Pictures and Urban Myth Films *(War of the Worlds).*

Studiocanal is supporting these companies in their global expansion, bringing them the expertise of a leading studio in co-production, financing and sales.

3.1.2.4. Regulatory Environment

Pursuant to article 40 of law no. 86-1067 of September 30, 1986 on freedom of communication, no more than 20% of the share capital of a company holding a license for a French-language television service can be held, either directly or indirectly, by non-French/non-EU entities.

Consequently, Canal+ Group, the wholly-owned Vivendi subsidiary that holds 100% of Société d'Édition de Canal Plus (SECP), is authorized to broadcast Canal+ and the C8, CStar, CNews and Planète channels, which are also wholly-owned. The analysis carried out by Vivendi and its legal advisers of the aforementioned law, and the interpretation of them by the *Conseil d'État* (French Council of State) in its Administrative Notice of June 27, 2002, have led Vivendi to conclude that if the combined interests of non-French/non-EU shareholders were to exceed 20% of the share capital or voting rights of Vivendi, which indirectly holds a broadcasting license, this could constitute a breach of the provisions of the aforementioned article 40.

In addition, a single company may, either directly or indirectly, hold seven licenses for national digital terrestrial television broadcasting services. Canal+ Group has four licenses for pay-TV channels (Canal+ HD, Canal+ Cinéma, Canal+ Sport and Planète+) and three for free channels (C8, CNews and CStar).

1. *Deux moi*

2. *Création Originale, Le Bureau des légendes*

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

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

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

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

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

The Canalplay subscription video-on-demand service was closed on November 26, 2019 in favor of a new alternative service known as Canal+ Séries. This offer (pay-per-view video-on-demand and video-on-demand by subscription) is also subject to regulations governing on-demand audiovisual media services. A November 2010 decree sets forth specific requirements relating to investments in the production of audiovisual and film works, broadcasting those works, and advertising rules. Among these requirements is also a decision dated December 2011 of the French broadcasting regulator, the CSA, on the protection of young people and the ethics and accessibility of programming.

Pursuant to a new agreement on media scheduling that prohibits the broadcasting of films within a certain period after theater release, signed on December 21, 2018 by Canal+ Group and extended by a decree dated January 25, 2019, broadcasting schedules are as follows:

- for films available via pay-per-view, video-on-demand and on DVD: a minimum of three months after theater release for films with fewer than 100,000 admissions after their fourth week at the box office and a minimum of four months after theater release for films with more than 100,000 admissions after their fourth week at the box office;
- for movie channels having signed an agreement with film organizations (as is the case for Canal+ and Ciné+):
  - for the first pay screening: a minimum of six months after theater release for films with fewer than 100,000 admissions after their fourth week at the box office and a minimum of eight months after theater release for films with more than 100,000 admissions after their fourth week at the box office,
  - for the second pay screening: a minimum of fifteen months after theater release for films with fewer than 100,000 admissions after their fourth week at the box office and a minimum of seventeen months after theater release for films with more than 100,000 admissions after their fourth week at the box office;
- for free-to-air television channels contributing at least 3.2% of their revenue to film production (as is the case for C8): a minimum of twenty-two months after theater release (or a minimum of nineteen months in the absence of a second pay screening); and
- for subscription video-on-demand films: there are three possible scenarios that depend on the level of contribution of the service to film production. The minimum period varies between the fifteenth month after theater release to the thirty-fourth month after theater release.

On June 30, 2019, Canal+ Group announced the renewal of its agreement on behalf of the Ciné+ channels with the French motion picture industry until December 31, 2022.

3.1.2.5. Piracy

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

1. *Mon chien Stupide*
2. *Création Originale, Baron Noir* season 3

3.1.2.6. Competition

Canalsat/TPS Merger

On July 23, 2012, the French Competition Authority issued a new ruling in which it approved the merger between Canalsat and TPS (after withdrawing approval on September 20, 2011), subject to compliance with 33 injunctions. These injunctions were issued for a five-year period, renewable once.

After reviewing these injuctions, in a decision dated June 22, 2017, the Authority chose to extend or lift certain injunctions and revise others.

The injunctions, primarily related to the acquisition of movie rights, pay-TV special-interest channels, and video-on-demand and subscription video-on-demand (SVoD), all expired on December 31, 2019.

Acquisition of the Direct 8 and Direct Star Channels

On July 23, 2012, as part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), and second approval pursuant to its decision of April 2, 2014, Vivendi and Canal+ Group gave certain commitments for a period of five years, renewable once.

In its decision dated June 22, 2017, the French Competition Authority decided to extend or lift certain commitments and revise others.

These injunctions all expired on December 31, 2019.

Competitive environment in France

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

- the arrival of new players offering premium cinema and sports content on the market. This is the case for Orange (OCS channels), beIN Sports and the Altice group (RCM Sport channels, Altice Studio). A new player, Mediapro, is also poised to enter the French market after acquiring a large part of French Ligue 1 football rights for the 2020-2024 seasons;
- the increasing number of distribution platforms and technologies;
- DTT in France, due to which viewers now have 26 free national channels offering the same technologies and associated services as pay-TV channels (e.g., HD and on demand).
- the development, unparalleled in Europe, of television through IP (such as triple play offers by Internet service providers);
- the surging growth in non-linear content. The arrival on the audiovisual markets of global players from the digital sector, such as Netflix, Amazon, Google, Facebook and Apple, has completely transformed the competitive playing field with, among other things, the development of innovative media and distribution systems, such as Internet-delivered OTT content. With their global subscriber bases, these companies can in turn invest heavily in exclusive content that gives their offering a competitive edge;
- the profound shift in the behavior of audiovisual content consumers, who prefer the immediate reward of non-linear delivery. Faced with this change in viewing patterns, large content producers such as the Disney group are launching their own global streaming services; and
- lastly, the illegal consumption of content, which continues to generate a major shortfall for the sector as a whole.

3.1.2.7. Research and Development

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

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

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

3.1.3. COMMUNICATION AND ADVERTISING

Havas is one of the world's largest communications groups. Created in Paris in 1835 by Charles-Louis Havas, the group today has nearly 20,000 employees in over 58 countries.

The group has built a dynamic global network bringing together skills from multiple disciplines, including creative, media, digital, events, public relations and data, with individual agencies in creative hubs known as Havas Villages. By combining all communication expertise under one roof, the teams are better equipped to meet and anticipate customer needs. The group has more than 60 villages worldwide. Although each Havas Village is unique, they all share the same philosophy and the same creative energy.

In the first half of 2019, the Group set itself a new goal: "Making a meaningful difference to brands, businesses and people". Building on its most recent exclusive Meaningful Brands study, which analyzes changing consumer expectations around the world, Havas has laid out a new roadmap to help brands meet growing demand for meaningful content. The new goal fits perfectly with the "Together" strategy, which has made Havas the most integrated group in the sector anywhere in the world today.

3.1.3.1. Business Units

Havas Group has three main business units covering all communication disciplines: creation, media, and health and well-being.

Havas Creative is dedicated to creation, a cornerstone of the group's activity. It brings together all the communication expertise needed to deliver tailor-made solutions to brands. It incorporates the global Havas Creative network, Havas Edge, BETC Group, AMO, Arnold, and many of the sector's other leading and innovative agencies, including Boondoggle, Buzzman, Camp + King, Conran Design Group, Host Havas, Havas Riverorchid, One Green Bean, Rosapark and W&Cie.

Havas Media specializes in media and purchasing advertising space and incorporates two flagship media brands: Havas Media and Arena Media. Operating in over 144 countries, Havas Media offers the best services in each area in which it works, including programmatic purchasing, mobile devices, data, performance marketing, advertising and social networks.

Havas Health & You brings together a network of leading brands in health and wellness communication, with a real human element. Its goal is to create, innovate and respond to the needs of its partners and customers and to have a positive impact on the lives of consumers. Its main structures are Havas Life, Health4Brands (H4B), Havas Lynx, HVH and Havas PR, plus dozens of other specialized agencies. Havas Health & You is the world's largest health communication network.

3.1.3.2. New Developments

In 2019, Havas Group continued to expand worldwide, attracting many new clients and working with prestigious brands in creation, media expertise and health communication, both on a local and global level.

Acquisitions

In 2019, Havas Group pursued its policy of targeted acquisitions in various countries around the world, notably in India, a strategic market where the Group announced early in the year its intention of tripling its activity, with the following acquisitions:

- Shobiz: India's oldest experiential marketing agency and a pioneer in the events industry. The agency has five offices across India;
- Gate One: one of the leading independent management consultancies in the United Kingdom; this acquisition enhances Havas's offer in this region, with a view to helping customers carry out significant and sustainable transformations of their businesses;
- Langoor: a multidisciplinary Indian digital agency that has enjoyed uninterrupted growth since its creation in 2010 and now has offices in India, the Middle East and Australia;
- Buzzman: a French advertising agency that combines creativity at the highest level with advanced knowledge in consumer engagement; it is considered one of the boldest and most creative agencies in Europe;
- Battery: a renowned creative agency based in Los Angeles, focused on culture, including video games, television, cinema and streaming services. Battery was named "Small Agency of the Year" by *Advertising Age* in 2018, 2016 and 2015; and
- Think Design: an Indian consulting agency, a leader in digital design and user experience, operating in India and the United States.

New villages

In 2019, the Havas Group opened seven new villages worldwide. This expansion aims to provide the best client service possible on a local level, while at the same time consolidating the group's international leverage.

3.1.3.3. Awards and Honors

In 2019, the group's agencies won numerous awards at various festivals and ceremonies throughout the world.

For instance, Havas Group was named Most Sustainable Company in the Communication Industry by *World Finance* magazine.

BETC was named International Agency of the Year 2019 by *Adweek* (after Rosapark, International Agency of the Year 2018). BETC also received the Grand Prix Effie, which rewards the most effective advertising campaign of the year, for its "Unforgettable Christmas" campaign for Bouygues Telecom.

In Asia-Pacific, Havas Media Singapore received the title of Media Agency of the Year from Marketing Magazine, and Red Havas was named PR Agency of the Year by *AdNews* Australia.

Havas/Host ranked sixth in the WARC Creative 100, the world ranking of the best creative agencies and networks. Havas Media UK ranked seventh in the WARC Media 100.

Havas Lynx (Havas Health & You) was the most recognized agency at the PM Society Awards, winning nine Golds in total.

Ten campaigns were singled out by the Care Awards panel for their excellent work in promoting social and environmental causes. The Grand Prix went to HOST/Havas for *Palau Pledge*.

Lastly, BETC/Havas São Paulo received eight awards at the Wave regional festival, including a Grand Prix for its *The s58 Biography* campaign for Puma.

3.1.3.4. Regulatory Environment

Havas operates in countries that have different regulations applying to the advertising, communication, advertising space sales and media consulting service industries.

The services that Havas entities provide to their clients must meet the local and/or sector regulations that govern the advertising and communications industry. New regulations and self-regulation rules are regularly introduced to ban or restrict advertising on certain products or services, or limit the type, content or form of media used. For example, advertising for alcohol, cigarettes and healthcare products is subject to specific regulations in different countries. In some markets where Havas is active, especially the United States and the European Union, Havas's clients and businesses run significant professional liability risks. They may be sued by consumers or consumer organizations, government or regulatory authorities, or by competitors for engaging in misleading business practices or unfair competition, violating rules that restrict access to advertising in some sectors, rules on the collection or use of personal data, rules of professional ethics, breaching intangible rights (e.g., intellectual property rights or personality rights), or infringing on the freedom of the press. Havas businesses are generally responsible to their clients for complying with these regulations. To limit these risks, Havas has introduced verification procedures on work done for its main markets to ensure that the group's creative works comply with applicable rules and regulations before said works are released. For instance, legal departments in France, whether internal or centralized, guide teams throughout the creative process. Training programs may also be implemented locally.

The services that Havas entities provide to their clients must meet the local and/or sector regulations governing the media consulting sector, the advertising space sales industry and lobbying.

In the French market, the criminal liability of Havas entities may be incurred in the event of non-compliance with local regulations, and in particular with the provisions of law N° 93-122 of January 29, 1993 known as the "Sapin law".

To limit these risks, Havas has introduced procedures to ensure that the media consulting services and advertising space sales activities carried out by Havas entities comply with the regulations applicable to those activities and above all, for the French market, law N° 93-122 of January 29, 1993. The procedures take the form of verification by the legal services of compliance with this regulation by Havas entities.

For its lobbying activities with public officials, Havas ensures compliance with the obligations governing the activity of interest representatives set out in law N° 2016-1691 of December 9, 2016, relating to transparency, the fight against corruption and the modernization of economic life.

In the course of their business activities, Havas entities may deliver creative products involving works by third parties (e.g., illustrators, graphic designers, photographers, directors, models, artists and composers) to their clients. Their contribution to the end creation may give rise to intellectual property rights (e.g., copyrights, royalties and trademarks) and/or personality rights attributable to them.

Havas entities are responsible for ensuring that their creative works do not infringe on these third-party rights and that they have the required transfers of rights and/or authorizations for the planned use of these works by their clients. Agreements signed with clients generally guarantee that no legal action can be taken against them relating to these matters. Most group businesses that deal with this risk have teams specializing in managing, acquiring and checking these rights. These teams work with the group's legal departments or external consulting firms. Training programs may also be implemented locally.

Havas is a strong advocate of personal data protection, whether it involves the group's own data or the data managed on behalf of its clients.

With this in mind, Havas has rolled out a global compliance program serving as a comprehensive framework for all Havas entities to help them comply with regulations on the protection of personal data (Regulation EU N° 2016/679 of April 27, 2016, known as the General Data Protection Regulation – GDPR).

1. Campaign *Inclusion Profiles*/HOY

2. Campaign *Twenty* for Ouigo/Rosapark

3.1.3.5. Piracy

Havas firmly believes in protecting its clients' data. Communication strategies, content and advertising campaign metrics may be subject to piracy attacks and theft. Havas has implemented systems to prevent data leaks and targeted attacks.

3.1.3.6. Competition

The advertising and communication services industry is highly competitive. The group's main competitors range from major international firms to smaller agencies that only operate in a limited number of local markets, regions or countries.

3.1.3.7. Research and Development

Havas is not dependent on any particular patents or licenses to carry out its business activities.

3.1.4. PUBLISHING

Editis is France's second-largest publishing group and a major player in the European book market. A leading operator among publishers, authors, bookstores and all sale outlets, it offers stellar support and service on both paper and digital formats.

Uniting long-established publishing houses and internationally renowned authors, Editis publishes nearly 4,000 new books each year and has a catalog of over 45,000 titles. It also boasts a balanced and diverse portfolio including general-interest literature, children's books, non-fiction, illustrated books, educational and reference books.

Editis operates along the entire publishing value chain. Each publisher maintains fruitful and high-quality partnerships with its authors, helping to manage the rights portfolio and the supply of paperback editions. In marketing /distribution, the combination of logistics expertise and an experienced and committed sales force ensures that the group's in-house and partner publishers provide an efficient service across all distribution channels.

Editis's aim is to be at the forefront of profound change in its sector by offering authors the opportunity to get involved in bringing their works to readers, in a global approach made possible by its affiliation to Vivendi. Through this integrated approach, Editis aims to give authors and its in-house and partner publishers access to the full range of Vivendi's expertise in terms of audiovisual production, digital marketing, events organization and communication, in France and internationally.

3.1.4.1. A diverse catalog

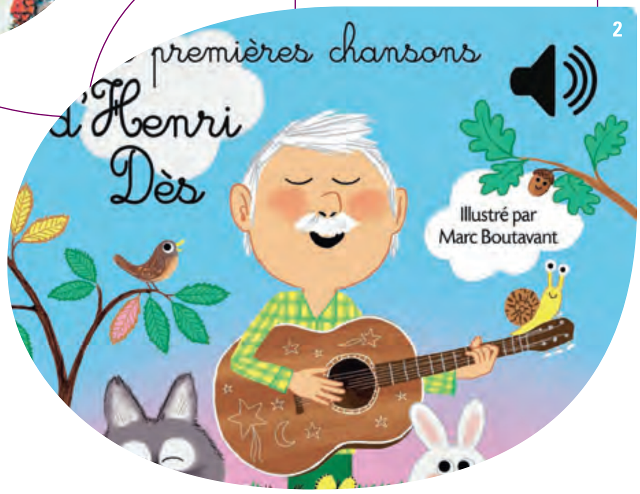
In France, Editis is the leading publishing group across a number of segments, including detective novels, history and educational books, and books written by influencers, and is ranked second in fiction (the most significant revenue of the publishing segment), children's books, leisure/lifestyle and tourism books (source: GfK 2019).

The group is also a key player in marketing and distribution in France, Belgium, Switzerland and Canada, representing more than 200 French-speaking publishers, both belonging to the group and independent publishing houses.

Editis covers all segments of the publishing market:

- large-format and standard paperback general-interest literature, with 12/21, Belfond, Bouquins, Le Cherche midi, Fleuve Éditions, Héloïse d'Ormesson, Julliard, La Découverte, L'Archipel, Les Escales, NiL Éditions, Omnibus, Perrin, Plon, Presses de la Cité, Seghers, Robert Laffont, Séguier, Sonatine, Télémaque and XO;
- paperbacks, with Pocket and 10/18;
- children's books, with 404 Éditions, Gründ, Hemma, Langue au chat, Les Livres du dragon d'or, PKJ, Poulpe Fictions, R and Slalom Syros;
- non-fiction and illustrated books, with First, Hors Collection, Lonely Planet, Pour les Nuls, Solar and Tana;
- manga and comic books, with Kurokawa and Jungle; and
- audiobooks, with Lizzie.

Editis Education & Reference includes Bordas, CLE International, Daesign, École vivante, Le Robert, Nathan, Syros, L'Agrume and Retz. This division operates in the field of games and educational material, children's literature, textbooks and adult education. It was committed from an early stage to developing digital textbooks for students and teachers.



1. *L'Histoire de France pour les nuls*

2. Audiobook *Mes premières chansons,* by Henri Dès

In 2019, the French high-school curriculum was reformed. Nathan, Bordas and Le Robert published nearly 120 printed textbooks, 114 of which also have digital and interactive formats. The successful replacement of all high-school catalogs, covering general, technical and vocational study programs, was completed in record time. The reform reflected the rise in the use of digital technology.

A challenge for Editis Education & Reference going forward will be to place digital technology at the service of teaching. This priority is demonstrated through a growing offer of new digital services, including continuing education, in-company training (Nathan Évaluation CléA) and certification of knowledge and skills (Le Robert certification). Daesign, a leading serious games publisher, also boasts a large catalog of B2B training courses in the fields of management, digital transformation and compliance.

3.1.4.2. Marketing and Distribution (Interforum)

Interforum has been a key link in the publishing chain for more than forty years, connecting publishers to sales outlets. Its teams market and distribute the catalogs of more than 200 French-speaking publishers, belonging to both Editis and independent houses. Operating in France, Canada, Belgium, Switzerland and nearly 90 countries worldwide, the Interforum subsidiary has more than 1,100 employees.

Marketing

Broad and qualitative marketing is a means for Interforum to offer its partner publishers access to all sales outlets from bookstores to large cultural retailers, hypermarkets, supermarkets, online sales, specialized bookstores and export companies. Interforum has a total of over 15,000 customers.

Distribution

Nearly 120 million books from 220 publishing houses are distributed each year. Copernics, the innovative print-to-order system developed by Editis, allows printing to be triggered as soon as an order is placed, even for a single copy. Editis boasts a production line that will eventually be able to print 10 million books per year. This innovation, combined with automated storage, order preparation and shipping processes, makes Interforum a leader in distribution in France.

3.1.4.3. New Opportunities

Acquired on January 31, 2019 and consolidated from February 1, 2019, Editis provides its authors with new ways of expressing themselves, while developing new initiatives:

- in music, with the singer-songwriter Gauvain Sers, who wrote and performed *Que restera-t-il de nous ?*, a song inspired by the book *J'ai dû rêver trop fort*, by Michel Bussi, France's second biggest-selling author (GfK *Figaro* rankings, January 16, 2019);
- in broadcasting, with film adaptations of works such as *La Rivière à l'envers,* by Jean-Claude Mourlevat, published by Pocket Jeunesse, and *The Stranger,* by Harlan Coben;
- in events, by encouraging its authors to create unique experiences. To mark the release of his latest novel, *Run Away*, published by Belfond editions, Harlan Coben took to the stage of L'Olympia, Paris's iconic concert venue, a first for an author. The evening was produced by Universal A&R Studios and hosted by Laurie Cholewa (Canal+). It also featured Hildur Guðnadóttir (Deutsche Grammophon), who produced the soundtrack for the book on an idea by BETC (Havas Group); and
- in B2B, with the first operation carried out between the children's book publisher, Nathan Jeunesse, and a Havas Paris agency on behalf of Krys opticians (a free Nathan book included with the purchase of a pair of glasses).

3.1.4.4. External Growth

In 2019, Editis continued its policy of targeted acquisitions. It acquired:

- L'Archipel, a group combining L'Archipel, Archipoche, Presses du Châtelet, as well as the Écriture and Bibliothèque des Classiques imprints. Together, these three houses publish 190 new titles each year (documents, stories, thrillers, light reading, fiction and literary essays);
- L'Agrume, a children's book publishing house specializing in contemporary illustration;
- Éditions Séguier, a literary house with a strong and established identity in the field of pop culture, which publishes a dozen books per year and explores all art forms, including literature, cinema, arts, fashion and luxury, through stories, essays, interviews and biographies;

- École vivante, which specializes in publishing innovative educational books and alternative teaching methods (such as Montessori or Freinet education) for the entire educational community (e.g., teachers, parents, speech therapists); and
- Télémaque, which publishes approximately 20 books per year, with a resolutely general-interest editorial line around narratives (detective fiction and fantasy), history (e.g., novels, biographies, essays), the arts (theater and decorative arts) and the sciences (partnership with *Science & Vie* magazine since 2007).

Editis also became a shareholder of Jungle, one of the leading publishers of children's comic books and humorous fiction, acquiring a 30% interest. This structuring partnership has enabled Editis to enter the fast-growing segment of comic books and graphic novels.

3.1.4.5. Awards and Honors

In 2019, Editis's houses were awarded a range of literary prizes, including the prestigious Pulitzer Prize, the Nobel Prize in Literature, the Booker Prize and the Grand Prix des Lectrices *Elle*.

Richard Powers won the 2019 Pulitzer Prize, considered one of the world's most prestigious awards, for his novel *The Overstory*, published by Le Cherche Midi in 2018. The book had already won the PEN Oakland/Josephine Miles Literary Award.

The Nobel Prize in Literature was awarded to Olga Tokarczuk, a Polish author published by Robert Laffont in the Pavillons Poche collection.

Britain's prestigious Booker Prize went to Margaret Atwood for *The Testaments*, the sequel to her best-seller *The Handmaid's Tale*, published by Robert Laffont.

In the novels category, the Grand Prix des Lectrices *Elle* was awarded to *Sing, Unburied, Sing,* by Jesmyn Ward, published by Belfond editions; in the document category, it went to *The Fact of a Body: A Murder and a Memoir,* by Alexandria Marzano-Lesnevich, published by Sonatine Éditions.

Nathan was awarded the Libr'à Nous youth novel prize for *The Hate U Give,* by Angie Thomas.

Lastly, Pocket Jeunesse received the coveted 2019 Pépite d'Or at the Montreuil Children's Book Fair, for Marion Brunet's *Sans foi ni loi*.

3.1.4.6. Commitments

Editis has been committed to an eco-responsible approach to manufacturing and recycling for over eleven years. France's only publisher to be a member of the FSC (Forest Stewardship Council), the group guarantees full traceability of its manufacturing process. Today, all books printed by Editis are FSC certified (excluding boxes and special products) and 50% of production is carried out in France (35% elsewhere in Europe and 15% in Asia).

Since 2012, Editis has also been a signatory of the UN Global Compact, the largest international initiative for voluntary commitment in the area of sustainable development.

3.1.4.7. Regulatory Environment

Editis's activity is framed largely by two laws on book pricing: the law of August 10, 1981 on the price of printed books and the law of May 26, 2011 on the price of digital books. The publishing group is required to set a single price for the books it markets in France. The French Publisher's Association and the French Association of Bookstores ensure compliance with these laws.

Editis entities also manage the intellectual property rights of third parties, authors and various contributors. They use standard contracts making them the assignees of the necessary publishing rights. Publishing contracts were the subject of major legislative reform in 2014, which caused significant modifications to the French Intellectual Property Code.

Intellectual property rights management specialists are available at all times to assist the teams.

Lastly, Editis attaches great importance to personal data protection and has implemented the appropriate technical and organizational measures in accordance with the requirements of the EU's General Data Protection Regulation.

3.1.1.8. Piracy

Editis works to combat the piracy of literary works whose rights it has been assigned. The group uses a LeakID DMCA takedown solution and conducts targeted legal action in the event of major piracy.

3.1.4.9. Competition

While publishing remains the leading market for cultural goods in France, with revenue increasing by 1.4% in 2019, a disparity exists between the various segments. Over the last year, the market was driven in large part by comic and manga books and educational support and humanities literature. Sales of children's books and lifestyle books were stable, and those of large-format general-interest literature were down slightly.

The publishing sector is undergoing a radical transformation: reading is embroiled in the war of attention waged by different forms of content; distribution channels are being heavily impacted by digital formats; and transformations in the sector's industrial makeup, with the emergence of digital platforms, self-publishing, printing on demand or the second-hand market, are behind a need for constant reinvention.

3.1.4.10. Research and Development

Nathan supports LaPsyDÉ, the Sorbonne Université Cognitive Science Lab run by Olivier Houdé and Grégoire Borst, through a sponsorship program.

Nathan is also funding a PhD student on a Cifre training-through-research contract, who is working on the development of educational tools intended to improve pupils' behavioral inhibitions. The work, which follows a ground-breaking approach, is carried out using Nathan's educational social network, Lea.fr, which brings together more than 100,000 elementary school teachers. The network helps provide classroom teachers with experimental systems and circulate the results of the research.

The Adaptiv'Maths project, with the combined participation of Nathan, Daesign and Lea, alongside cognitive science (CNRS Paris Descartes and University of Geneva) and artificial intelligence (LIP6 and Inria) research laboratories, was selected to develop an innovative elementary school math learning system as part of the Education component of the Investments for the Future program overseen by the French Ministry for the Economy and Finance.

3.1.5. MOBILE VIDEO GAMES

One of the French video game publisher flagships, Gameloft enjoys world-renowned expertise, with 191 smartphone games developed in its 17 studios, and an average of 78 million players a month in 2019. The final installment of its blockbuster franchise, *Asphalt 9: Legends*, received several awards, including the prestigious 2019 Apple Design Award.

3.1.5.1. Game Development and Production

Gameloft's performance has been shaped by the boom in smartphone sales, which has radically transformed the mobile gaming market. Smartphones, with their touchscreens, powerful processor and motion recognition capability, offer a wide variety of gaming options and substantially improve player immersion and gameplay.

At year-end 2019, more than 2,800 Gameloft developers were working on downloadable games. This unique creative force in the gaming industry has driven the company to create a vast catalog of games spanning all genres: general, action, sports, strategy, adventure, and more.

Its development business covers new game designs, regular catalog updates to extend the life cycle of games, and deployment to adapt each game to all existing platforms and smartphone models.

Game quality is of utmost importance to Gameloft and, as such, is carefully managed throughout the creative process. The 17 internal development studios based in the United States, Europe and Asia help consolidate its leadership by localizing the games for each market, in a combination of global vision and local delivery.

Gameloft has a broad portfolio of proprietary brands, with franchises such as *Asphalt* (motor racing), *Dungeon Hunter* (adventure), *Dragon Mania Legends* (simulation), *Song Pop* (musical quiz), as well as *Modern Combat*, *Gangstar* and *World at Arms* (action). These franchises cover every genre and are aimed at a wide audience.

At the same time, Gameloft is also developing a wide variety of games through partnership agreements with major rights holders. The company works in particular with Disney, Mattel®, Hasbro®, Fox®, Universal, LEGO® and Sega to associate some of its games with the biggest international brands, such as *Disney Magic Kingdoms, Minion Rush, Disney Princess Majestic Quest* and *LEGO® Legacy: Heroes Unboxed*…

Inspired by pop culture heroes, these franchises lead to the creation of mobile games with a universe and characters that are familiar to players. For example, *Minion Rush* has been a tremendous success for Gameloft, with nearly a billion downloads since 2013.

In 2019, over 1.5 million Gameloft games were downloaded every day worldwide.

3.1.5.2. Mobile Game Marketing

Offering free-to-play games represents a major shift in Gameloft's business model, in that the fully-functional games are downloadable for free, which significantly increases download volumes. These free-to-play games generate revenue both through the sale of in-game virtual goods, which enable the player to make faster progress, and through advertising.

Gameloft has set up an internal digital advertising sales agency, Gameloft Advertising Solutions, which sells advertising space in its mobile apps, as well as in third-party partner applications. In 2019, these advertising sales accounted for 12% of Gameloft's revenue, supplementing the proceeds from in-game sales. Total spending on mobile advertising rose to $190 billion in 2019, from $50 billion in 2015. In 2019, Gameloft tallied a daily average of 9 million players.

In addition to conventional advertising (banners, interstitials and videos), Gameloft Advertising Solutions offers innovative formats such as mini-games and interactive videos that can be used to measure audience engagement. Proprietary ad servers enable the company to offer advertisers a brand-safe environment ensuring that their brand will always be displayed in the right context.

With Gameloft's expertise in video game design, Gameloft Advertising Solutions has also developed a gamification offer allowing brands to communicate in a more engaging way.

1. *Ballistic Baseball*
2. *Overdrive City*

3.1.5.3. Mobile Game Distribution

Gameloft has a wide range of channels.

First, games are delivered through smartphone and tablet app stores, such as the Apple App Store, Google Play, the Windows Store and Amazon Appstore. Accessible from mobile phones, tablets and computers, these stores account for a growing share of mobile app sales worldwide. Since 2012, Gameloft has also distributed its games via several Android platforms in China. All of these online stores act as OTT (over-the-top) distributors of Gameloft games, with the resulting revenues shared between the store and the company. In all, OTT services accounted for 72% of Gameloft's revenue in 2019.

Second, Gameloft games are distributed by over 318 telecom operators in 110 countries. This far exceeds the distribution network of any competitor. Telco customers can buy and download Gameloft games either from their phone's home screen when preloaded by the phone manufacturer (Gameloft works with Nokia, Samsung, LG, ZTE, Motorola, RIM and Huawei, among others) or from the telco's online store. Invoicing is generally managed by the telco, with the cost of the game charged to the customer's telephone bill or invoiced via text. In this case, the telcos act as distributors of Gameloft games and the revenues are shared between them and the company. These agreements with telecom operators and phone manufacturers accounted for 16% of Gameloft's revenue in 2019.

The company is also well placed at the center of change in the video game industry, where it draws on its expertise to support the emergence of subscription-based distribution models for games. Gameloft has developed game distribution applications for telcos TIM and SFR, offering a selection of titles on subscription, adapted to the player's age. The company has also developed *Ballistic Baseball Rivals*, a game included in Apple Arcade, Apple's subscription offering.

3.1.5.4. Regulatory Environment

Like any video game publisher, Gameloft must comply with a large number of complex and rapidly shifting national laws and regulations covering such areas as game content, consumer protection (particularly for minors), personal data processing and general business conduct. The company maintains a permanent watch on regulatory developments in the various countries where it operates and takes care to comply with the prevailing rules and practices.

To that end, Gameloft has introduced appropriate procedures to comply with local consumer rights legislation and regulations, with a focus on informing consumers about game content and rules of use, by referring to age ratings and alerting players on launch that the game may offer in-app purchases. For age ratings, the apps and games distributed on mobile platforms show the appropriate age range for the app concerned (variable from one region to another).

Gameloft is also a firm advocate for compliance with regulations on the collection, use, conservation and transfer of personal data, which are constantly changing. Consequently, it takes care to comply with data protection laws, in particular Regulation (EU) 2016/679, passed by the European Parliament and the Council on April 27, 2016, on the protection of natural persons with regard to the processing of personal data (the General Data Protection Regulation or GDPR, which came into effect on May 25, 2018).

The company also pays particular attention to the protection of minors in its privacy policies. Gameloft children's games, for example, comply with the Children's Online Privacy Protection Act (COPPA) guidelines covering the collection, use or disclosure of personal information from children under 13 living in the United States, the principles specified by the Office of Fair Trading (OFT) in the United Kingdom and, more generally, the recommendations issued following studies conducted by the European Commission. In general, Gameloft only collects the information strictly necessary for its activity, and the company takes care to offer a protected environment to all players by guaranteeing responsible use of the personal data collected.

1. Garorock
2. Brive Festival

3.1.5.5. Piracy

Piracy is a very harmful practice for the mobile video game industry. It can have a dramatic impact on sales, given that video games are traditionally one of the biggest revenue-generators in the Apple, Google, and Microsoft app stores. The freemium business model remains the most successful defense against piracy.

Gameloft has a team of lawyers dedicated to defending and protecting its rights and their protection to combat all forms of counterfeiting and piracy as effectively as possible. To that end, Gameloft has deployed a permanent surveillance system enabling it to respond quickly as soon as illegal copies are uploaded.

3.1.5.6. Competition

The video game market for smartphones and tablets has experienced unprecedented development in the past decade, largely driven by Asian countries: in December 2019, six of the market's top ten companies in terms of revenue on the Apple and Google stores were Asian (source: App Annie – January 2020).

The level of competition in the mobile gaming industry has increased sharply in recent years along with an increase in financing rounds, IPOs and mergers in this business sector. There are hundreds of new games submitted to Apple and uploaded to the App Store every day.

Driven by hardcore and hyper-casual games, mobile games are set to account for 54% of the video game market in 2020 (according to App Annie).

The overall level of competition in the mobile video game market has intensified again, as it did in the years 2000-2006. Gameloft's ability to consolidate its current position as one of the market leaders will drive the growth of its business.

3.1.5.7. Research and Development

Gameloft allocates all of the human resources and infrastructure needed to develop its games and provides various development teams with telephony hardware to interact with the production teams in its subsidiaries more quickly.

The costs of developing mobile phone games are recognized as an incurred expense. Every year, the company develops and uploads to telco sites several thousand versions of its games to cover the 300 different mobile phone models and 15,000 smartphone models currently on the market, all in 17 languages.

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

3.1.6. LIVE PERFORMANCE, TICKETING, TALENT COACHING, FRANCHISING AND BRAND MARKETING ACTIVITIES

Vivendi is developing a set of activities alongside those of its main businesses, united under Vivendi Village. Live performance represents a large share of these activities, with the group greatly increasing the number of festivals it controls in 2019, while continuing to extend its network of cinemas and performance venues in Africa and expanding and uniting its fast-growing box office activities under a single brand. Talent is the foundation of all of the group's activities, and 2019 saw the signing of many new musical artists and comedians, and the strengthening of its activity as a show producer. Vivendi Village is also continuing to acquire and develop intellectual property. In 2019, it integrated a new entity, Vivendi Brand Marketing, which provides an interface between the group's creative capacities and brands in search of new forms of expression.

3.1.6.1. Live events: shows, festivals and concert halls

Olympia Production and U Live

First formed in 2016, Olympia Production produced more than 1,000 concerts and shows in 2019. The company supports the careers of 67 artists, from talented newcomers to experienced performers, from across a wide range of musical styles and genres, due in particular to its successful acquisitions of French companies Yuma Productions and Strong Live Agency, and eight other comedy companies.

In 2019, Olympia Production's headliners included Jenifer, Eddy de Pretto, Dadju, Columbine and Clara Luciani for music, and Roman Frayssinet, Marina Rollman and Guillermo Guiz for comedy.

Olympia Production also contributes to the creation and development of a diverse offering of festivals in France and currently owns four festivals: Garorock in Marmande (one of France's largest festivals in terms of audience numbers, acquired in 2019), Les Déferlantes in Argelès-sur-Mer, Live au Campo in Perpignan and Brive Festival, a joint venture with the Centre France group. It also produces ODP Talence and the Blue Note Festival (in partnership with Universal Music Group) in Paris. Since 2018, Olympia Production has also been in charge of programming for the Moroccan festival, Mawazine, one of the world's largest musical festivals, which attracts approximately 2.7 million people.

In 2019, Olympia Production formed a joint venture with OL Groupe (Olympique Lyonnais football team) to produce the Felyn Stadium Festival, which is due to be held for the first time on June 19 and 20, 2020 at Groupama Stadium in Lyon. This festival offers a rich diversity of programming blending international and French artists, as well as up-and-coming talents: Red Hot Chili Peppers, DJ Snake, Dadju, Body Count, Shaka Ponk, Last Train and more. In addition to music, the festival offers a cultural and intergenerational mix spanning street art, a gastronomic village and sporting activities.

Created by Universal Group, U Live joined Vivendi Village in 2019 and is an ideal fit with Olympia Production. U Live owns four festivals in the United Kingdom: Nocturne, held at Oxfordshire's magnificent Blenheim Palace, the Love Supreme jazz festival in East Sussex, Sundown in Norfolk (East Anglia), The Long Road, a country music festival in Leicestershire, and Junction 2, an electronic music festival in London. An innovator in its field, U Live is the creator and host of Kite Festival in 2020, combining live music concerts and debates featuring international figures and leading thinkers.

In addition to the festivals it owns, U Live produces two other electronic music festivals in London: Elrow Town London and Abode.

Olympia Production and U Live both plan to continue rolling out their business in 2020 by developing or acquiring new festivals, including events in locations where they do not currently operate, such as the Love Supreme Jazz Festival Japan in Tokyo in May 2020 in partnership with Universal Music Group.

L'Olympia

L'Olympia concert hall hosted just over 300 shows and concerts in 2019, a sharp increase compared to the previous two years that saw it almost fully occupied for the year, including set-ups and rehearsals.

As one of Paris's most famous concert halls, L'Olympia remains a favorite venue for both French and international stars coming to perform in the French capital. In September 2019, Taylor Swift chose L'Olympia for her only concert in Europe. In December, L'Olympia was the natural choice for hosting the Johnny Hallyday tribute day, bringing together all his fans around projections of previously unseen performances, a reconstruction of his dressing room and an exhibition of personal items.

L'Olympia is pursuing its policy of addressing a wide variety of audiences, without compromising the venue's DNA. It hosts many artists from the urban music scene drawing younger concert-goers, with 118 concerts only offering standing room. In 2019, L'Olympia also increased its marketing of the Salle de Billiard, a classified site dating from the end of the 19th century, open for private events and the organization of more intimate shows for audiences of around 80 people.

L'Olympia is also becoming a favorite place to bring together the various Vivendi companies, hosting an increasing number of their joint initiatives. For instance, the Nuit du Rugby has for several years attracted a whole host of rugby fans for a special evening broadcast live on Canal+. Bestselling author Harlan Coben, published by Editis, brought together his fans at L'Olympia in November to unveil a soundtrack composed by Deutsche Grammophon (UMG) artist Hildur Guðnadóttir for his latest novel, in an evening staged by Havas.

A brand in its own right, today L'Olympia offers consistent standards across a range of entertainment activities. After the creation of Olympia Production in 2016 and CanalOlympia in 2017, a restaurant historically linked to L'Olympia and joined to the venue was acquired by the group in 2018. It was renamed "Le Petit Olympia" and has quickly established itself as a popular address among bistronomy aficionados. In December 2019, C8 organized the Olympia Awards, a major musical event broadcast live on its channel. In January 2020, Canal+ launched Olympia TV, a new channel dedicated entirely to live shows, with the promotion of a different genre each evening.

The Théâtre de L'Œuvre

A little gem tucked away near Place de Clichy in Paris, the Théâtre de l'Œuvre offers an intimate setting that is highly appreciated by artists and actors.

The theater hosted approximately 400 shows in 2019 – sometimes two on the same evening – with diversified programming: one-person shows with comedians like Marina Rollman or Roman Frayssinet produced by Olympia Production, a "different" approach to music with André Manoukian, the play *Le Cercle des illusionnistes,* by Alexis Michalik, which won three Molières Awards, *La Passion suspendue*, in which Fanny Ardant takes on the role of Marguerite Duras, and *Politiquement correct*, written and directed by Salomé Lelouch.

The Théâtre de l'Œuvre is also part of a comprehensive private event offering that includes L'Olympia and Le Petit Olympia.

CanalOlympia

CanalOlympia is the leading cinema and performance venue network in Africa. With three new openings during the year, fourteen CanalOlympia theaters were in operation in ten African countries at year-end 2019: two in Conakry (Guinea), one in Yaoundé and one in Douala (Cameroon), one in Niamey (Niger), two in Ouagadougou (Burkina Faso), one in Dakar (Senegal), two in Lomé (Togo), one in Cotonou (Benin), one in Port-Gentil (Gabon), one in Brazzaville (Congo) and one in Antananarivo (Madagascar).

The cinemas, with seating for 300 people, are equipped with the latest sound and projection technology, including 3D, and are powered by solar panels and batteries. They are also equipped with an open-air stage, with capacity for several thousand people.

In 2019, nearly 700,000 cinema tickets were sold with diverse programming, offering both the best of world cinema (e.g., *Avengers*, *The Lion King* and *Frozen 2)* and many African films. This diversity is also reflected in a wide variety of film genres. The cinemas offer animation, action, horror and adventure films.

Around thirty concerts were also hosted. Toofan performed before 8,000 people in Lomé in December 2019, while concerts were performed by Damso in Dakar and Burna Boy in Douala, in June and December 2019 respectively, each attracting around 7,000 spectators.

The CanalOlympia venues also host numerous cultural events, including festivals, exhibitions and award ceremonies.

CanalOlympia aims to become a real magnet for the arts and entertainment in the cities where its venues are located. With that in mind, an Escape Game opened during the last quarter of 2019 in Cotonou, Benin (the country's first). The new activity gives access to two worlds, and two distinct escape experiences ("The Psychiatric Hospital" and "Between Two Worlds"). Leveraging the site's capacity, other activities will be set up in 2020, including a food court and sports and gaming areas. Several new venues will also be opened in 2020, including the first in English-speaking Africa.

Vivendi Sports

Vivendi Sports designs and organizes sporting competitions in Africa and Europe.

In December 2019, in Dakar, Vivendi Sports also launched the first Afro-European mixed martial arts league: the ARES Fighting Championship.

Sports have always been a key growth driver for the group. Its television channels broadcast some of the world's most popular and prestigious competitions. Canal+ partners with numerous sports events in every country where the group operates. Its teams are constantly reshaping the way competitions are covered and aired and its reporters and commentators are leaders in the field.

The sports events organized by Vivendi Sports form new crossovers to generate business for the group's companies. Competitions are held whenever possible around CanalOlympia venues, such that they can be combined with concerts with Universal Music artists in Africa and receive special media coverage by Canal+ television channels.

3.1.6.2. Ticketing

See Tickets

See Tickets is in the process of establishing itself as a major player in ticketing, with the acquisition on December 30, 2019 of Starticket, a market leader in Switzerland. See Tickets now operates in nine countries in Europe and in the United States, with the equivalent of nearly 30 million digital tickets for shows and events sold each year.

In 2019, See Tickets decided to unify its activities in these different countries around the same brand and to pool its technical solutions and services for the benefit of its entire network.

See Tickets sells tickets for approximately 10,000 show and event promoters, including prestigious venues like the Palace of Versailles; L'Olympia in Paris; the Houses of Parliament in London; major music festivals such as Glastonbury, Tomorrowland, Garorock and Les Vieilles Charrues; sports clubs like L'Olympique Lyonnais football club; and famous events such as the Royal Horticultural Society's Chelsea Flower Show; as well as tickets for tours on the Queen Mary ocean liner docked in the Port of Los Angeles.

Further proof of See Tickets' expertise was shown in 2019, when 2.4 million fans logged on in just 34 minutes to buy the 135,000 tickets available for the prestigious 2020 Glastonbury Festival.

1. The Salle de Billard, l'Olympia
2. Vivendi Sports

See Tickets is also firmly committed to the legal resale of tickets between individuals. In France, the group also manages Infoconcert.com, the country's go-to site for dates and detailed information about concerts and other cultural events.

3.1.6.3. Upstream and Downstream of the Entertainment Value Chain

At the two ends of the entertainment value chain, Vivendi Village integrates an upstream activity covering the acquisition and monetization of intellectual property and a downstream consumer entity for interfacing between the group's businesses and the brands that target them.

The Copyrights Group

With The Copyrights Group, Vivendi most notably became the owner of the Paddington brand in 2016. It holds all the exploitation rights outside the classic edition of the most famous bear cub in British literature. Paddington is the core focus of a cross-business strategy spanning the group's entire value chain. A 26-episode animated series targeting preschoolers, *The Adventures of Paddington*, was produced by Studiocanal and broadcast in the United States on Nickelodeon in January 2020. It will be aired elsewhere in the world throughout the year. The Copyrights Group has increased the number of initiatives bringing the character to life, such as worldwide merchandising, coins minted bearing his image with the Royal Mint, a partnership with Unicef, puppet shows in New York and *Paddington on Ice* in London, theme parks and a store in London's Paddington station. In 2019, The Copyrights Group signed a commercial partnership for the development of *Mush-Mush & the Mushables*, an animation series for children co-funded by Canal+ and offering prospects for synergies within the group.

Vivendi Brand Marketing

Vivendi Brand Marketing is a company providing interfacing between the many skills covering strategy, design and production of group content and brands looking for new modes of expression and brand content. Integrated into Vivendi Village in 2019, Vivendi Brand Marketing has a two-fold purpose: (i) to facilitate cooperation between the group's various companies and businesses by allowing them to create additional value by establishing synergies and (ii) to promote Vivendi's skills and leadership in terms of marketing and content strategy among companies outside the group. More than 250 projects benefiting from the support of the group's entire ecosystem were completed in 2019, ranging from organizing training programs, assisting in data analysis and carrying out studies, to leading campaigns and productions combining talent from across the group.

3.1.7. NEW INITIATIVES

3.1.7.1. Content Bundling

As a benchmark digital player, Dailymotion is capable of hosting and broadcasting video content throughout the world.

Dailymotion has launched a new version of its video platform, offering users quality content. Unlike other video-sharing platforms, it has changed its editorial positioning to focus on:

- the 18-49 age group, which is not a strategic target for existing online video services, but is strategic for advertisers;
- relevant and reliable content from leading publishers based on four major themes – news, entertainment, music and sport; and
- a completely redesigned user experience and a state-of-the-art video player.

This new strategy has led to an increase in quality content viewing, which at year-end 2019 represented more than 70% of the platform's global views (compared with approximately 50% in 2018). In 2019, quality content viewing increased by more than 50% compared with 2018.

The growth in Dailymotion's audience is fueled by numerous partnerships forged with leading content creators, with more than 280 partnerships signed in 2019, including 70 in the United States and involving prestigious names such as Le Monde Group, the MLB (Major League Baseball), the NHL, NASCAR, the Hearst group, Meredith, JPI Media, Konbini and Gruner+Jahr, as well as in new regions (e.g., Indonesia, Taiwan and Mexico), where its audiences are rising rapidly.

Dailymotion's audience growth has also been propelled by constant enhancements to its user experience, including work on recommendation algorithms, which has made it possible to offer a more reliable and more personalized environment.

At the end of 2018, Dailymotion launched its own programmatic platform to allow its partners to better monetize their content. It is now connected with more than 40 demand-side platforms (DSP), including Adobe, Google DV360 and The Trade Desk.

Dailymotion has hosting provider status, as defined in Directive 2000/31/EC of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ("Directive on electronic commerce"), as confirmed by the French Supreme Court (*Cour de cassation*, first civil chamber decision of February 17, 2011). Since 2018, the Dailymotion platform has made the necessary changes to comply with personal data protection regulations in Europe (GDPR) and California (CCPA).

Protecting rights holders' content is an absolute priority for Dailymotion. On top of constant efforts to clean up the platform and roll out digital fingerprinting solutions to better protect rights holders, Dailymotion has developed alert tools to enable pirated or explicit content to be removed more quickly, namely upon request by search engines. Dailymotion also works untiringly to combat robot-generated traffic by continuously improving its systems and accelerating machine learning rates. In 2019, Dailymotion entered into new partnerships with major players in the field of brand safety, including MOAT and WhiteOps.

3.1.7.2. Internet service providers

Groupe Vivendi Africa (GVA), the Vivendi group's subsidiary that provides ultra-high-speed Internet access in Africa, operates in Libreville (Gabon), Lomé (Togo), and Pointe-Noire and Brazzaville (Republic of Congo), where more than 300,000 homes and businesses are eligible for its Fiber to the Home (FTTH) services.

GVA expects very strong growth in the ultra-high-speed market in Africa in the coming years and plans to continue extending its FTTH networks in several cities across the African continent, with the financial and corporate support of the Vivendi group. In 2020, GVA will be launched in Abidjan (Côte d'Ivoire), Kigali (Rwanda) and Ouagadougou (Burkina Faso), where more than half a million homes are eligible.

General public offers and business offers under the Canalbox and Canalbox Pro brands, respectively, are revolutionizing Internet access and usage in Africa by offering the best quality of service, the best speeds, unlimited use and the most affordable rates.

3.2. Investments in Affiliates

3.2.1. TELECOM ITALIA

On June 24, 2015, Vivendi became the core shareholder of Telecom Italia, the leading fixed-line and mobile operator in Italy.

As of December 31, 2019, Vivendi held an interest of 23.94% in Telecom Italia based on the total number of ordinary shares, with voting rights representing 17.15% of Telecom Italia's share capital.

3.2.2. MEDIASET

On April 8, 2016, Vivendi announced that it had entered into a strategic and industrial partnership with Mediaset for the acquisition of a 3.5% interest in Mediaset and 100% of the share capital of Mediaset Premium in exchange for 3.5% of Vivendi's share capital. This agreement is the subject of litigation.

As of December 31, 2017, Vivendi held 340,246 thousand Mediaset shares, representing 29.94% of its voting rights. On April 9, 2018, in accordance with the commitments undertaken before the Italian communications authority, AGCOM, Vivendi transferred the portion of its Mediaset voting rights in excess of 10% to an independent Italian trustee **(1)**.

On December 31, 2019, Vivendi held 28.80% of Mediaset's share capital and 9.99% of its voting rights.

3.2.3. BANIJAY GROUP HOLDING

On October 26, 2019, Banijay Group Holding announced a definitive agreement for the acquisition of Endemol Shine.

As of December 31, 2019, Vivendi held a 31.4% interest in Banijay Group Holding.

3.3. Financial Communication, Tax Policy and Regulatory Environment

3.3.1. FINANCIAL COMMUNICATION

3.3.1.1. Investment Policy

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

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

All of these projects are reviewed by the Investment Committee, which comprises the Chairman and members of the Management Board, key managers at headquarters and the Chief Operating Officers and Chief Financial Officers of the business units. This Committee meets twice a month.

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

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

3.3.2. FINANCIAL COMMUNICATION POLICY

3.3.2.1. Objectives of Vivendi's financial communication

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

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

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

(1) See Note 24 "Litigation" to the consolidated financial statements for the year ended December 31, 2019 in Chapter 4.

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

In 2019, a total of 456 events (e.g., roadshows, investor conferences, and analyst and investor meetings at Vivendi's headquarters or at the offices of its subsidiaries) were organized in Europe and the United States, providing an opportunity for the group and subsidiary management teams to meet with representatives from 226 financial institutions and shareholders to present the group's results and outlook.

Lastly, Vivendi also organizes communication opportunities for analysts and investors who specialize in socially responsible investments.

3.3.2.2. Communication with Individual Shareholders

Vivendi has a specific team dedicated to individual shareholder communications that manages the Shareholders' Club, the Shareholders' Committee, the Individual Shareholders' section on the group's website, the Twitter account and a dedicated toll-free number.

The group's 200,000 individual shareholders can contact the team by telephone at 0805 050 050 for any questions or suggestions they may have. It can be reached during normal business hours from Monday through Friday. The department can also be contacted by e-mail (actionnaires@vivendi.com) or by mail (Vivendi – Individual Shareholders' Information Department – 42, avenue de Friedland – 75380 Paris Cedex 08).

This service also manages the Shareholders' Club. The Shareholders' Club was founded in 2010 and organizes events and meetings for shareholders to keep them informed of Vivendi's activities, strategy and financial results. A program of the different events being held is sent to members twice a year (and can also be downloaded from the www.vivendi.com website).

In 2019, the Club organized 11 meetings (e.g., *"Jeudi, c'est Vivendi"* and *"Mardi de la musique"* training sessions, e-meetings with the *École de la Bourse* and financial meetings) and more than 35 entertainment-related events, from premiere screenings for films produced or distributed by Studiocanal to opera broadcasts and shows by partner organizations of Vivendi's Solidarity program, Create Joy, and evenings featuring Olympia Production artists. It also organized visits to L'Olympia, the Opéra-Comique and the Théâtre de l'Odéon, as well as the *"Quand Felllini rêvait de Picasso"* and *"Les Vampires au cinéma"* exhibitions at the Cinémathèque.

The Shareholders' Club is committed to offering all of its shareholders access to meetings and shows, regardless of where they live. In 2019, shareholders in Biarritz, Bordeaux, Dijon, Grenoble, La Rochelle, Lille, Marseille, Montpellier, Nantes, Orléans and Toulouse were all able to take part in events. The group also holds digital meetings, broadcast live from the Vivendi website and accessible to all shareholders, wherever they may be.

In 2009, the group set up a Shareholders' Committee made up of 11 members. The Committee meets three times a year and at the General Shareholders' Meeting, and acts as a bridge between Vivendi's individual shareholders and its management. It focuses, in particular, on communication with shareholders. Half of its members had their terms renewed in 2019.

The Individual Shareholders' department has also strengthened its digital communication. In addition to the "Individual Shareholders" section of the group's website and e-meetings, it manages a Twitter account. The "Individual Shareholders" section provides information on the General Shareholders' Meeting, the Shareholders' Club and the Shareholders' Committee, as well as access to Vivendi's press releases, a Shareholders' Booklet and a video archive. Meanwhile, the Twitter account keeps shareholders informed of the latest news on the group and the financial markets, as well as of the events held by the Shareholders' Club.

3.4. Tax Policy

The group's tax policy aims to ensure that:

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

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

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

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

The group justifiably mitigates its tax liabilities and compliance costs by making reasonable and appropriate use of the legislative framework and the available options in each territory within which it operates. As such, the group engages in legitimate tax planning to make the most efficient use of permitted tax reliefs and other incentives as well as access tax losses from prior periods. Where possible, the use of such arrangements will be presented to and agreed with the appropriate tax authority.

Where this is not possible, the group seeks expert advice to confirm that, if there were to be challenges to its position, these would more likely than not be settled in its favor.

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

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

3.5. Insurance

Vivendi holds centralized insurance coverage for its own risks and the risks of its subsidiaries. Its policies are established by the group's Insurance Department with major French and international insurers. They are subject to regular competitive bidding to allow the group to benefit from optimal technical and financial terms. Certain risks incurred by Universal Music Group are covered by contracts subscribed by the subsidiary in the United States.

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

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

3.5.1. PROPERTY DAMAGE AND BUSINESS INTERRUPTION

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

3.5.2. CIVIL LIABILITY

Insurance policies to cover civil liability in the course of business operations, as well as product liability for the entire group, have been secured for €200 million per year in total aggregate coverage.

3.5.3. WORKPLACE ACCIDENTS

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

3.6. Investments/Divestitures

The main investments or divestments made by Vivendi include:

- investments in content described in Note 10 of the appendix to the Consolidated Financial Statements, such as they appear in Chapter 4 (the impact of investments in content on Vivendi's financial position is described in Section 2.2 of the Financial Report in Chapter 4);
- acquisitions or disposals of financial investments described in Note 2 of the appendix to the Consolidated Financial Statements such as they appear in Chapter 4 (the impact of acquisitions or disposals of financial investments on Vivendi's financial position is described in Section 2.3 of the Financial Report in Chapter 4); and
- investments in capital expenditure described in Note 3 of the appendix to the Consolidated Financial Statements such as they appear in Chapter 4 (the impact of investments in capital expenditure on Vivendi's financial position is described in Section 2.2 of the Financial Report in Chapter 4).

Moreover, the contractual commitments made by Vivendi in respect of the acquisitions of financial investments, as well as investments in capital expenditure, are described in Note 23 of the appendix to the Consolidated Financial Statements in Chapter 4.

3.7. Seasonality of Group Businesses

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

As regards pay-TV, the revenues of Canal+ Group are more consistent since they depend on subscriptions. There are nonetheless more subscriptions at the beginning of the school year in September and over Christmas and the New Year.

As for Editis, sales are slightly stronger in the second half, driven notably by the start of the school year, the new publishing season and sales of books at the year end.

Seasonal variations are not particularly noticeable for business activities linked to the customer experience or the business units involved in events management.

3.8. Raw Materials

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

- paper for books at Editis and product packaging at UMG and Canal+ Group; and
- polycarbonates for manufacturing CDs and DVDs at UMG and Canal+ Group.

Paper and polycarbonates are not subject to price fluctuations that could have a significant impact on Canal+ Group's activities, and UMG has signed various contracts with its suppliers protecting it against fluctuations in raw material prices. Similarly, Editis has implemented a sourcing policy built on long-term contracts and is diversifying its sources of supply.

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

SECTION 4 NON-FINANCIAL PERFORMANCE

4.1. Non-financial performance is a cornerstone of governance

For Vivendi, 2019 was a year spent refocusing the group's social and environmental roadmap on the priorities that reflect its interpretation of the role of business in society. Carried out in conjunction with work on its non-financial performance statement and sustainable performance strategy (see Section 2.3), this period of reflection and evaluation will continue in 2020.

Today, the group's roadmap is defined by three commitments:

- **respond to the climate emergency;**
- **support ambitious, multi-faceted creative content; and**
- **discover talent in all their diversity.**

These three commitments, described in Section 4.3 of this chapter, make up the framework of Vivendi's non-financial performance.

4.1.1. CROSS-MOBILIZATION

The CSR (corporate social responsibility) department reports to the General Counsel, a member of Vivendi's Management Board. It defines the strategic focus of the social responsibility policy and carries out cross-functional assignments geared towards giving non-financial performance an ever-greater place in the group's decisions and business lines, as a means of shaping overall performance:

- leading the value creation project in collaboration with a steering committee comprising members of the group's Management Board and its functional departments (Finance, Legal, Mergers & Acquisitions and HR);
- rolling out the "Compliance Program", currently being reworked, as well as the anti-corruption program, and as such taking part in the Risk Committee led by the Audit & Special Projects department and in the Compliance Committee (see Chapter 2, Section 3);
- developing the group's Climate roadmap and proposing GHG emission reduction targets;
- maintaining regular dialog within the group with the functional departments of the head office and subsidiaries (CSR, Legal, Finance, HR, Communication and Purchasing) to implement the CSR policy;
- ensuring good relations between the group and its external stakeholders, including customers, civil society and investors; and
- participating as needed, together with the Investor Relations department, in presentations dedicated to the group's approach to corporate responsibility.

The Supervisory Board contributes directly to the governance of the group's non-financial performance. In accordance with its internal rules, it regularly monitors progress on the group's social responsibility policy. The Management Board informs the Board about the policy's roll-out through a quarterly activity report.

Created in 2017, the CSR Committee prepares the Board's decisions, makes recommendations and issues opinions on the group's social and environmental challenges, social dialog, employee engagement and societal projects. It also sets out areas of improvement for the group on social responsibility issues. In 2019, its work focused on:

- the non-financial performance statement;
- the Diversity Committee;
- group partnerships; and
- the group's social and environmental contribution.

The Audit Committee reviews the group's social responsibility policy and compliance policy twice a year. In 2019, the committee met twice. Its work primarily focused on:

- the non-financial performance statement; and
- the implementation of the anti-corruption program.

Since 2010, the Supervisory Board has used CSR criteria associated with the three strategic commitments shared by all subsidiaries (which are directly linked to their area of business) to determine part of the variable compensation of senior executives. The criteria have been revised in 2020 upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee to bring them in line with the changing environmental, social and governance (ESG) challenges that the group faces. They are based on progress towards its commitments, which are to reduce the group's environmental footprint, promote talent and diversity, and implement the compliance policy. In addition, the percentage of ESG criteria applied in determining performance-based pay was raised from 5% to 12% for 2020 (see the compensation policy of the Chairman and members of the Management Board presented in Section 2.1 of Chapter 3 of this Annual Report – Universal Registration Document). The Supervisory Board requires that the criteria established for each business be based on its expertise and positioning.

4.1.2. NON-FINANCIAL REPORTING AS A MANAGEMENT TOOL

Vivendi has developed a non-financial reporting process that gives its stakeholders a clear view of the group's positioning, opportunities and non-financial risks. The incorporation of indicators linked to strategic commitments is an innovative approach in the media sector.

In 2019, to meet the requirements of the European directive on non-financial reporting, Vivendi updated its environmental, social and societal data reporting protocol to better address the responsibilities it faces and fine-tune its evaluation of actions taken.

Updating the protocol provides an opportunity for Vivendi to have discussions with its subsidiaries to ensure that non-financial data providers properly understand the indicators and to adapt to changes in the group's activities. The CSR department worked with a network of correspondents appointed to promote best practices and coordinate non-financial reporting in each of the subsidiaries. Data was collected by over 400 providers using a group-wide reporting system.

4.1.3. DIALOG WITH GROUP STAKEHOLDERS

Vivendi incorporates stakeholder expectations into its strategy. The group maintains a dialog with academics and NGOs, liaises with financial and non-financial communities, and meets with individual shareholders. Social responsibility policy has been integrated into the annual training program for social partners (relations with employees and employee representatives are described in Section 4.3.3.2.2 of this chapter).

Employees are key agents of change in the company. In 2019, the CSR department held an international seminar to share with employees the innovative projects and best practices relating to the group's three commitments. It was held in BETC's premises and was attended by the extended CSR community, including CSR managers in the subsidiaries, representatives of head office departments (Audit and Risk, HR, Communication, Legal, Business Development) and representatives of the operational functions of the subsidiaries that apply or are affected by the group's approach to social responsibility.

Vivendi has ongoing dialog with several non-financial rating agencies with a view to determining its positioning in the sector and making a more informed assessment of its areas for improvement. In 2019, Vivendi once again featured in the following indices: FTSE4Good Developed and FTSE4Good Europe (FTSE Russell), the Ethibel Pioneer and Ethibel Excellence investment registers, the Ethibel Sustainability Index Excellence Global and Europe, and the Euronext Vigeo France 20, World 120, Eurozone 120 and Europe 120 indices as well as several Stoxx indices. Vivendi ranks among the top 1% best-performing listed companies worldwide according to a November 2018 study on corporate conduct regarding respect for human rights, carried out by Vigeo Eiris. The group also takes part in the annual assessment conducted by the Carbon Disclosure Project.

Vivendi is involved in multi-partner initiatives to strengthen the analysis of its impacts on society. It continues to contribute to the European Commission's Alliance to Better Protect Minors Online, an initiative that brings together media and telecom companies and NGOs to protect children (see Section 4.3.2.2.2 of this chapter). The group works with the French Association of Private Enterprises (AFEP) on the duty of vigilance and is a member of Global Compact France's Human Rights Club, a forum for information, dialog and sharing best practices with other companies and NGOs.

The group's emphasis on dialog is also reflected in forging links through partnerships with key stakeholders, working together to develop solutions and projects that support its societal commitments. These partners, described in Section 4.3.3.3 "Contributing to local development" of this chapter, include:

- the LINCC (Les Industries Numériques Culturelles et Créatives) innovation platform, led by Paris&Co, the Paris agency for economic development and innovation;
- Les Entreprises pour la Cité network, a group of companies committed to social innovation. Vivendi provides specific support for the Innov'Avenir program, designed to raise awareness among young people about entrepreneurship and career paths in digital technology, as well as the Diversity Charter, which Vivendi signed soon after its launch in 2004;
- Sciences Po and Fondation Dauphine, renowned partners from academia that Vivendi supports in rolling out programs for equal opportunity and access to culture. Vivendi also works with the École du Management de l'Innovation at Sciences Po on its master's program in communications, media and creative industries. This partnership has resulted in the creation of the Prize for Creativity and Diversity, awarded in 2019 to non-European students who came up with the most original responses to the question: "How can creative content contribute to the common good?"; and
- the scientific committee of the Université du Réseau des Référents Handicap of Agefiph (Fund Management Organization for the Professional Integration of People with Disabilities), of which Vivendi is a member. The members of this scientific committee include figures from the business world and the social and solidarity economy, academics (e.g., philosophers and sociologists), and representatives from national bodies that oversee inclusion issues.

This dialog-based approach establishes a general framework that each of the group's subsidiaries can draw on and adapt with its own partners. The examples below show this dialog in action and the resources in place to enhance relations at subsidiary level.

Universal Music Group

UMG communicates regularly with a wide range of outside stakeholders, including but not limited to: artists and their managers; songwriters; retailers and digital music services; performers rights organizations (such as Broadcast Music Inc., ASCAP and SESAC); local, provincial and national officials in countries in which the company operates (as well as others, such as European authorities); trade associations; and ad hoc working groups or coalitions (such as the Digital Creators Coalition and the US Alliance for Music), among many others. Business dialog, such as a commercial negotiation, is typically conducted directly with other parties. Other dialog, such as that related to public policies, may be conducted through, or along with, global and national industry associations, such as the IFPI (International Federation of the Phonographic Industry) and its national affiliates, and the ICMP (International Confederation of Music Publishers).

In 2019, some of the main public policy issues addressed included copyright legislation in several countries, as well as issues like the "value gap" (the difference between the value of content exploited by certain online platforms and the remuneration returned to music creators by those platforms), associated with misinterpretation of the copyright safe harbor addressed by the Directive on Copyright in the Digital Single Market, various international trade agreements and associated issues.

Canal+ Group

Content production is the core business of Canal+ Group. In 2019, the group joined Ecoprod, a collective of private and public institutional organizations from the audiovisual industry. Ecoprod's purpose is to identify and disseminate good practices for more environmentally friendly audiovisual and movie productions.

Dialog with the stakeholders of Canal+ Group's international entities focused on several issues. In 2019, piracy once again topped the list. The group engaged in dialog in these areas while working with the ABEI (Authority of Broadcasting and Electronic Information) in Vietnam and with the local audiovisual authority (*Conseil supérieur de l'audiovisuel et de la communication*) in the Democratic Republic of the Congo. In Poland, it took part in working groups organized by the government to examine program access and the Digital Services Act.

Havas

The Havas Group's agencies belong to numerous professional associations and bodies, providing a forum for consultations with industry stakeholders including peers, customers, suppliers, regulators and consumers.

Many of them are rolling out consumer consultation tools in the form of studies or polls to survey public opinion and provide brands with a 360° understanding of their customers' expectations.

4

Some of the group's agencies are also developing ways of working upstream of campaign design to involve more of the client company's stakeholders, especially when the campaign is dedicated to sustainable development issues.

Editis

The Editis group is heavily involved in interprofessional discussions and maintains active dialog with government authorities, publishing, education and digital ecosystem bodies, and institutions promoting French culture and the French language.

Gameloft

Gameloft has identified its major external stakeholders, which include gaming communities, brands, media agencies and public and non-profit organizations. The approach is based on the findings of a 2017 internal survey conducted to measure managers' understanding of CSR, and to draw up an inventory of local stakeholders and initiatives underway in the group's studios.

The process has also resulted in a more effective structuring of relationships with NGOs. For example, Gameloft joined Women in Games, a global professional body advocating gender diversity in the video game industry.

Gameloft also takes a stance to promote health through campaigns to raise awareness about smoking in several of its games.

In 2019, Gameloft attended the equality conference organized by France's *Centre national du cinéma et de l'image animée* (CNC), in the presence of the French Minister of Culture.

Vivendi Village

At Vivendi Village, dialog with industry professionals takes place through the professional associations to which the entities belong (such as Prodiss, the French union of producers and concert venues, for L'Olympia). UK Ticketing Limited is a member of the Society of Ticket Agents and Retailers (STAR) and adheres to its code of conduct, which sets out standards in terms of ethics, transparency and payment systems security that operators must guarantee in their relationships with consumers and establishes a procedure for reporting complaints.

Dailymotion

In its commitment to the quality charter of the SRI, the Internet advertising trade body, Dailymotion and other SRI members guarantee the implementation of strict and clear measures on service quality, transparency and business ethics to protect the integrity of advertising brands.

Dailymotion is committed to controlling its users' exposure to advertising, in compliance with applicable regulations on the protection of personal data. In line with regulations, Dailymotion also provides online users with an easily visible and accessible alert system to notify the platform of any illegal content (see Chapter 4.3.1.2 for more details).

Dailymotion also adheres to the European Code of Conduct on countering illegal online hate speech for digital businesses. Its aim is to strengthen the implementation of best practices in the fight against hate speech on the Internet.

4.2. Main non-financial risks

Pursuant to Executive Order No. 2017-1180 of July 19, 2017 amending the legislative framework on the publication of non-financial information, Vivendi established a risk map of the main non-financial risks related to its activities in 2018.

An additional risk analysis was also carried out in July 2019 with representatives of the various departments of Editis to prepare its inclusion in the non-financial reporting scope from 2020, and a selection of the most noteworthy initiatives set in place by Editis is presented in Section 4.3 of this document.

The risks already included in Vivendi's overall risk mapping were not relisted. Corruption risks and areas for vigilance in the supply chain were analyzed separately as part of the group's compliance policy.

All parameters likely to have an impact on the group were analyzed and weighted, taking into account potential effects on the group's reputation, customers or operations, financial consequences, likelihood and processes already in place at subsidiaries to minimize such risks.

This risk mapping process led to a list of six risks (some applicable to all subsidiaries and some only applicable to certain subsidiaries) being identified as material, along with corruption risks and areas for vigilance in the supply chain. The list lays out the "gross" risks inherent to the group's businesses, without taking into account mitigation measures that could reduce their impact or likelihood. It was presented to the CSR Committee and approved by the Supervisory Board's Audit Committee.

The list of potential risks is presented below. The risks are the subject of action plans and controls described in the group's commitments, and some of them (security and data protection risks, corruption risks and areas for vigilance in the supply chain) are addressed in the compliance policy (see Chapter 2 of this document).

The risk map will be regularly updated to ensure that the analysis of non-financial risks is in line with changes in the group's businesses.

Non-financial risks	Action plans
Risks associated with attracting and retaining external talent Loss of income (from customers and advertisers) and a decrease in audience numbers in the event of the departure of external creative talent from the group – e.g., artists, authors, songwriters, actors, presenters, directors and producers and journalists who participate in creating the music, films, audiovisual content and entertainment programs that Vivendi offers its customers.	See Section 4.3.2.1 of this chapter, "Fostering a diversity of cultures and supporting creativity"
Risks associated with attracting and retaining internal talent Loss of income (from customers and advertisers) and a decrease in audience numbers in the event of the departure of internal talent employed by the group (particularly people in top management positions or with key business skills).	See Section 4.3.3.2 of this chapter, "Talent engagement and retention to drive performance"
Risks associated with responsible content Loss or gains in audience and income (from customers and advertisers) depending on how responsible the group's content is (particularly with regard to protecting young audiences), on ethical controversies and on the extent to which content can be monitored in an environment where information spreads quickly. Additional costs arising from penalties or disputes with supervisory bodies or with governments in general.	See Section 4.3.2.2.2. of this chapter, "Being mindful of the impact of our content"
Risks associated with social dialog Risks of additional operating costs in the event of a decrease in employee engagement, strikes or employee disputes (management, compensation) at a time of market consolidation and technological transition in media and entertainment.	See Section 4.3.3.2.2. of this chapter, "Quality of life at work and attention to people"
Risks associated with human rights and fundamental freedoms in business Reputation risks or risk of penalties in the event of a direct infringement of the human rights or fundamental freedoms of group employees or a failure to implement measures to protect human rights in the business, particularly in cases of harassment (outside of the supply chain).	See Section 4.3.3.2.2. of this chapter, "Quality of life at work and attention to people"
Risks associated with the businesses' carbon intensity Reputation risks linked to the increasing responsibilities of media companies, particularly in terms of Green IT (i.e., sustainable data communication and storage) for user terminals (use of products), data centers and Internet and mobile networks.	See Section 4.3.1 of this chapter, "Responding to the climate emergency"
Risks associated with data security and protection Risks of losses or additional costs due to shortcomings in the security of infrastructure, information systems and service platforms, to disputes or penalties in the event of non-compliance with applicable regulations and to customer data access constraints. Reputation risks in the event of a failure to meet confidentiality or personal data protection standards or a failure to maintain the privacy of employees, advertisers, and people in the public eye.	See Chapter 2, Section 3 "Compliance policy"
Risks associated with corruption Risks related to acts of corruption or influence peddling.	See Chapter 2, Section 3 "Compliance policy"
Areas for vigilance in the supply chain Areas for vigilance related to the activities of suppliers and subcontractors with which the group has an established business relationship.	See Chapter 2, Section 3 "Compliance policy"

For a description of the group's policies and measures to combat tax evasion, see Section 3.4 "Tax policy" of this chapter.

4.2.1. RISKS DEEMED IRRELEVANT WITH REGARD TO THE GROUP'S BUSINESSES

Given the nature of its businesses, the following topics were not deemed relevant to Vivendi's risk mapping process:

- fight against food waste;
- fight against food insecurity; and
- respect for animal well-being and responsible, fair and sustainable food.

4.3. Our key commitments

4.3.1. RESPONDING TO THE CLIMATE EMERGENCY

The special report of the Intergovernmental Panel on Climate Change (IPCC) published in October 2018 stressed the need to intensify and accelerate efforts to deal with the consequences of climate change threatening humanity (e.g., extreme weather events, loss of biodiversity, food shortages, climate refugees and economic impacts).

For Vivendi, whose subsidiaries place it along the entire value chain from the discovery of talent to the creation, editing and distribution of content, the fight against climate change and the protection of the environment are vital challenges, as creativity and cultural expression can never be sustained in a degraded ecosystem: nature and the environment have always been an endless source of inspiration for artists.

Vivendi's environmental approach is based on two major challenges:

- the reduction of the direct and indirect carbon footprint of its activities; and
- the use of its power of influence to raise awareness about the climate emergency.

Vivendi was one of the hundred companies to sign the French Business Climate Pledge at La Rencontre des Entrepreneurs de France (LaREF) business conference organized by MEDEF on August 29, 2019.

Its various businesses each have their own environmental action plans that factor in the specific nature of the environmental impact of their activities. The group's broader environmental policy is coordinated by Vivendi's CSR Department, where a dedicated member of staff is in charge of organizing and coordinating a network of environmental officers in place in the subsidiaries and contributing to the promotion of best practices identified across the group.

Reducing Vivendi's environmental footprint involves a low-carbon strategy that takes many different forms: certification for buildings or site management, control of the energy consumption of its various sites (offices, agencies, logistics sites), employee awareness initiatives and the use of low-carbon energies.

4.3.1.1. Reduction of the direct and indirect carbon footprint of its activities

Reporting requirements

Data are critical in properly supporting the company's environmental approach and steering a large part of its projects. To have as much information as possible on its environmental impacts and potential avenues for action, the group once again widened its reporting scope in 2019 by lowering the threshold at which entities are included from 50 to 25 employees. This resulted in more than 80 entities joining the environmental reporting scope, broadening its coverage to nearly 87% of the group's workforce.

In 2019, environmental data was reported by a network of nearly 280 contributors in more than 60 countries.

Since 2008, a selection of non-financial data has been verified by an independent third party, which then issues a limited assurance report. The verification work ensures the reliability of the data through centralized audits.

Moreover, to strengthen its transparency on issues relating to climate change, the group adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see the TCFD cross-reference table in Section 4.5.2).

Environmental certification

As workspaces, buildings must ensure the quality of life of their users. However, building and operating a building requires a significant amount of raw materials, as well as large amounts of energy and water. It is therefore important to streamline construction processes and the use of non-renewable resources.

Environmental certification processes for the buildings and sites where the subsidiaries operate help them better assess and reduce their impact on the environment using recognized environment management systems. Today, 20% of the group's workforce (excluding Editis) is covered by environmental certification (environmental management certification such as ISO 14001 or sustainable construction certification such as HQE® or LEED®).

Developed by the US Green Building Council, LEED (Leadership in Energy and Environmental Design) is a green building rating system with third-party certification. UMG's Nashville site has obtained Gold-rated LEED certification.

B-Corp (for Benefit Corporation) certification, used in more than 60 countries and 150 different sectors, recognizes companies with a positive societal and environmental impact. The Havas London creative agency, based at the Havas King Cross site (ISO 14001 certified), has become the first major creative agency in the United Kingdom to obtain B-Corp certification. The certification process enabled Havas London to reduce its carbon footprint by 6% per employee and to increase the percentage of waste recycling on the site.

BREEAM (Building Research Establishment Environmental Assessment Method) is a British certification standard that evaluates a building's environmental performance. The most widespread certification in the world, it has been awarded to several buildings housing group entities, including Studiocanal and UMG in London, Havas in Warsaw and Gameloft in Paris.

Vivendi's head office renewed its EMAS (Eco-Management and Audit Scheme) and ISO 50001 certifications in 2019. For EMAS, this marked the tenth consecutive year.

In addition to those relating to buildings, general, sector-based or other certifications or labels with an environmental dimension are also encouraged within the group.

Raising awareness of environmental issues and impacts among employees

According to a September 2019 Ispos-Sopra Steria survey, protecting the environment is the number one priority for 52% of French people, ahead of purchasing power. It is a concern shared by many of the group's employees, who are playing an increasingly proactive part in improving behavior and environmental performance within their respective entities.

Several units are already in place in various entities to draw up action plans addressing issues such as energy savings, reducing environmental impacts and raising awareness of eco-behaviors in the workplace.

Vivendi's head office has had a "Green Team" tasked with coordinating the site's environmental certification process for nearly 10 years. In Toronto and Vietnam, Gameloft also has teams of employees who share their commitments for the preservation of the environment on a day-to-day basis.

Organized by the "Green Team" committee, UMG UK held a Green Awareness Day in July, featuring a range of awareness initiatives on the issues of recycling and business travel.

At the end of 2019, Canal+ France set up its "Et ta Planète?" committee, an environmental steering body comprised of approximately 30 participants split into five working groups tasked with drawing up action plans in the following areas: reducing office waste, developing eco-production (how to produce content with less environmental impact), improving equipment (eco-design, end-of-life management of equipment such as set-top boxes), improving infrastructure and services (data servers, digital applications) and using the power of influence (through documentaries and programs).

The release of *L'Effondrement*, a Canal+ mini-series on the environment (see Section 4.3.1.2. of this chapter), was another of the year's highlights in terms of raising awareness among teams. Vivendi held a screening followed by a discussion open to group employees (head office and subsidiaries), featuring a panel of speakers who had worked on the series – e.g., eco-manager and producer – in addition to an expert in collapsology and the use of narrative to leverage transformation. A screening was also organized at the Canal+ Group head office, followed by a round table devoted to the means of reducing the environmental impact of filming.

As part of the Havas B-Corp certification in the United Kingdom, the Forward UK, Media Planning Limited, Arena Media Ltd and Coran Design Group Ltd agencies have started holding steering group meetings every quarter to tackle a range of issues including sustainable sourcing, waste management, climate change (CO_2 emissions), the environmental quality of buildings and the commitment and awareness of staff. At Havas Paris, two employees on the Commitment committee are tasked with coordinating "Environment" issues, proposing actions and ensuring their follow-up.

In 2019, UMG Australia appointed "environmental champions". Their role is to contribute to improving environmental performance by raising awareness on the issue within their entity. Furthermore, in 2019, environment committees were set up at UMG in France, Sweden, Switzerland and Germany.

At BETC in France, a presentation of the company's CSR policy is given to new employees on the first Tuesday of every month, with an overview of the site's environmental practices (particularly in terms of sorting). A newsletter is issued every Thursday, and internal communication campaigns on carpooling are also organized within the agency.

In November, in partnership with a company specializing in auditing and environmental consulting services for film productions, Havas Paris held a training workshop dedicated to eco-responsible filming to introduce employees to ways of making advertising shoots greener.

In Poland, the Havas agencies in Warsaw held a "Zero Waste" conference on recycling and protecting the environment.

Managing and reducing energy consumption

The group's entities are continuing their efforts to reduce their energy consumption linked to buildings, infrastructure and owned or leased vehicles.

The IT departments of various entities (e.g., Vivendi head office and UMG) have virtualized part of their servers, which consists in running several systems, servers or applications on the same physical server. Reducing the number of physical servers and the air conditioning systems that go with them allows for reductions in energy consumption, in the use of natural resources used to make the equipment in question, and, ultimately, in the amount of electronic waste produced.

In 2019, UMG continued with the rollout of software designed to optimize the energy consumption of its computers. Its deployment across some 6,000 computers in the Americas, EMEA and APAC regions in 2019 is expected to save more than 400 kWh of electricity and avoid more than 240 tons of CO_2 emissions.

In the Democratic Republic of Congo, Canal+ Group is installing photovoltaic panels at its various points of sale to allow it to phase out the generators currently used to guard against potential power outages across the country (the rate of access to electricity in the DRC is currently estimated at 9%).

Measures such as the installation of presence detectors for office lighting (e.g., UMG in Santa Monica and Canal+ in Guadeloupe), automated management systems for switching off air conditioning (e.g., Gameloft in Barcelona and UMG in the Philippines) or the gradual replacement of traditional lighting with LED bulbs (e.g., Canal+ in Poland, UK Ticketing Limited and the Olympia concert venue in Paris) are being implemented in the group's subsidiaries.

Many African countries are still poorly equipped in terms of electrical infrastructure. Supported by Vivendi, the CanalOlympia project consists of a series of fully energy-independent movie theaters and performance venues currently being rolled out across the continent. Each venue has indoor seating for 300 people and outdoor seating for several thousand. They are powered by energy from a hybrid system developed by Bluestorage comprising 140 kWp of solar panels and 400 kWh of storage. The CanalOlympia Kaloum, located in Conakry, Guinea, independently produces nearly 400,000 kWh of electricity, which is enough to ensure its proper functioning.

In 2019, 17% of the electricity used by the group was generated using renewable energy sources

Using resources and the circular economy

The group entities are implementing various measures to reduce paper consumption at their respective level, including, among others: document digitization (e.g., expense claims, pay slips and annual individual appraisals), default printer settings for printouts on both sides, elimination of "local" printers in favor of network photocopiers and development of digital tools.

Interforum, the Editis distribution subsidiary, uses Copernics, an innovative print-to-order system, at its Malesherbes site. Due to full automation with no intermediate reloading between production and logistics, Copernics allows printing to be triggered as soon as an order is placed, even for a single copy. The system will help reduce the number of copies of books printed unnecessarily, for reprints or short runs, while also limiting transport between printers and the Malesherbes distribution center and reducing the financial cost of the need to store books.

On a more day-to-day level, increasing numbers of entities are taking initiatives to eliminate single-use plastics. Many of them have eliminated the use of plastic water bottles by replacing them with reusable flasks, replaced plastic cups with mugs for employees and restricted the use of coffee in pods.

Rounding out its determination to rein in its consumption of energy and natural resources, the group endeavors to promote product reuse and recycling.

Two complementary approaches governing end-of-life products are in place within the group:

- firstly, promotion of the reuse of products and equipment to prolong their lifespan; and
- secondly, optimization of the management of ordinary waste (e.g., paper and cardboard), electrical waste and electronic equipment (WEEE) (e.g., computers and printers) from the subsidiaries by implementing appropriate and traceable processing circuits for each type of waste.

For the launch of the new 4K Ultra HD set-top box, Canal+ Réunion set up a system to recycle its old set-top boxes. Once deposited in-store, the old +LE CUBE set-top boxes are recovered and recycled to give them a new life. Sorted and dispatched by logistics teams, they are separated on the basis of functional and aesthetic criteria. Those still in working order are cleaned and repackaged before being shipped to other countries where they can be reused. Those in poor condition are dismantled so that the reusable components can be recovered and recycled.

To optimize its waste management, Canal+ Group collects and processes end-of-life equipment returned by its customers, calling on accredited external partners or collective networks when possible. In Togo, Canal+ has partnered with a company specializing in the recycling of electronic waste, making it possible to process nearly two metric tons of WEEE (e.g., set-top boxes and remote controls).

Vivendi entities systematically ensure the treatment of waste in compliance with the local environmental standards in force.

Business travel

Vivendi's various businesses involve a great amount of business travel, often essential for establishing and maintaining healthy and productive relationships with clients and business partners. However, mindful of the associated carbon footprint, the group looks for ways to optimize business travel to reduce its environmental impact.

Several digital solutions allowing the organization of secure and interactive audio and web conferences from a computer are in place or being rolled out within the group's entities. Remote meetings with employees, using these solutions, help limit certain non-strategic travel.

In France, electric and hybrid vehicles are offered in the catalog of company cars proposed by the Purchasing Department in order to reduce the carbon footprint of the vehicle fleet (they represent 14% of the fleet, the share of diesel vehicles now being under 9%).

Commuting is also taken into account among subsidiaries. For instance, the Havas agencies operating out of the Magasins Généraux building have a fleet of self-service scooters, enabling people to get to nearby metro stations more quickly.

The environmental impact of content

The group's entities also take action to make the production of their content less impactful on the environment.

Engaged in an eco-responsible approach to printing and recycling for over 11 years, Editis is currently France's only publisher adhering to the FSC® (Forest Stewardship Council), an independent certification body that seeks to ensure that forests are managed responsibly and sustainably. In addition, all the stationery providers used by the group are European (producing 20% of their paper in France), and all the paper used by Editis and its houses is FSC® certified.

Nathan has also developed a policy of manufacturing eco-designed, sustainable and environmentally friendly educational games. The wood used to make the furniture comes mainly from responsibly managed forests. Preference is given to ecological water-based paints guaranteed solvent-free. Interforum has abandoned plastic film for packaging books in favor of cardboard to reduce the greenhouse gas emissions linked to the use of a product derived from oil.

Some of the Editis group publishing houses are also implementing additional initiatives to go even further along the path of eco-responsibility. Tana, for instance, has undertaken to ensure that all books are made using FSC® certified paper, are printed in France under the Imprim'Vert® label, are bleached without chlorine or chlorine derivatives, and only use certified vegetable-based inks. Printers are also required to source the paper used for Tana books within a limited radius to ensure respect for short circuits and limit the kilometers resulting from road transport.

The audiovisual industry is also a source of environmental impacts. According to a study carried out by Carbone 4 for Ecoprod and the CNC in 2019, the carbon footprint of the French audiovisual sector amounted to 3.5 million metric tons of carbon equivalent in 2018 (i.e., 0.5% of France's total carbon emissions). To limit the environmental impacts of the filming of its productions or co-productions, Canal+ joined Ecoprod in December 2019. Ecoprod is a collective bringing together public and private broadcasters, production support structures, government experts and other stakeholders. It was created in 2009 to encourage the audiovisual sector to take its environmental footprint into account and unite it around this cause. Season 3 of *Le Baron noir* and the mini-series *L'Effondrement* saw the adoption of strict eco-responsible practices during shooting, with sets recycled, waste sorted, a vegetarian canteen and the use of hybrid or electric vehicles. An eco-production manager also worked on the shoots to raise awareness and support the technical teams in embracing a more ecological approach to their work. For season 3 *of Le Baron noir*, this approach saved nearly 1.4 metric tons of CO_2.

Well aware of the need to make the festive spirit synonymous with environmental protection, increasing numbers of festivals have decided to change their practices to make events more eco-responsible. For example, the Les Déferlantes festival in Argelès-sur-Mer in France has adopted a range of solutions to reduce its environmental impact. It raises awareness among festival-goers about protecting the environment, providing cigarette packets with integrated butt collectors, using plant-based drinking straws, recycling tarpaulins for use as tote bags and encouraging spectators to use a single cup at the festival. In the United Kingdom, the Love Supreme jazz festival at Glynde Place has also taken various initiatives to limit festival-goers' environmental impacts, particularly in terms of the waste they produce: all the cups available at drink stands are recyclable, there are no single-use condiments or seasoning sachets and no plastic straws, and all kitchen utensils must be certified compostable (and not just biodegradable).

The environmental challenges of digital content

Sending emails, watching videos on a tablet, listening to music on a smartphone and conducting internet searches all have an impact on the environment. According to a 2019 report published by the think tank The Shift Project, the viewing of videos online alone generated more than 300 million metric tons of CO_2 in 2018, which is equal to the amount of greenhouse gas Spain emits in a year, and nearly 1% of global emissions.

An analysis of 2018 operational data across the group's four business areas (UMG, Canal+ in France, Gameloft and Dailymotion), spanning the whole of their value chains (i.e., also including an estimate of emissions generated by certain group partners and certain client usages), estimated the group-wide production and broadcasting carbon footprint at approximately 728,000 tons of CO_2 equivalent.

Aware of the societal challenge represented by this issue, this year Vivendi continued its work on methodology aimed at gaining a better understanding of the impact of the group's products and services in terms of greenhouse gas emissions. The objective for the coming year will be to fine-tune the calculation methodology to ensure the reliability and objectivity of the data underpinning the group's low-carbon strategy, and to support the group's official 2020 commitment as part of the SBT (Science-Based Targets) initiative. This work will also provide features designed to make clients of group entities aware of the more responsible use of digital technology.

The energy consumption of data servers and the consumption of rare earths for manufacturing equipment are often cited as proxies for the environmental footprint of digital technology. However, this excludes smartphone and tablet applications, whose design and use generate significant data consumption worldwide, and by extension significant demand for energy. In this respect, the group partnered with Greenspector, a startup specializing in software eco-design, to measure the energy consumption of two of the group's mobile apps, myCanal and Dailymotion. Each app underwent different checkpoints to determine an overall score out of 100, resulting from an evaluation of five sub-criteria: inclusion, energy sobriety, performance, discretion and ecology. The study's findings will be used by teams of developers in the relevant entities to factor eco-design aspects into the app development process.

Finally, carbon offsetting is used to make up for emissions that cannot be avoided.

Vivendi's head office accordingly offset its residual 2018 emissions in 2019 (i.e., more than 2,000 metric tons of CO_2). This initiative, which involves offsetting the climate footprint equivalent by funding a program reducing GHG emissions in a developing country, was carried out in partnership with Gold Standard, a specialized project manager. It helped fund a local, clean and free energy project involving the capture of biogas emitted by small farms in Vietnam. At its annual seminar, Vivendi's CSR Department completed another carbon offsetting project in favor of a plan to distribute improved ovens to low-income rural populations in Kenya, aimed at reducing pressure on wood resources in the Embu region.

Havas continued to promote the "Climate Solidarity" initiative launched with its clients at the end of 2018 and run by the agencies Havas Paris, Havas Events and BETC to offset the carbon footprint of all their audiovisual, print, digital and events production. Using methodology defined by a specialist firm, a correlation is established between the total cost of a production and its carbon impact. With the client's agreement, the carbon cost of each production (technical expenses only) is added to the cost of the production and invested in agroforestry projects in Peru and France managed by the operator PUR Projet, which is then authorized to issue a carbon certificate that the agencies send to their clients. In 2019, more than 100 clients were involved in this initiative, which offset nearly 5,600 metric tons of CO_2.

4.3.1.2. Using our power of influence to raise awareness about the climate emergency

For Vivendi, the fight against climate change also involves awareness-raising initiatives aimed at the general public, through content produced by the group.

Tana, an Editis group publishing house, has instituted a responsible label applying to both its editorial line and the production of its works. The editorial line aims to contribute to change towards a gentler world that is more respectful of the environment, by promoting five "green" trends: practical ecology (e.g., cuisine, habitat, nature and well-being), spiritual ecology, new utopias, new forms of parenting and education, and fiction centered on ecology, nature, survivalism and the climate.

As a publisher of educational resources and creator of educational material, Nathan Maternelle – like Sejer – has the responsibility of acting with children and teachers to make them aware of life in society, respect for others and the environment. Nathan Maternelle creates products linked to official French elementary school programs; its particular approach to certain areas and certain recommendations places particular emphasis on "sustainable development".

Canal+ Group has produced and broadcast several documentaries to raise awareness of environmental protection. Drawing on original images, the documentary *Terrains brûlants* shows how sport today is affected by global warming and its consequences. The documentary *Energy Observer – Messengers of the Earth* traces both the human adventure and the technological challenges faced by Energy Observer – a ship powered only by renewable energies and hydrogen – as it sails from Saint Petersburg to energy-self-sufficient Spitsbergen, visting communities committed to preserving biodiversity around the world.

In Poland, on Kuchnia+, *Jagna Niedzielska's Zero-waste cooking* promotes the concept of the ecological use of food and the fight against food waste on a daily basis.

In 2019, Havas carried out several campaigns on behalf of its clients to raise awareness about the climate emergency and its potential consequences on the environment and biodiversity. For the second consecutive year, BETC renewed the *Save Our Species* campaign for its client Lacoste. This year, the famous crocodile logo again gave way to ten endangered animals. The *Farewell Party* campaign for GRDF, the French gas distribution network, was an opportunity for Rosapark to raise public awareness about biogas, a practical energy solution to facilitate the transition to a greener society. The Havas group's agencies carried out 13 campaigns specifically addressing the challenges related to climate change in 2019.

The music industry is also taking up the challenge of climate change: Universal Music UK and the legendary Abbey Road studios have joined the Music Declares Emergency movement to campaign for the environment. Music Declares Emergency seeks to highlight the environmental impact of the practices of the music industry and undertakes to "take urgent measures" to remedy them.

Several UMG artists also contribute, through their songs, to raising awareness about the environment: Examples include Gauvain Sers and his song *Y'a plus de saisons* and Ivorian singer-songwriter Tiken Jah Fakoly and his hit *Le monde est chaud*. The soundtrack for the Netflix series *Our Planet*, released in April, is produced by Decca Records and includes an original track by Ellie Goulding, a UMG artist. In addition, for the first time in the history of music, the CD version of the album uses an ecological packaging material made from algae and FSC®-certified fibers.

The ecological catastrophe has long inspired fiction, in both literature and film. What would happen if the world tomorrow was suddenly paralyzed by food or energy shortages? That is the question underlying *L'Effondrement*, a Création Décalée mini-series made by Canal+, which gives viewers a front-row seat to a hypothetical emergency through an anthology of eight episodes produced in sequence and in an eco-responsible manner. One of its episodes, *La Station-service*, won a prize at the Deauville Green Awards in the Informative Films category.

4.3.2. SUPPORTING AMBITIOUS, MULTI-FACETED CREATIVE CONTENT

With its various subsidiaries and operations all over the world, Vivendi's aim is to discover and nurture talents, and to promote them in their home country and internationally.

4.3.2.1. Fostering a diversity of cultures and supporting creativity

The group is committed to promoting cultural heritage by supporting artists and content creators, resulting in a diverse line-up that channels innovative new styles.

Since supporting content creation goes hand in hand with the emergence of new forms of expression, the group, as a major player in the creative industry, tirelessly innovates, produces and distributes original, ambitious and quality content. In 2019, it invested more than €3.4 billion in content creation.

4.3.2.1.1. Discovering and promoting artists

Discovering and investing in new talent creates value in two ways: for the group's business model and for renewing the cultural landscape of the countries where it operates. Retaining artists is essential and calls, among other things, on the group's ability to map out an artist's path.

Dedicated teams

The primary goal of entities is to engage in multiple collaborations with artists in the public eye, in France and abroad.

UMG is a dynamic company that continually discovers talent and constantly adapts to new forms of music consumption. Its diverse range of major recording labels and label groups helps the business consistently cater to changing consumer trends. For each of these labels, the primary focus is the discovery and development of artists, and the marketing, distribution, sales and licensing of audio and visual content. UMG A&R (Artists & Repertoire) teams' goal is to sign talented artists who will contribute to the enduring value of its catalog.

While artist discovery is still pursued by traditional means, UMG has made important investments in technology to further expand its A&R capabilities and meet the needs of today's quickly evolving environment. One example is Spinnup, an app that distributes the works of unsigned artists to global digital platforms.

Canal+ Group has a wide variety of structures in place to find talent, in particular through short formats. The Bureau des Auteurs is a pool of very young scriptwriters who are given the opportunity to write short formats for the channel. In 2019, artists were signed based on spontaneous applications, after being spotted on the radio or following collaborations in broadcast programs. These artists either joined the staff on Canal+ Group programs or regularly participate in their projects.

Studiocanal maintains a consistent editorial line that attracts talent by offering quality films to international audiences and through the strength of one of the world's biggest catalogs.

Entity initiatives

Canal+ Group supports young filmmakers, screenwriters and authors. They are assisted in their creative process through a variety of training initiatives, including residence-based writing workshops and talent incubator programs.

Maintaining strong links with live entertainment, particularly in comedy (which is at the heart of Canal+'s business), allows the group to form partnerships with new artists through the acquisition of broadcast rights to one-person shows. The Africa Stand Up Festival created by comedian Valery Ndongo – in which participating artists, mostly from central Africa, take turns performing their stand-up routines – is a vector for attracting new talent. Along the same lines, *Canal Comedy Club*, produced and broadcast in French-speaking Africa, is a comedy show that spots fresh comedic talent, similar to *Le Parlement du rire*, which has been on the air for eight seasons.

Canal+ Poland held its fifth Canal+ Series Lab. This five-day workshop gives Polish screenwriters and directors the opportunity to hone their skills. In 2019, for the first time since the initiative's launch, one of the projects begun in 2016 went into production.

Editis has implemented several actions to spot new talent, the most common of which is competitions. For example, Les Presses de la Cité and the Cercle Jean Anglade launched the Jean Anglade Award for first-time novelists. The winner of this writing competition is given the opportunity to have their opus published by Les Presses de la Cité. The Concours A3 competition held by publisher Nathan Jeunesse et Jeux is aimed at illustrators. The competition's theme in 2019 was "an album without text around the color yellow". In 2019, publisher Robert Laffont teamed up with *Le Figaro* to launch the Grand prix des enquêteurs, a literary competition aimed at showcasing unique new voices in the genre of crime novels, noir fiction and thrillers. France's leading publisher of history books, Perrin, forges prestigious partnerships, such as its collaboration with *Bibliothèque nationale de France*.

Partnerships

Canal+ Group has partnerships with screenwriting programs dedicated to short and feature-length films in a specific genre offered by the SoFilm movie magazine. The aim is to encourage innovative writing methods by bringing together the key players in the filmmaking process. Canal+'s film purchasing teams sit on judging panels in several competitions and film prizes to bring out emerging talent, such as the Grand Prix du scénario (formerly the Sopadin Prize) for screenplays.

Vivendi and Canal+ Group, alongside the city of Cannes, the Université Côte d'Azur and its foundation, have created the Cannes – Vivendi/Canal+ Group International Chair. Its purpose is to discover talented screenwriters, creators of tomorrow's audiovisual works and feature films, and to help them grow through advanced writing programs. These programs take the form of two dedicated writing programs for motion pictures (the Storytelling Institute) and for series (the CannesSerie Institute).

To identify young talent, Editis has joined forces with the self-publishing platform Librinova in a partnership based on innovative solutions. These tools include a writing competition platform to find new writers and connect with its community, a manuscript flow management tool to make the process more efficient and test rejected works in self-publishing channels, and a platform for spotting self-published talent.

The Robert Laffont publishing house collaborated with the Nouvelles Ecoutes podcast studio to identify new talent in an original way and showcase the adventure of being a first-time novelist. The original podcast "Primo" delves into the inner workings of the publishing industry. Each step in the book creation process was documented to produce this realistic podcast. The 16 episodes, each lasting approximately 20 minutes, shed light on the first-time novelist experience. Following this first season, three authors were able to publish their works: Albane Linÿer, Hélène Vergé and Alexandra Ughetto.

4.3.2.1.2. Cultural diversity and local talent

Vivendi promotes cultural diversity and supports local talent at all its entities.

UMG's extensive catalog spans all music genres. Local artists account for 61% of UMG's revenues, which highlights the company's ongoing commitment to investing in local talent, infrastructure and skills. UMG's growth stems from its ability to develop its roster of artists with international reach, but also to spot and promote local artists, from young and emerging to best-selling acts. Supporting cultural diversity is integral to UMG's success. The group signs local artists in nearly 60 countries, with albums recorded in 44 languages and released in 120 countries.

UMG's expertise across a broad spectrum of businesses, from merchandising to live performances, audiovisual content, films, theatrical releases, data analyses, digital innovation and much more, means that artists are supported in each aspect of their career.

Most programs produced by Canal+ International are available in French, but some shows, especially series, have some dialogs in local languages (for example, *Sakho & Mangane* in Wolof and *L'amour à 200 mètres* in Lingala) with French subtitles. In 2019, Canal+ launched two channels in two languages other than French. All programs on Sunu Yeuf are in Wolof, and all those on Novegasy in Malagasy.

In overseas France, Canal+ is a major player in television, but is also a company that has a close relationship with its customers. This aim of promoting local heritage was behind the decision of Canal+ Antilles-Guyane, Canal+ Réunion and Canal+ Calédonie to support regional feature and short film festivals.

Supporting content creation

Canal+ Group has implemented special programs to support actors, comedians, presenters and columnists in their development.

Contracts allow Canal+ Group to guarantee the exclusivity of key talents for its content, and/or enjoy rights of first refusal on their future projects.

Groups of experts in film and series production review proposals received by Studiocanal. A short list is subsequently presented to a Canal+ Group investment committee.

Canal+ Group supports and assists local talent, releasing more and more original content every year. Its momentum re-energizes the audiovisual industry, consolidating its leading position in Africa. The quality of presenters on Canal+ channels in Africa is additional proof of the Group's immense appeal for the audiovisual sector talents.

109 French-language films financed by Canal+ in 2019 totaling €100.7 million, i.e., 43.4% of the films approved by the CNC

Canal+ is the privileged partner of French cinema. In 2019, the channel actively supported the industry by pre-financing 117 films including 109 French-language films, for €104.1 million.

Canal+ Group's youth channels are also major players in the production of animated series in France. They provided more than €3.688 million in financing to support 13 French-initiative animated series and programs. The series have been or will be exclusively broadcast on the group's channels.

Studiocanal demonstrated its European leadership in the production, acquisition and distribution of movies and TV series. In 2019, it distributed 28 new feature-length films from nine different nationalities in the five territories in which it operates.

In 2019, Canal+ Group managed and financed 1,055 works outside France working with 184 local producers. Dramas, series and documentaries created by Canal+ International are now being developed under the Canal+ Original label involving local talent.

Canal+ International continues to support leading pan-African festivals celebrating local filmmaking, such as Fespaco Ouagadougou.

Canal+ Poland has also heavily invested in the production and co-production of 107 programs including documentaries, films, immediate broadcast programs and series.

Creating new short audio and web formats

Canal+'s digital content division offers artists assistance in producing short formats developed specifically for the web. The Création Décalée label is a springboard for artists. Throughout the year, Canal+ Group promotes talent in new roles for the Canaltour shows, an event for subscribers.

Dailymotion sponsors festivals that highlight a broad array of video creators, such as Frames, a web video creation competition to support new video-makers, and Plug, a mobile film competition and festival for short movies.

Editis has already created a brand exclusively for audiobooks and continues to develop in the field of audio and voice-based works. In March 2019, the group launched its own literary podcast series Des livres et moi hosted by Vincent Malone, in collaboration with Le Poste général podcast studio and available on the website Lisez.com. Twice a month, authors signed with one of the group's 50 publishing houses come to discuss topics they care about as well as their next book. Listeners can find these interviews on Lisez.com.

Editis also works to help authors promote their works in new ways. For the release of his latest book, *Run Away* (Editions Belfond), Harlan Coben took to the stage of the L'Olympia on November 18. Several hundred people attended the event, directed and produced by A&R Studios. Classically trained Icelandic cellist and composer Hildur Guðnadóttir (Deutsche Grammophon) wrote the book's original soundtrack.

4.3.2.1.3. Preserving and promoting heritage works

Preserving and promoting their international musical, motion picture and literary assets is a core mission at UMG, Canal+ Group and Editis.

Music catalog assets

UMG actively promotes musical heritage through its diverse music catalog, with targeted local projects and strategic global campaigns.

In 2019, the label Deutsche Grammophon partnered with Google Arts & Culture to continue its ambitious project to restore and digitize 78 rpm discs of remarkable works produced only between 1900 and 1948. Audio documents are now available online, including previously lost recordings from Piero Mascagnini and Louis Armstrong, or readings by Leo Tolstoy.

UMG creates numerous priority anniversary campaigns and innovative catalog reissues on a yearly basis. In 2019, these included the 50th-anniversary box set of *Abbey Road* (The Beatles), *Let It Bleed* (The Rolling Stones) and *Hot Rats* (Frank Zappa). Reissues of more recent works included Eminem's *Slim Shady*.

Fifty years following the release of The Beatles' album *Abbey Road*, Universal Music UK set up a four-day pop up BBC radio station at the iconic Abbey Road Studios to pay tribute to The Beatles, as a band and as individual artists.

Movie catalog assets

Studiocanal joined the SCFP, the French Federation of Heritage Film Catalogs, alongside major media organizations. The federation was set up in 2019 to preserve, defend, promote and broadcast heritage films.

With over 6,000 titles, Studiocanal is responsible for a tremendous film heritage. Its motion picture catalog is one of the largest in the world. In particular, it is continuing to digitize these masterpieces, providing access to them and thereby preserving them for the future. The films are stored in excellent conditions, modernized and promoted to reach a wide range of audiences through various channels. Studiocanal restored a total of 212 films in 2019.

Director Francis Ford Coppola presented the new cut of his movie *Apocalypse Now* at a screening to celebrate the film's restoration and 40th anniversary.

The 2019 Cannes Film Festival unveiled the restored version of the French comedy classic, *La Cité de la Peur*, in the presence of Alain Chabat and Gérard Darmon, 25 years after its release in cinemas.

Literary catalog assets

To ensure that the Terre Humaine archives would be put to best use and made available to researchers, the Plon publishing house entrusted the collection's archives to the General Secretary of the Archeology, Anthropology and Biology Foundation of the Institut de France and the Director of the Research and Education Department at Musée du Quai Branly-Jacques Chirac. The Foundation pledges to classify, index and manage the long-term preservation of these documents, and ensure their free and full access by the research community.

4.3.2.2. Supporting social transformation

Faced with a constant stream of options, audiences have increasingly high expectations for companies, especially when it comes to cultural entertainment.

4.3.2.2.1. Offering content to fulfill a social purpose

Taking part in meaningful campaigns

By helping its clients meet the expectations of citizens and by accompanying change in all of their brands' dimensions, Havas contributes to building a new model for society and helps forge new forms of engagement through communication.

Pro bono campaigns are another large part of the shared approach taken by the Havas agencies, which make advertising an accelerator of virtuous behavior.

106 pro bono campaigns carried out by Havas Group agencies in 2019

For example, the *Justdiggit* project supported by Havas Lemz Amsterdam provides solutions to fertilize arid land, particularly in Africa, using ancient farming methods. In addition, the *Speak Your Mind* campaign by Havas Worldwide New York supports the global initiative of the same name, which encourages governments to take concrete, urgent action to open dialog about mental illness and support patients and their loved ones.

Awareness of social issues

All group entities believe in the importance of dealing with social issues.

The Planète+, Planète+ Crime Investigation and Planète+ Aventure et Expérience channels play a major role in Canal+ Group's aims to offer content that fulfils its social commitments. Planète+ Crime Investigation addressed several issues of social violence in 2019. First and foremost was police violence in the United States, with the example of *Crime+Punishment*, Laura Poitras's multi-award winning film, which won an Emmy Award for Outstanding Social Issue Documentary. The documentary *Je ne suis pas un singe: le racisme dans le football* on Canal+ takes a front-line look at racism in football and features personal accounts from some of the sport's biggest stars, such as Samuel Eto'o, Mario Balotelli, Patrick Vieira, and Samuel Umtiti, to better understand the players' experiences of racism in stadiums.

Lastly, Canal+ Group launched the digital channel *Hello* on myCanal with the best of LGBTQ+ programming from Europe and around the world.

Representing audience diversity

The content produced and distributed by Vivendi has an undeniable influence on a wide audience. It impacts the way consumers of this content view and understand the world in all its diversity. This editorial responsibility calls for unfailingly high standards.

Promoting the success of women

Both Canal+ Group and Havas are committed to providing a fair and balanced image of women through documentaries, films, TV series and advertising campaigns.

For example, Canal+ Group has pledged to raise the profile of women in the filmmaking industry. In 2019, 20% of the films financed by Canal+ and 29% of the films financed by Studiocanal were directed by women.

Giving fair representation to people with disabilities

In a similar vein, in 2019, Canal+ Group channels dedicated 35 reports to disability issues. World-famous athletes, such as Olympic tennis champion Michaël Jeremiasz, regularly appear on shows.

Friday evenings on C8, *TPMP ouvert à tous* welcomes people with disabilities to discuss issues with its talk show hosts or guests. In 2019, a total of 37 shows took part in this initiative.

79 stories and reports on diversity, inclusion and equal opportunity issues and 184 stories on gender equality on CNews in 2019

4.3.2.2.2. Being mindful of the impact of our content

Vivendi is fully aware of its influence and therefore ensures that the content it produces and distributes is not harmful to its audiences, especially the most vulnerable populations.

Vivendi operates in industries where stringent laws and regulations are in place to protect young people, and the group ensures strict compliance with these laws and regulations.

Programs implemented within the group

All entities have taken several measures.

UMG has measures to provide advance, cautionary information regarding its content. The group voluntarily participates in the Parental Advisory Label Program, which encourages the use of "Parental Advisory – Explicit Content" stickers on releases whose language may be inappropriate for younger audiences.

Various measures have been instituted at UMG that represent commitments to responsible content. The first measure is the Corporate Lyrics Review Committee.

If UMG label executives or the artist team have determined that a work in question merits the application of the Parental Advisory Label, it may lead to more dialog with the artist – and at times they may decide to make certain additional modifications to their work.

The corporate governance structure of Canal+ Group's television service providers ensures the independence of editorial functions through departments dedicated to the development of programs for each provider (C8, CStar, CNews, Canal+ and dedicated departments for the group's themed channels). Internationally, where the group does not offer news coverage, the units responsible for purchasing and producing dramas and programming are assigned distinct responsibilities.

An Ethics Charter was created in 2008 to ensure compliance with the principles of ethical information use.

An Ethics Committee was set up at group level to ensure the honesty, independence and pluralism of information and programs. Appointed by the Canal+ Group Supervisory Board in September 2017, the Committee's members are independent according to the independence criteria defined by the legislation. No matters were referred to the Committee in 2019.

A professional ethics charter, jointly drafted and signed by management and journalists' representatives, sets out the ethical rules necessary for the production of independent, reliable, credible and thorough news coverage.

In France, two people in the group's Editorial legal department keep a tally of airtime given to politicians within programs, and provide alerts to units producing the relevant programs, allowing them to make any adjustments required to achieve a fair balance in terms of political pluralism. In regular meetings with the CSA, the Regulatory Affairs department ensures that the group's various channels meet their obligations, particularly on responsible content, which are listed in the agreements entered into between the CSA and the relevant channels.

Protecting children and teenagers is also a principle enshrined in Canal+ Group's Ethics Charter. A viewing committee within Canal+ in France, composed of four people for films and four other people for other programming, ensures the protection of young people in the broadcasting of programs on the Canal+ television service, reporting to a programming officer. These programs are also broadcast outside France and may be subject to additional reviews. For local programming outside France, the Channels and Content Department at Canal+ International decides what measures should be taken.

The myCanal platform created myCanal Kids, a safe, customized space for children. The interface is ad-free and allows parents not only to limit programs to an age range and to prepare playlists, but also to set a timer with a maximum viewing time.

The educational mission of publishers of school books, children's literature and reference books at Editis inherently involves producing content that is appropriate for its young audiences. Parents are in fact the first filter outside Editis's publishing houses to screen content, along with teachers' associations for textbooks, the general public, media and social media.

Textbooks must meet regulatory requirements set by France's educational programs (and the principles of secularism enforced at French schools), as well as the legal definition of a textbook. Its children's publications reflect Nathan's educational and cultural commitment to serve both children and parents. They also embody the values of progress and equality upheld at the publishing house and in legislation applicable to this category of publications.

Publishers Bordas and Nathan are founding members of the non-profit Les Éditeurs d'Éducation, whose members include publisher Retz and the school book section of Robert. Les Éditeurs d'Éducation is an interprofessional organization formed by some 30 school book publishers that works with France's national publishing union, the SNE, as well as the country's Ministry of National Education, Ministry of Culture, Parliament and regional government associations.

Havas ensures responsible communication and the truthfulness, clarity and fairness of the information stated in its messages.

The group's policy is governed by the Ethics Charter and the Principles of Responsible Communication. The Ethics Charter imposes compliance with the rules of conduct governing the sector, issued by regulatory authorities, whether local, national or supranational, and stresses the duty of excellence in the transparency and relevance of the information provided. The Principles of Responsible Communication aim to give employees a reference tool.

The agencies of Havas Group apply these rules by integrating specific aspects related to their activity, as well as particular features of local law. They have internal control procedures to ensure that the advertising campaigns produced comply with rules of good conduct, and that they are not liable to be modified or, in extreme cases, prohibited by the regulatory authorities. Most often, these procedures call on input from the legal teams acting in connection with the sales representatives. The group also cooperates closely with the various national professional self-regulatory bodies, such as the Advertising Standards Authority (ASA) in the United Kingdom or the French advertising self-regulatory organization (ARPP) in France.

The ethical commitment of the Havas Media division is reflected in its approach, which is aimed at ensuring that advertisements are broadcast in an appropriate environment that does not present risks for the advertiser (known as "brand safety"). Havas Media blacklists certain sites to fight fraud and to guarantee the integrity of its advertisers' brands using standard market solutions (in particular IAS, MOAT, Adledge and DoubleVerify). New solutions are also implemented to fine-tune campaign inventories. As such, Meaningful Digital Matrix, a service made available to advertisers by the Havas Group's agencies, is used to evaluate the relevance of inventories. It can also make recommendations for media plans that guarantee a brand's reputational integrity.

Ensuring responsible content for gamers, parents and partners is a key issue for Gameloft. As a result, it has adopted detailed rules to control each game from the creation and development phase and throughout its lifetime, especially when updates are made.

Gameloft's Legal department, in accordance with the guidelines of digital stores (e.g., Apple Store and Google Play) and local regulations (the most demanding standard being applied), has established rules applicable to game content, as well as those governing advertising content and in-game purchases. These rules – some comprehensive, others specific to each game – are rounded out by Gameloft's internal copyright protection policy.

Internal teams of testers are dedicated to Quality Assurance and are tasked with detecting all cases of non-compliance. On advertising content more specifically, Gameloft has established whitelisting and blacklisting procedures that take into account the rules given by licensors, whose application is also subject to controls by Quality Assurance teams and manual validation, whether direct deals or programmatic advertising. Demonstrating the effectiveness of these systems, Gameloft is one of the first companies in the sector to adopt solutions used to measure advertising audiences. Gameloft also received the Gold Standard certification from the Internet Advertising Bureau (IAB) in the United Kingdom. Lastly, Gameloft ensures that its available licenses all find the audiences for which they were developed. Within all digital stores, the games' visuals and descriptions are presented with the greatest transparency and visibly classified using an age rating system. The games also have a system that prompts the player to validate their age to access the content. On games not designed for audiences of any age, access is blocked for users under 13.

Since its platform redesign, Dailymotion has taken several initiatives and made commitments in the consistent aim of creating a safer Internet, optimizing brand protection and achieving equitable value sharing between creators.

Establishing forums and processes that promote diversity

Universal Music Publishing Group (UMPG) cofounded She Is The Music (SITM), an industrywide nonprofit to increase the number of women in music by driving equality, inclusivity and opportunity. UMPG's Chairman & CEO is a cofounder and serves on SITM's Board of Directors. Employees across several UMPG and UMG teams have helped develop and grow SITM: from creating its business plan and media properties, to spearheading its three tentpole initiatives: all-female songwriting camps around the world (hosted by major artists including Alicia Keys, Mary J. Blige, Tori Kelly, Anitta, Kim Petras and many more); developing the first-ever and largest global industry database of women in music; and a major mentorship program to support the next generation of rising women in the industry, particularly in underserved communities. UMPG has led SITM's PR and marketing strategy, provided startup funding, assisted in the securing of additional external funds, and built relationships for SITM across the industry – creators, publishers, labels, streaming platforms, media, talent agencies, and more. To date, SITM's community is comprised of thousands of women from around the world.

Canal+ Group set up a Diversity Committee in 2015. Coordinated by the Diversity Liaison Officer of Canal+ and Vivendi groups, this committee works towards achieving a balanced and non-stereotyped representation of diversity in the group's programming. It meets regularly (three times in 2019) to examine and monitor the annual commitments submitted to the CSA. It also prepares a report on the representation of diversity which is submitted to the Board every year in March.

The *Et ta sœur ?* committee set up at the end of 2018 at Canal+ supports all the concrete actions and measures taken at the group to promote equality both internally and on the air. For example, the committee compiled a list of experts available for all the group's shows.

Since 2019, producers have been issued a charter from the Créations Originales department and Création Décalée label encouraging them to show greater diversity on the air and in their staff. This charter recommends ensuring more gender equality and diversity in the workforce as well as equal pay for all. It states that women's roles should not perpetuate gender stereotypes, and that roles for people from diverse backgrounds should combat clichés. The charter also stipulates that people with disabilities should feature more frequently in programming. These standards will be extended to producers of immediate broadcast shows at Studiocanal and Canal Brand Factory.

In addition to the commitments submitted every year to the CSA that specifically address diversity and disability, Canal+ Group signed the CSA's charter on the representation of people with disabilities and disability in broadcast media at the end of 2019.

Havas Group has made the issue of representing diversity central to its commitments.

In line with the charter signed against sexist stereotypes in advertising initiated by the CSA and the French Union of Advertisers (UDA), and with the agreement of its advertising clients, BETC takes steps to feature men and women equally and convey a non-stereotyped image of both genders in its advertising campaigns worldwide.

Making content more accessible

To ensure the inclusion of people with disabilities, the group must also provide accessible content. In France, Canal+ Group's channels offer their subscribers audio description for the blind and visually impaired and subtitling for the deaf and hearing impaired. Since December 8, 2017, subtitles for the deaf and hard of hearing (SDH) have also been available on the canal-vod.com website, the first VOD service to systematically provide SDH. In addition, CNews broadcasts a news program accompanied by sign language interpretation from Monday to Friday each week. A special service provider also ensures customer service adapted to the deaf and hearing impaired.

Havas Paris, which has automated the subtitling of its own publications and audiovisual productions on its social networks, has consistently recommended to its clients that they make their TV commercials accessible. BETC offers teletext captioning to all advertisers to make their advertising accessible to people who are deaf or hearing impaired. The agency has also initiated audiodescription of advertisements in France (in coordination with Adstream, IMD and Medialab), which it now offers to all of its advertisers in addition to subtitling.

To be more inclusive of young individuals with disabilities, Nathan offers the Dyscool collection of textbooks for dys disorders. In addition, the Education & Reference division at Editis works closely with the SNE's standards and references group to improve access to books for people with disabilities.

See Tickets SA has a special phone line for customers with disabilities to book a seat that meets their needs. Whenever possible, priority is given to reserving a seat accessible without steps or stairs, close to the stage, or which allows the use of a sign language interpreter.

4.3.3. DISCOVERING TALENT IN ALL THEIR DIVERSITY

4.3.3.1. Diversity and inclusion, the company's biggest strength

Talent diversity is a source of creativity that drives our group's business performance. With employees in 81 countries, diversity is an integral part of Vivendi's identity, and a key factor that drives our determination to contribute to the development of the countries in which we operate (see Section 4.3.3.3.).

To create an environment that resonates with their culture and values, all the group's companies are committed to promoting diversity within their organization. They pursue an active policy of equal opportunity and equal treatment between through:

- initiatives and training for employees and managers on the importance of diversity;
- recruitment processes and partnerships that encourage diversity;
- action plans, programs and/or collective bargaining agreements related to gender equality; and
- action plans or agreements on the employment of disabled workers.

In accordance with the International Labour Organization's (ILO) fundamental conventions and Vivendi's Compliance Program, which is in the process of being redrafted, the group's subsidiaries are committed to equal opportunity in recruitment, mobility, promotion, training and compensation, without discrimination on the basis of gender, religion, origin, age, sexual orientation, private life or disability.

Vivendi is a longstanding signatory of the Diversity Charter in France, as is Canal+ Group. Gameloft and the Education & Reference division (Sejer) of Editis joined the initiative in 2019. Another signatory to this charter, Havas subsidiary BETC, also signed the Corporate and Territorial Charter in 2016 to promote the local development of the Seine-Saint-Denis department outside Paris.

Group companies implement training and awareness programs on diversity and inclusion for managers and human resources staff, who play a key role in promoting these issues within the company. Multiple initiatives are taken to help employees better understand and therefore better manage prejudice and judgment of others.

The human resources teams at group companies participate in recruitment forums that uphold diversity and form partnerships with diversity-focused organizations, schools and universities.

In the United States, UMG was one of the first companies selected to participate in the first job fair at the REVOLT Summit held in Los Angeles, which attracted 6,800 visitors. HR representatives from UMG also attended the A3C Conference in Atlanta.

UMG, in partnership with the University of Southern California, continues its work with the Annenberg Inclusion Initiative, the world's leading think tank on increasing diversity in film and television, whose mission now extends to the music industry. It builds on initiatives already undertaken by UMG, such as its commitment to eliminating all forms of discrimination, expressed in its Equal Opportunity policy.

In addition, in the United States, UMG and Havas have designed internship programs for students and recent graduates through special partnerships with Historically Black Colleges and Universities (HCBU) and job fairs such as the Here Are All the Black People (HAATBP). UMG also organizes a series of conferences and debates addressing both employees and outside participants on the importance of diversity in the music industry.

Canal+ Group defined its diversity and inclusion policy based on five key priorities that cover gender equality, health and disability, generational diversity, racial diversity and the LGBT+ community. Under this policy, Canal+ has decided to systematically take into consideration for any vacant job position at least one woman and one man. Canal+ also announced that it would be signing the LGBT Commitment Charter from L'Autre Cercle, an organization that takes action to prevent discrimination in the media. Additionally, Canal+ continued its Grand Match de l'Égalité des Chances initiative, a springboard reserved exclusively for students (high school and up) from diverse backgrounds, to find the best editorial talent while promoting diversity within its teams both in front of and behind the camera. Lastly, Canal+ Group set up two committees made up of heads of divisions, with one focusing on gender parity and the second on other diversity issues, to make progress in these areas and define action plans relative to each scope.

In the United Kingdom, Havas Village has drawn up its own Diversity and Inclusion Charter, highlighting the importance it gives to these issues for the benefit of its employees. A Mental Health Fitness program was also implemented to help employees feel good at the workplace. This program is coordinated by a network of ambassadors and is based on experience sharing and information and awareness events with experts.

The success of this diversity and inclusion policy enforced by companies also hinges on the involvement of employees themselves, as each individual contributes to creating a work environment where diversity can thrive.

In the United States, a number of voluntary Employee Resource Groups (ERG) have been set up to unite employees around a shared diversity initiative. These employee-led groups enhance the feeling of belonging to the organization, facilitate networking and enable staff members to connect with one another.

The ERGs set up at UMG include: Universal Music Women's Network in Nashville, which already has over 1,000 members, and Black Label and UTOPIAA in Los Angeles. For 2020, UMG plans to extend these communities to other locations in the United States and launch two other networks to promote inclusion of the Hispanic and LGBT+ populations. To give these networks more visibility, the team in charge of diversity and inclusion in the United States produced a video in which UMG leaders explain their commitment to these issues. UK teams have also made a video of employees expressing their views about inclusion.

4.3.3.1.1. Gender equality

Vivendi's commitment to diversity lends special importance to equal career opportunities for men and women.

51% of group employees are women and 49% of managers are women

All the group's businesses share the same commitment to gender equality and have implemented action plans and social progress measures going beyond existing provisions. Their aims are to:

- promote gender equality in recruitment, especially in certain sectors, and to respect equality in terms of access to employment;
- ensure equal opportunities in career development;
- guarantee equal pay between men and women performing the same jobs at the same skill level and with the same level of accountability and results;
- guarantee equality in terms of professional development and pay increases in the event of a career interruption for parental, maternity or adoption leave; and
- strive for a better balance between personal and professional life, taking parental needs into account.

Most of the group's French companies have accordingly signed agreements on gender equality, including:

- agreements or action plans on gender equality at work, pursuant to the French law of March 23, 2006 on the implementation of comprehensive measures (recruitment, promotion, compensation and maternity leave) and metrics to monitor the mechanisms put in place;
- parenting agreements or charters advocating equal treatment of fathers and mothers; and
- agreements on working hours to facilitate a work-life balance and measures to promote parental leave, including for men (in 2019, 32% of parental leave was taken by men within the group).

Vivendi aims to achieve equality at every level of the organization and at each step in the career path of its employees – recruitment, promotion and development. This objective is shared by all business lines and is implemented in different ways, taking multiple forms of action, according to the specific needs of their businesses and geographical locations.

In the United States, UMG offers all its employees, regardless of their gender, four weeks of parental leave on full pay during the child's first year.

For example, Canal+ Group has eliminated periods of maternity leave from the annual assessment, identified pay gaps for equivalent posts and taken remedial action.

In the United States, Havas, as a founding member of 3% Pledge for Pay Equity, is committed to an active policy on equal pay for women and men. Its three-step action plan starts with a diagnostic before making the necessary adjustments and implementing follow-up.

Editis has given all its employees access to the educational content on the Campus Parentalité digital platform, a parenting assistance service provided by the Education & Reference division.

Other programs promoting changes in behavior and combating stereotypes have also been introduced at other group entities including:

- the development of women leadership and individualized support;
- dialog with "role models" to enable women employees to draw inspiration from women success stories in predominantly male positions; and
- regular meetings with senior executives, to raise awareness of the importance of gender diversity.

The Supervisory Board and Vivendi group as a whole firmly uphold the importance of gender parity and diversity within management. A target has been set to raise the percentage of women on Executive Committees at the group's main business units.

At present, six out of the Supervisory Board's eleven members are women (see Section 1.1.1.2 of Chapter 3 of this Annual Report – Universal Registration Document). The Supervisory Board has set a target to appoint a woman to the Management Board by the end of 2020 and another in 2021.

Women now represent 35% of the members of the Vivendi Executive Committee.

The gender equality index for Vivendi SE, which has less than 250 employees, stood at 84 points out of 100 for 2019. This score is the result of Vivendi's efforts to allow women to develop professionally in the same way as men and with the same level of pay. Measures taken to promote gender parity and equality are in line with Vivendi's fundamental values.

Two women have been members of the UMG Executive Committee since 2015, and six were appointed Executive Vice President or Senior Vice President positions in 2019. In 2016, UMG France appointed a woman to head France's leading record label.

The proportion of women in the Canal+ Group Executive Committee has increased to 29%. At the end of 2019, Canal+ Group announced that a woman had been appointed CEO of Studiocanal.

Women now represent 33% of Operational and Executive Committees at Havas.

A woman was named CEO of Editis, increasing the proportion of women on its Executive Committee to 54%.

A woman was also appointed to the Gameloft Executive Committee in 2019.

To develop gender parity in positions of responsibility, a factor in successful group performance, the Supervisory Board has approved a top-level mentoring and networking program. This is how Vivendi's Andiamo network, set up in March 2012, became a community of female business leaders now comprising around 50 women from all of the group's French entities. Andiamo aims to support women in their professional development and help them break through the glass ceiling by offering them empowerment workshops, coaching, conferences, inspiring stories, and more. In 2019, the network embarked on a new journey inspired by the Learning Expedition program, to develop a fuller understanding of the group's entities and value chains and become a support network to further group projects.

To round out these initiatives, other mentoring programs have been set up at UMG, Canal+ Group and Havas to develop leadership among women.

UMG offers two programs, U.M. SHE and the Universal Music Women's Network. On November 7, 2019, Universal Music France opened the first day of its Universelle Music program aimed at elevating the role of women in the music industry. These programs are designed to support and facilitate women's career development in the music business, providing an outlet for women to share experience and know-how and promote their potential. They also offer access to an ecosystem giving them the tools to develop their individual talents (coaching, training, expert talks, networking, mentoring, and more).

Havas proposed its Femmes Forward program to promote women in management positions. The two-day training sessions take place over six months, followed by group coaching sessions, with training modules based on skills and experience, inspiration from internal and external opinion leaders, group coaching, networking and mentoring by experienced Havas leaders. Initiated in the United States in 2018, Femmes Forward was launched by Havas Asia Pacific for the first time in 2019. Other initiatives, such as the Fight Club launched by Havas Health and You, and Fast Forward Woman, are also in place in the Havas Group. They reflect its desire to promote leadership among women.

In 2019, Canal+ Group enabled 20 women to participate in the Boost'Her women's leadership program. In Africa, Canal+ International supports women in executive positions through the programs Les Héroïnes and Women on Board.

4.3.3.1.2. Employment and integration of workers with disabilities

Recognition of the status of "disabled worker" is based on the definition provided in local law or, failing that, by Convention 159 of the ILO: "any individual whose prospects of securing, retaining and advancing in suitable employment are substantially reduced as a result of a duly recognized physical, sensory, intellectual or mental impairment".

Integrating people with disabilities and combating discrimination against them are principles respected within the group, and the various entities have made a commitment by implementing a responsible, consistent and sustainable policy for the employment of people with disabilities.

Their commitment is built on four main priorities, resulting in a comprehensive approach that takes into account the specific nature of the business and local law. These objectives are:

- recruit and integrate people with disabilities;
- provide disability-friendly physical and digital access, and offer flexible work arrangements;
- establish partnerships with experts and organizations that foster inclusion; and
- train and educate employees.

For instance, the various entities regularly run disability awareness-raising campaigns aimed at their employees and their managers to change their perspective on disabilities.

In 2019, Vivendi renewed its partnership with LADAPT, an association for the social and professional integration of people with disabilities, as part of the organization of the 23rd European Disability Employment Week from November 18 to 24. One of the key themes was invisible disability.

Several events were organized at different companies for the 2019 edition. At Canal+ and Vivendi head office, virtual reality sessions were provided for employees to help them better understand and measure invisible disability, through an immersion experience into the daily life of an individual with multiple sclerosis and another with a form of autism.

Havas Group's disability mission led awareness workshops, talks and disability sports events.

Canal+ Group's "Mission Handi+" is a policy of hiring employees with disabilities that has been in place for many years. By implementing a series of collective agreements on the hiring of workers with disabilities and continuing an awareness program on this issue, employees are reminded of the group's commitment to hire, integrate and retain disabled workers in jobs, as well as its participation in training disabled youth through internships and work-study programs.

The current three-year collective agreement on the employment of workers with disabilities was signed in 2017, strengthening and deepening the commitments made in previous years. It includes:

- a recruitment target of 20 workers with a disability between 2017 and 2019, and a "discovery" policy for attracting young graduates with a disability through internships and work-study programs;
- numerous communication initiatives, such as the circulation of a flyer about the rights of workers with disabilities with a pay statement attached, the launch of a quiz and e-learning modules about disability, participation in the Odyssea race, and the coordination of a network of disability liaison officers among employees; and
- participation in recruitment forums and development of specific partnerships such as L'Adapt, Tremplin, TousHanscène and the GESAT fair (national network of workers with disabilities), and support and retention of employees through various forms of assistance.

Havas aims to welcome staff with disabilities and is seeking to make this a collective commitment across the group by sharing its goal with as many employees as possible.

To allow everyone to contribute in their own way, Havas offers several solutions including partnerships with dedicated recruitment players (e.g., Adapt, Arpejeh and Tremplin), the development of services in the protected and adapted sector, and the provision of tutors, liaison officers or spokespeople to strengthen the link between people with disabilities and the world of business. The liaison officers have drawn up a charter stating "that they are part of a community of people who are aware of and committed to the issue of disability in the Havas Group".

See Tickets SA works closely with the association ARPEJEH (a French association working to help young and disabled students achieve their goals) and is committed to helping young trainees with disabilities.

Other initiatives are organized and implemented to educate employees about the inclusion of people with disabilities. For example, Canal+ Group, Editis and Vivendi head office participated in the second DuoDay event, which aims to change people's perspective about disability and overcome prejudice. The concept is to pair an individual with a disability with an employee for a day, during which the employee presents his or her job. This helps foster the conditions that can improve the person's integration experience.

The group also pays particular attention to psychological illness and disorders, a more recent and growing point of focus concerning disability in the workplace. For instance, Vivendi is one of the three founding partners of Psychodon, which has set out to educate and address psychological illness by taking action in three areas: research, support and prevention. On June 12, 2019, L'Olympia hosted the Psychodon fundraiser event to increase awareness, featuring performances by a range of artists at Universal. The show was broadcast on Canal+ Group channels, C8 and CStar.

In the United Kingdom, UMG published the Creative Differences manual to support and facilitate the integration of neurodiversity in creative industries. This project resulted from the observation of a high number of cases of dys disorders, such as dyspraxia and autism, in creative fields.

4.3.3.2. Talent engagement and retention to drive performance

Vivendi firmly believes that the group's primary strength is a direct result of the dedication of its people, and that their individual talent contributes to its success. The group must therefore be able to offer all its employees an environment that can meet their career expectations. This encourages each business and each subsidiary to develop and implement initiatives adapted to their activities and the regions in which they operate to provide employees with a good work environment and quality of life in the workplace.

The group's ability to attract, support and promote talent is vital to ensuring its long-term success and that of its talent. The human resources (HR) function has a decisive role to play in the company's strategy, activities and development, matching employee expectations with opportunities to develop and thrive within the constantly changing environment of Vivendi's businesses. The different business units strive to offer experiences, career paths and development opportunities that are consistent with their teams' aspirations, fostering collaboration, agility and cross-functional efficiency to allow creativity and originality to flourish.

To help them achieve that, the HR teams work with managers to make sure that employees are listened to, particularly through surveys, interviews and other opportunities for discussion in which relevant feedback can be collected to understand expectations, adapt action plans and in turn improve employees' experience and career path. They also aim to give employees the best possible career development opportunities, implementing dedicated programs where individuals can build their own career plan by putting their skills and achievements to best use and identifying their potential and what motivates them the most.

These efforts contribute to enhancing employee engagement in their professional duties and, as a result, company performance.

4.3.3.2.1. Attracting and retaining talent

Attracting talent

All the group's businesses constantly strive to develop their talent base and to run a diversified recruitment policy closely adjusted to the needs of their various activities and specific functional typologies.

The HR teams at Vivendi and its subsidiaries are tasked with identifying, attracting, developing and retaining talent.

As such, the active policy led by its business units involves improving their employer image on social media and their overall appeal. New digital tools enable them to develop more engaging and more direct employer branding.

The business units form and develop partnerships with the leading schools and universities in each field for the profiles or technical skills needed (e.g., engineers, developers and technicians, digital specialists and data analysts) as well as with schools and universities offering an opportunity to diversify profiles. This provides a way of improving and boosting their employer brand, and therefore heightening the company's attractiveness (see Section 4.3.3.1). The group had established 310 partnerships as at end-2019. This continuous work with schools can take diverse forms, such as participating in recruitment forums, leading master classes with managers, offering employee testimonials, taking part in student challenges organized by schools and setting up internship or work-study programs.

Several of the group's entities have identified work-study programs as a valuable HR development strategy, with 863 work-study contracts running across the group at year-end 2019.

For example, Canal+ Group runs biannual Canal Talent Days events to offer internships and work-study contracts. These events are announced on social networks, in schools and on the company's HR website. Applicants are asked to submit a presentation video, and successful applicants are then invited to attend a series of induction sessions: presentation of the group, case studies, speed meetings with managers and discussions. The Canal Talent Abroad event held once a year offers interns the opportunity to go on an immersion work experience at one of the Canal+ International subsidiaries.

At the Havas Group, advertising agency BETC has established a masterclass program specifically for interns, developed and taught by experts in the agency. The program gives interns a more insightful understanding of the profession and led BETC to being awarded the "Happy Trainees" label for the fifth year in a row, a distinction that recognizes companies that pay careful attention to how they host, support and manage interns.

In the United Kingdom, Havas has launched its HKX platform for internship opportunities likely to lead to full-time jobs, specifically aimed at young people from a diverse range of backgrounds.

Each group business line develops its own employer branding strategy and encourages its subsidiaries to take measures to strengthen their employer brand image by increasing their presence on professional social networks as well as platforms like *Welcome to the Jungle* (Havas, Gameloft and Dailymotion) to connect with talented people in a more direct, innovative way, due, in particular, to a video presenting the company and the jobs on offer.

Havas France's HR team has set up a cross-functional recruitment division that covers the Havas Village's various agencies and positions itself as an in-house headhunter, handling the majority of new hires directly.

Gameloft has rolled out an internal recruitment platform used by all its studios worldwide and holds meetings with schools specializing in video games.

In addition, all Gameloft subsidiaries develop and roll out special onboarding programs to give new talent a better understanding of the group, its businesses and corporate culture when they are hired or start in new roles.

Developing talent

Mindful of how important detecting and overseeing talent is from a strategic point of view, Vivendi's HR teams apply a talent management and development policy that calls for commitment from all internal stakeholders:

- managers, who are responsible for identifying talent. The policy places particular importance on managers, since their close working relationship with employees means they are well positioned to pick up on particular skills; and

- employees, around whom the policy is centered. They are encouraged to play an active role by using their career paths, experience and skills to their best advantage and sharing their interests for career development or mobility opportunities, ambitions and professional objectives.

With this in mind, Vivendi's approach is centered around structured meetings including annual or semi-annual appraisals as well as planning for regular meetings and discussions. Together, this dialog helps form a talent map that is then shared with others in the company to best reconcile the needs of both the company and its employees.

Some group companies are currently redesigning their annual appraisal model to make the entire process a more positive experience and transform it into an opportunity to motivate employees and drive their performance. Soliciting more frequent feedback is in fact one of the ways to refine the process and elevate employee engagement within the organization.

BETC, for example, has created MyJob, a digital tool designed for smoother communication between employee, manager and any co-managers. The platform is regularly streamlined and updated after every campaign based on feedback from managers, employees or employee representative bodies.

To meet another essential need of employees who want to learn and develop their skills through continuing education, a large number of programs and actions are implemented throughout the group to expand their expertise and gain their loyalty.

These include:

- Learning Expedition, a program developed by Vivendi for senior managers to develop a fuller understanding of the group's various entities, forge cross-functional links and eventually nurture new internal growth initiatives through collaboration and collective intelligence among program participants;
- Havas Next Gen, a year-long program designed to give high-potential employees in Havas agencies the tools to develop their leadership skills as future members of senior management;
- Havas Lofts, a comprehensive learning experience developed to give employees an insight into how the Havas Group's various agencies around the world are organized and run. Each participant is paired with a coach in a host agency, where they spend four weeks immersed in its processes, tools and culture. Employees then return to their job with new perspectives and ideas to share with their teams back home; and
- Be The Change, a program offered by Canal+ to develop leadership and change management skills in an environment of new challenges.

It is also important to establish an appropriate and motivating compensation strategy based on employees' skills and their personal contributions to the company's development. To this end, the group's HR teams take part in positioning surveys and regularly analyze its employees' compensation to ensure its relevancy for the company and to compare it to market rates so as to retain talent and attract new people with potential.

Lastly, the group's different business units strive to help their talented employees progress in their careers to meet their expectations and keep its teams motivated and well-equipped to handle changes in the businesses.

At group level, an Internal Mobility Charter has been in place for more than 15 years, along with a tool that collects job offers from the group's French companies which are open to transfers. These tools also exist within major subsidiaries.

At the business line level, the career management team at Canal+ Group was formed to better understand issues at hand and adapt its action plans accordingly. A digital career coaching tool was introduced to support employees in creating their career mobility plan.

To improve cross-functional collaborative efforts and benefit from synergies between human resources teams, Gameloft has structured its operations by region, defining shared targets and communicating on issues identified as priorities at group level.

Training

Training is offered in all countries in which group subsidiaries operate and uses innovative digital formats adapted to existing practices. Applied to help anticipate transformations and changes in group businesses, these training policies are the central focus of the plan on human capital development, which derive from the strategy of business lines and their subsidiaries.

The group's priorities in the training and development of skills include:

- at an individual level: the three aspects of an employee's "human capital", namely personal development, business skills and understanding of the company and its environment; and
- at a collective level: the main training areas determined by the subsidiary in line with its strategy and analysis of training needs.

69% of the group workforce attended at least one training course in 2019

Subsidiaries implement a vocational training policy suited to the needs of its businesses and the rapid changes they undergo, making skills development and managerial coaching a major component of its training policy.

UMG's 2018 employee survey revealed that employees would like to:

- understand what the company expects of them and how their work contributes to the company's success;
- be part of a team and work independently;
- have managers who respect and listen to their teams; and
- have a high level of trust in senior managers at their label and other entities.

The survey allowed UMG to draw up a three-year training plan aimed in particular at contributing to the development of management and strengthening leadership skills at every level.

This was the basis for its UMG Global Manager development program that has been rolled out across the group. In the United States, this program is called Six Strings of Management for its six key points representing the qualities, skills, knowledge and expectations of an effective manager.

UMG employees also have access to an online learning platform, *Backstage*, where they can follow five- to ten-minute micro-modules on a range of topics to boost personal performance.

Havas Group has set up its own "Havas University" training, designed to meet the increasingly specialized needs of advertisers. It is organized around three major themes:

- Education: classroom sessions on topics specific to the group's business lines, as well as access to online training modules to learn more about high-priority issues such as audience planning, the GDPR, programmatics and data;

- Experience: training sessions specially designed to meet specific needs, held in small groups in work situations. Participants benefit from hands-on experience with tools and techniques and learn how to develop their own strategies; and
- Innovation: personalized workshops, team coaching and design thinking sessions to center discussions and thought processes around customers.

The platform, which has been available to Havas employees since 2016, is now open to employees in all Vivendi group's subsidiaries.

Canal+ Group gives priority to collective initiatives that best meet business challenges.

In France, the training policy focuses on major points such as:

- Manager+ program: to develop managerial culture and help managers motivate individual employees to cultivate their skills (positioning, authority, feedback, communication and delegation);
- + Digital program: to provide insight and master social networking, and to introduce employees to computer programming;
- collaborative methods: to roll out design thinking as a creativity tool;
- training courses specific to each business, identified as part of the job and skills planning strategy; and
- rollout of the Talents programs addressing specific objectives: Innovaction to build an agile business model; Be The Change to develop leadership skills and discover the group's other businesses; the IMM program focusing on creation, innovation and foresight to train managers in the media industry in emerging digital technologies and their impact on business unit transformation.

At Editis, priority training initiatives are defined based on the strategic goals of each division to respond to issues facing the publishing business, along with management training and individual coaching programs designed for managers.

Profit-sharing and employee shareholding

Vivendi places particular importance on the equitable distribution of the value created by its employees' efforts. The group has therefore established a profit-sharing policy that encourages the development of employee savings plans, especially through employee shareholding.

Under its employee shareholding program (PEG), employees are represented on the Vivendi Supervisory Board.

Employee savings plans in France

In 2019, the total net amount received by employees of the group's French companies under optional and statutory profit-sharing plans and the employer's contribution was €26.9 million, which represents a total expense of approximately €35.8 million for group companies.

Newly invested employee savings totaled €25.4 million, 89% of which was invested in the various Vivendi PEG funds and the Havas, Editis, Canal+ and Canal+ International savings schemes, and the remaining 11% in the group's various PERCO schemes (Havas, Canal+, Canal+ International and UMG France).

Savings were primarily placed in employee shareholding funds: €16.4 million out of a total of €22.6 million (73%), following completion of a new share capital increase reserved for employees in July 2019.

Employee shareholding

On December 10, 2018, Vivendi's Management Board approved the launch of a new share capital increase reserved for employees in 2019. The first part is a standard plan reserved for employees of the group's French companies, to which a pool of 1.1 million shares was allocated. The second part is a leveraged plan, Opus 19, offered to employees in France and the main countries in which the group operates (i.e., 13 countries, representing 72% of the group's total workforce), for which 6.7 million shares were offered.

The total subscription was €113.5 million, with 5,376,208 new shares issued as part of the share capital increase of July 17, 2019: 4,845,201 for Opus 19 and 531,007 shares for the standard plan.

As of July 31, 2019, employees held 2.97% of Vivendi's share capital.

8,243 employees subscribed to the capital increase, which represents an overall participation rate of 26%

4.3.3.2.2. Quality of life at work and attention to people

Quality of life at work

The concept of quality of life at work encompasses a wide range of topics, including the work environment, workplace relations, recognition of work carried out, employee satisfaction, equal opportunities, compensation, profit-sharing and working conditions. It is therefore central to the group's strategy for enhancing its appeal as an employer, improving creativity, and motivating and retaining employees.

Vivendi wishes to guide its employees toward new work modes that facilitate collaboration, agility and cross-functional efficiency across the company. Work environments are becoming more flexible and, in improving people's quality of life, they also improve company performance.

For such changes to proceed smoothly, a forward-looking, positive management approach must be developed that calls upon employees' individual strengths and gives due acknowledgment to achievement. Many of the group's entities host regular events where employees are free to express themselves to stimulate open discussion on various subjects. These might take the form of meetings with management, project presentations during hackathons (events at which, among others, developers and designers meet up for a few days to bring a new project to life), and design-thinking workshops harnessing collaborative intelligence across multidisciplinary teams to stimulate innovation.

In late 2019, for example, Canal+ Group organized a two-day hackathon, where employee volunteers from a wide range of professions (e.g., marketing, tech, design, business and legal) came together to create project ideas based on a topic of their choice or on one of three themes – going green, the Canal+ brand or the future of entertainment.

In a similar vein, more and more group companies are reorganizing their working spaces to encourage communication between teams, creating co-working areas and zones tailored to different needs, whether for brainstorming, quiet work, informal meetings or relaxation. These areas are designed to be conducive to employee creativity and well-being.

Many group companies also encourage the use of new, collaborative work methods and offer remote working arrangements.

4

In parallel, some companies have implemented right-to-disconnect policies, although interpretations of this concept vary widely between countries, cultures, company organizations and employees.

- UMG France: the right-to-disconnect was included in the gender equality collective agreement signed in 2015 as one of the measures to promote work/life balance;
- Canal+ International: a charter on the right-to-disconnect has been distributed to all employee;
- Havas France: the Village's internal rules include a right-to-disconnect charter; and
- Editis: the right-to-disconnect is included in agreements relating to quality of life at work or work organization and flexible working hours.

These new arrangements directly benefit employees working on projects that require adjustments to working times, such as game releases, advertising campaign launches, the production of television programs or shows, or in ticketing, where activities are explicitly linked to particular events such as festivals, shows and sporting events.

In spring 2019, Havas launched its third employee engagement survey to gather feedback from all employees on topics such as their sense of belonging to the group and its values, management, teamwork, career prospects and skills development. The response rate was 80% and the survey findings were presented by country or agency, enabling action plans to be implemented according to the needs of each environment. A new survey will be carried out in 2020.

UMG's next employee engagement survey is set for January 2020. The survey is conducted every two years to gauge the impacts of the various initiatives and programs run on the basis of the previous survey's findings.

Dailymotion sent out a questionnaire to its employees for the second year in a row, with the aim of launching or adapting HR initiatives based on the feedback received.

Well-being, health and safety in the workplace

More and more local initiatives and operations are being implemented by group entities to promote employee health and well-being in the workplace.

These initiatives can take a variety of forms, such as services offered to employees in the workplace, events on topics related to employee well-being, charity events and volunteer initiatives, and projects in the workplace that encourage all staff to get involved.

Some of the initiatives include:

- UMG US: the Come Together Events program, which covers a series of health and well-being activities. Held at the Woodland Hills site in California, employees also have access to a relaxation space, a music room and a games area, for use during their breaks.
- Havas Village France: a workplace well-being program called Meaning Flow, which offers a series of workshops and recommendations to improve employees' energy levels.
- In the United Kingdom: Havas offers its employees a multi-disciplinary program, Havas Equalize, to help maintain energy and performance levels.
- In a number of group companies: the "Short Friday" has been implemented. Depending on the company, this can be one Friday per month or every Friday during the summer months.

Occupational health and safety are key concerns for all business units, all of which implement action plans and preventive measures, adapted to their activities, in compliance with local laws and regulations in each country. In total, 94% of group employees benefit from health coverage.

In many companies, safety policies and procedures are implemented with the support of safety committees, task forces or a Chief Safety Officer in charge of handling safety-related issues. Entities in France must also prepare the Single Document for the Assessment of Occupational Risks required by French law.

The objectives of these committees or task forces include:

- managing and updating the document that details risks and prevention plans;
- participating in and overseeing the implementation of a plan for the prevention of stressful situations arising from organizational constraints or workload factors such as atypical working hours;
- taking into account the need for all employees to balance their private and work lives;
- monitoring the implementation of action plans required in the event of serious incidents;
- organizing awareness-raising, information and training initiatives for employees on a regular basis (on first aid, safety procedures or specific safety-related topics);
- improving workstation ergonomics (mouse/keyboard use, eye fatigue from screen work, posture-related problems), and even diagnosing the rare situations where there is pain or discomfort;
- promoting best practices in business travel and identifying and analyzing the causes of commuting accidents;
- supervising the safety of premises and the prevention of illness, particularly occupational illnesses; and
- providing transportation for employees to their workplace if public transportation is inadequate or unavailable.

Vivendi continues to apply preventive measures on stress and psychosocial risks. Counseling teams are available for all employees. These programs are specific to each entity and cover areas such as the training of local managers, a free helpline for employees, and information given to elected employee representatives by a specialist physician. The services are independent of the company and are completely anonymous, confidential and free of charge.

Continuous social dialog

In compliance with the ILO fundamental conventions and as part of its labor policy, Vivendi is committed to fostering continuous, constructive dialog with employees and their representatives by promoting exchange and consultation at all levels, particularly in relation to working conditions and organizational change. All employees based in France and in its overseas departments and territories are covered by collective bargaining agreements.

At group level, Vivendi's conversion into a European Company resulted in changes to its social dialog structures.

While the Works Committee continues to operate at the national level, the European Social Dialog Committee (IDSE) was replaced by a new European body, the European Company Committee (ECC). It is composed of 26 members representing the 21 European Economic Area (EEA) countries in which the group is present. Its rules of operation were set out in an agreement signed by all parties on November 6, 2019.

This new supranational body will enrich social dialog at the European level and will cover all employees in Europe, including the United Kingdom after Brexit.

European social partners will meet twice a year in a plenary session to discuss transnational issues. These discussions will cover matters such as news about the group, its strategy, its economic and financial situation, and its HR and CSR policies in Europe. The ECC will be consulted, where necessary, on reorganizations, acquisitions and disposals on a European scale.

Within the subsidiaries, dialog and social discussion are organized in line with the employment laws and regulations for each country, and in accordance with human resources policy guidelines adopted by each business unit. This also applies to the compensation policy, which is compliant with the principles of gender equality and non-discrimination and takes full account of the specificities of each job function in each business line.

A total of 60 agreements or supplemental agreements were signed or renewed in France in 2019.

Of these, 28% were agreements on compensation policies and profit-sharing (optional and statutory), aimed at involving employees in their company's performance and 38% related to working conditions (telecommuting).

Another 28% were agreements signed as part of the creation of the Social and Economic Committee (CSE), the new employee representative body within French companies.

In France, labor relations are a particular focus for Canal+. To maintain this focus and to adapt the priorities of its labor policy, Canal+'s HR teams and unions followed a joint training course to reposition the methods for effective, productive social dialog around a new approach to negotiation. Canal+ also establishes committees to monitor all its agreements.

When Canal+ was recently forced to consider a reorganization due to changes in the audiovisual market and in its businesses, particularly publishing, production and distribution, it naturally favored an approach based on social dialog. By consulting with its social partners, Canal+ was able to identify the most appropriate support solutions for its voluntary departure plan, with a focus on internal and external redeployment. This resulted in the signature of an agreement defining the various support measures to be implemented to enable employees to carry out their projects in the best possible conditions, with significant resources and long-term support. These measures included an information and advice corner, a mobility support space, a strengthened mobility program, volunteer initiatives, retraining and various financial support packages.

Respect for human rights and fundamental freedoms

For the Vivendi group and all its entities, respect for human rights means first and foremost promoting a responsible employer model that protects the fundamental rights of all employees in every country in which it operates. Going beyond legal requirements, Vivendi advocates respect for individuals as a principle of management and condemns all forms of psychological and sexual harassment.

These values are clearly set out in UMG's Code of Conduct, which was updated in 2016. Virtually all employees have received training on the Code and many receive regular refreshers, particularly in the United States where employees must acknowledge their adherence to the Code every year. The Code of Conduct is also issued to all new recruits upon arrival.

In addition, for several years now, UMG has been running a specific training module to raise employee awareness on harassment issues.

5,107 UMG employees received training on harassment in 2019, representing an overall participation rate of approximately 58%

Respect is also a core value for Havas, which has integrated harassment prevention into its social policy.

In 2020, two years after an initial awareness campaign was conducted for all employees, Havas will launch a new worldwide campaign through its Havas University training platform.

In France, an awareness session on harassment and related topics was organized for all managers, based on an interactive format. The participants role-played real-life situations illustrating psychological and sexual harassment, with commentary provided by legal experts. The session ended with a presentation by HR teams of the various systems in place for reporting harassment and seeking support. The same module was then rolled out to French agencies for all their employees.

In the United States, a specific training module was deployed among all employees to raise awareness about harassment and the US legal environment.

After introducing a whistleblowing system in line with its collective agreement on quality of life at work, Canal+ Group signed the #StOpE charter on sexism in the workplace in late 2019. By signing the charter, Canal+ has pledged to combat "everyday" sexism through information, training, prevention and support initiatives among its employees and by taking a zero-tolerance approach.

At the start of 2019, Canal+ Group and Havas Worldwide addressed this topic by signing the charter to combat sexual harassment and sexist behavior issued by the Pour les Femmes Dans les Médias (PFDM) organization. They were recently joined by three other group companies: Vivendi head office, UMG France and Dailymotion, who are now also signatories to the charter. Their commitments in this regard include informing employees, providing a support/whistleblowing system for victims and sharing their best practices.

Editis has introduced a code of conduct and a whistleblowing system. It has also designated and trained HR correspondents in each of its three divisions – Literature, Education & Reference, and Distribution – to help combat harassment and discrimination.

Gameloft has drawn up a Corporate Charter, to be issued to all new employees, that sets out the principles and values to be respected.

See Tickets SA has updated its internal rules to include the principle of non-discrimination. UK Ticketing Limited has a policy on intimidation and harassment.

In addition, at a number of subsidiaries, particularly those located in English-speaking countries, employees have access to a whistleblowing hotline, in accordance with applicable rules and regulations, for reporting any instances of discrimination or harassment.

4.3.3.3. Contributing to local development

Determined to be both successful and supportive, the group and its subsidiaries participate throughout the year in constructive projects aimed, for example, at combating inequality and discrimination.

Investing in local economies and skills sharing

Vivendi is a partner of the LINCC (Les Industries Numériques Culturelles et Créatives) innovation platform, led by Paris&Co, the Paris agency for economic development and innovation. A veritable hub for dialog within the media innovation ecosystem (startups, public entities and leading industry organizations), LINCC provides a platform for Vivendi to share its commitments with the stakeholders involved and to support innovative young companies, with a special focus on projects that embody cultural diversity and promote women in digital entrepreneurship.

In addition, in 2019, Vivendi continued its training program for sound engineers launched in Mali in 2006. Held in Bamako, in the studios of singer-songwriter Salif Keita, the program contributes to developing local production talent. In a similar vein, Canal+ International has created Canal+ University, an initiative aimed at training journalists in Africa. The new Canal+ University offers training in video journalism, in partnership with production agency Galaxie.

Nearly 700,000 tickets sold in the CanalOlympia network in 2019, representing an 18% increase over the prior year

To enhance the cultural offering in Africa, Vivendi continued to roll out its CanalOlympia movie theaters and venues during the year. By end-2019, the network had 14 theaters in 10 African countries, each with a capacity of 300 people for indoor events and several thousand for outdoor events. The environmentally friendly venues run on solar power and are fully self-sufficient. The ticket price has been set deliberately low to allow access to as many people as possible.

These versatile structures can also be used for live performances. In 2019, they hosted 266 events of various types (e.g., premieres, awards ceremonies and festivals), including 36 concerts, as well as two major sports competitions organized by Vivendi Sports.

Developing individual and collective talents through the Vivendi Create Joy solidarity program

Founded nearly 12 years ago, Vivendi's solidarity program works to develop individual and collective talents through projects in music, film, content creation, video games, live performance (e.g., comedy and stand up) and journalism. It covers two types of projects: social projects that reveal a personal talent, make people aware of their own value and develop their self-esteem; and vocational training projects that allow young adults lacking professional networks to flourish in a profession and a passion that the group shares.

Vivendi employees contribute to the success of these projects and to the development of the associations involved primarily by volunteering their skills. In 2019, a digital skills sharing platform was set up to connect employee volunteers with Create Joy's partner associations.

Group employees who live in France can now dedicate one workday per year (split into half days or even hours) to one or more volunteer assignments with participating associations. Since 2008, the Create Joy program, rolled out in France, the United Kingdom and Africa, has provided support to over 70 associations involved in the initiation and professional training of underprivileged, marginalized or sick young people.

Many of the group's partnerships are underpinned by a desire to help young people flourish by offering them entertainment and the means to develop skills relating to Vivendi's businesses, in line with the commitment embodied by Create Joy. The appeal is twofold for young people: to find inspiration, exercise their creativity and explore exciting worlds, but also discover businesses and jobs related to their passions.

Fostering the growth of young people through Vivendi's business lines

Vivendi's partnerships

Sciences Po and Dauphine

Vivendi contributes to the equal opportunities programs of Sciences Po and the Université Paris-Dauphine. As a partner in Sciences Po's "Priority Education Conventions" program, Vivendi sits on candidate selection panels and then helps mentor students who benefit from the program. Each year, about five mentoring pairs are formed. At Paris-Dauphine, Vivendi supports "Parcours Dauphine", a program that encourages the best students of partner high schools to apply to the university by mentoring them from their second-last year in high school and giving them the opportunity to broaden their horizons through a program that allows them access to numerous cultural activities.

Innov'Avenir

Vivendi is also committed to supporting the transmission of digital culture to all young people.

It has therefore become a partner of the Innov'Avenir program. Promoted by the Entreprises pour la Cité network, the program aims to give young people in under-privileged areas the keys to understanding the 21st century, to broaden their professional horizons and help them become actors in a digital society.

Paqte

A partner since late 2018 of the Paqte (Neighborhood Pact for All Businesses) project, launched by the French Ministry for Territorial Cohesion, Vivendi opened its doors to several middle school students from disadvantaged neighborhoods in February 2019. The students spent a week at Vivendi, observing the work environment and learning about the group's various businesses. A firm advocate of equal opportunities, Vivendi welcomes anyone with talent, regardless of their origins or background.

Agir pour apprendre

As a partner of the French non-profit Agir Pour Apprendre, Vivendi supports the educational initiatives carried out at the Théodore Monod technical school in Noisy-le-Sec.

Demos – Philharmonie de Paris

Vivendi is a major sponsor of the Demos program, run by the Philharmonie de Paris. Launched in 2010, the program aims to facilitate access to musical education and orchestral training for children who come from disadvantaged urban communities or from rural areas with insufficient cultural resources.

4

Subsidiaries committed to supporting young people

Alongside other partners including the French Ministry for Culture, Canal+ sponsored the 2019 La Foa Film Festival in New Caledonia, enabling it to offer a training course run by French director and screenwriter Sacha Wolff, a graduate of France's national film school La Fémis. Canal+ Calédonie also partnered with the 11th Festival des Courts-Métrages des Quartiers, a short-film festival that unites cinema-lovers and the general public each year in the city of Noumea.

UMG continues to support many charitable organizations that focus on education and youth.

In 2017, it launched a new philanthropic program "All Together Now". Through this initiative, UMG seeks to support employees' good works and engagement in various important causes, and to maximize impact in key areas of need across education and health & well-being, especially with a tie to music and the arts.

Volunteers of America's Operation Backpack is the back-to-school drive that collects and distributes new backpacks full of grade-specific supplies to thousands of homeless children living in shelters. This year, UMG helped Operation Backpack distribute full backpacks to kids in need in both New York City and Los Angeles.

In the United Kingdom, UMG has backed the OnTrack program run by London's The Roundhouse venue for more than ten years. OnTrack offers music-related vocational training to marginalized kids ("Not in Education, Employment or Training" or NEET). 65% of the students from the 2019 program have already found employment and 94% of students from the 2018 program are now employed.

In addition, the Universal Music UK Sound Foundation promotes music education, partnering with organizations like East London Arts & Music (ELAM), a free school for 16- to 19-year-olds. The school was rated "outstanding" by Ofsted, the UK schools' inspectorate. ELAM's mission is to increase access routes into the creative industries for its students. In 2019, UMG again welcomed 38 trainees from the school for two weeks of intensive hands-on experience, with employees invited to mentor them. Universal Music UK has also run several masterclasses for ELAM students.

To provide a steppingstone for ELAM's young artists, UMG furthered its relationship with Urban Development, a charity supporting the growth of urban music that is also sponsored by the Vivendi Create Joy fund.

Universal Music, the EMI Archive Trust and London-based positive lifestyle charity the eXceL Project (XLP) (which offers programs to encourage young people from underprivileged neighborhoods to finish their studies) partnered on a music-based education program taking young marginalized talents through a journey from the earliest recordings and technology in the 1900s to today's global industry. The six young creative talents were inspired to create and release two new singles. UMG's A&R, marketing and digital staff mentored the group and gave advice on releasing music today.

4.4. Indicator tables

4.4.1. PERFORMANCE INDICATORS

The information below relates to the scope set forth in the Note on Non-Financial Reporting Methodology in Section 4.6.1 of this chapter.

		2019
Attracting and retaining external talent (a)	Number of hours' training provided by Canal+ International for creative talent in Africa **(b)**	500
Attracting and retaining internal talent	Turnover rate **(c)**	22.62%
	of which Universal Music Group	15.13%
	of which Canal+ Group	12.81%
	of which Havas	29.02%
	of which Gameloft	24.16%
	of which Vivendi Village	20.23%
	of which New Initiatives	41.89%
	of which Corporate	9.54%
Responsible content	Number of intervention measures taken by the CSA with respect to Canal+ Group	6
	In 2019, Canal+ Group received four warnings for all of its channels combined, including a summons and a fine issued by the CSA (the French broadcast media regulator). *The summons was filed against the CNews channel for remarks made by Éric Zemmour in the program Face à l'Info on ctober 23, 2019. The channel has decided to appeal against the summons before the French Council of State (Conseil d'État).* *Moreover, in its ruling on December 18, 2019, the CSA issued a €10,000 fine against channel C8 following the broadcasting of a series of nude photographs of a TFI presenter during the program Touche Pas à Mon Poste on October 31, 2018.* *The sanction issued by the CSA in June 2017, which consisted in the suspension of advertising broadcasts, was lifted. On November 13, 2019, C8 filed legal action against the CSA seeking indemnification in the amount of €1.1 million for the week of suspended advertising. See Note 24 to the consolidated financial statements for the year ended December 31, 2019 in Chapter 4.*	
	Number of creative projects by Havas deemed non-compliant/rejected by regulatory authorities before broadcasting **(d)**	1,491
	Number of campaigns by Havas subject to intervention measures by the regulatory authorities and a withdrawal request	0

Comments:

(a) The following additional performance indicators in relation to this risk were consolidated and audited for UMG: number of voluntary artist departures, number of artist agreement renegotiations and renewals, share of non-recorded income and number of artist web-stores managed by UMG. Since this information can be sensitive, it was decided alongside the independent third party not to disclose the associated data.

(b) Hours reported are hours of training by Canal+ teams and partners (not taking into account the number of people trained).

(c) Turnover rate is calculated as follows:
[(Number of people hired on permanent contracts in year Y + Number of departures of people on permanent contracts in year Y) / 2] / Total employees on permanent contracts at December 31 in year Y-1.

(d) In nearly 20% of the countries where Havas agencies operate, local regulatory authorities may, in certain circumstances, require creative projects to be submitted to them before being broadcast.

4.4.2. SOCIAL INDICATORS

Headcount as of December 31	2019	2018
Universal Music Group	8,865	8,319
Canal+ Group	7,826	7,739
Havas	19,939	19,622
Editis	2,558	-
Gameloft	3,777	4,456
Vivendi Village	743	640
New Initiatives	702	567
Corporate	231	257
Total	**44,641**	**41,600**

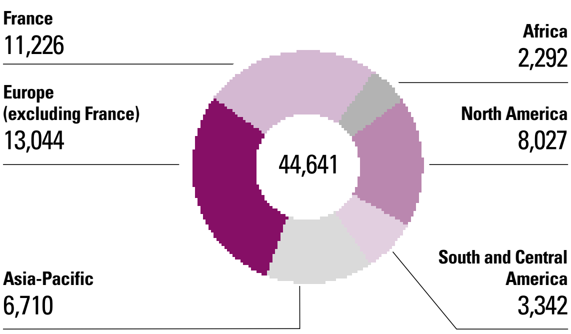
	2019				2018			
Headcount by gender	**Women**	**% Women**	**Men**	**% Men**	**Women**	**% Women**	**Men**	**% Men**
Universal Music Group	4,336	49%	4,529	51%	4,017	48%	4,302	52%
Canal+ Group	3,676	47%	4,150	53%	3,699	48%	4,040	52%
Havas	11,312	57%	8,627	43%	11,080	56%	8,542	44%
Editis	1,765	69%	793	31%	-	-	-	-
Gameloft	865	23%	2,912	77%	931	21%	3,525	79%
Vivendi Village	363	49%	380	51%	297	46%	343	54%
New Initiatives	211	30%	491	70%	188	33%	379	67%
Corporate	125	54%	106	46%	145	56%	112	44%
Total	**22,653**	**51%**	**21,988**	**49%**	**20,357**	**49%**	**21,243**	**51%**

	2019					
Headcount by age	**< 25 years**	**25-34 years**	**35-44 years**	**45-54 years**	**55 years and above**	**Total**
Universal Music Group	619	3,110	2,264	2,036	836	8,865
Canal+ Group	532	2,720	2,551	1,538	485	7,826
Havas	2,287	9,085	4,929	2,626	1,012	19,939
Editis	133	469	585	811	560	2,558
Gameloft	490	2,234	922	113	18	3,777
Vivendi Village	76	321	203	86	57	743
New Initiatives	40	406	213	38	5	702
Corporate	20	41	39	77	54	231
Total	**4,197**	**18,386**	**11,706**	**7,325**	**3,027**	**44,641**
As a percentage	**10%**	**41%**	**26%**	**16%**	**7%**	**100%**

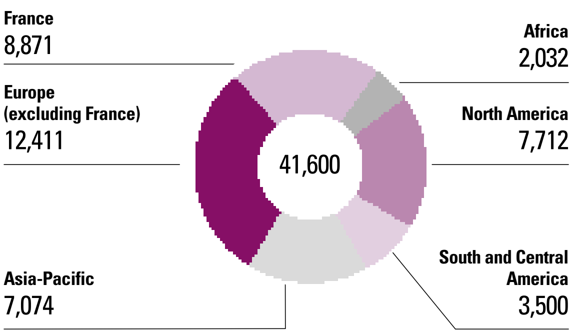
Headcount by geographic region	2019					
	Africa	North America	South and Central America	Asia-Pacific	Europe	Of which France
Universal Music Group	96	3,308	372	1,293	3,796	625
Canal+ Group	1,759	86	-	486	5,495	3,569
Havas	60	3,878	2,847	3,136	10,018	3,665
Editis	-	25	-	-	2,533	2,459
Gameloft	4	612	123	1,789	1,249	124
Vivendi Village	73	29	-	-	641	246
New Initiatives	300	77	-	6	319	319
Corporate	-	12	-	-	219	219
Total	**2,292**	**8,027**	**3,342**	**6,710**	**24,270**	**11,226**
As a percentage	**5.1%**	**18.0%**	**7.5%**	**15.0%**	**54.4%**	**25.1%**

Headcount by geographic region	2018					
	Africa	North America	South and Central America	Asia-Pacific	Europe	Of which France
Universal Music Group	66	3,052	357	1,212	3,632	601
Canal+ Group	1,699	79	-	468	5,493	3,781
Havas	71	3,888	2,937	3,077	9,649	3,583
Gameloft	2	558	206	2,312	1,378	114
Vivendi Village	69	40	-	-	531	196
New Initiatives	125	85	-	5	352	349
Corporate	-	10	-	-	247	247
Total	**2,032**	**7,712**	**3,500**	**7,074**	**21,282**	**8,871**
As a percentage	**4.9%**	**18.5%**	**8.4%**	**17.0%**	**51.2%**	**21.3%**

HEADCOUNT BY GEOGRAPHIC REGION IN 2019



HEADCOUNT BY GEOGRAPHIC REGION IN 2018



New hires	2019 Permanent contracts	Temporary contracts	Total
Universal Music Group	1,329	433	1,762
Canal+ Group	747	904	1,651
Havas	4,839	1,503	6,342
Gameloft	625	443	1,068
Vivendi Village	83	159	242
New Initiatives	182	83	265
Corporate	20	19	39
Total	**7,825**	**3,544**	**11,369**
As a percentage	**69%**	**31%**	**100%**

	2019						
	Permanent contracts					Temporary contracts	
Departures by reason	Resignation	Termination	Redundancy	Retirement	Other reasons	All reasons	Total
Universal Music Group	645	178	146	11	60	358	1,398
Canal+ Group	468	104	213	9	169	1,037	2,000
Havas	4,324	522	407	27	399	1,090	6,769
Gameloft	734	32	183	-	65	683	1,697
Vivendi Village	82	7	1	1	2	129	222
New Initiatives	83	16	2	-	32	153	286
Corporate	13	6	-	-	7	10	36
Total	**6,349**	**865**	**952**	**48**	**734**	**3,460**	**12,408**
As a percentage	**51%**	**7%**	**8%**	**< 1%**	**6%**	**28%**	**100%**

Training	2019 Employees trained	Hours of training
Universal Music Group	7,877	75,665
Canal+ Group	4,293	69,241
Havas	12,572	138,839
Gameloft	2,854	68,843
Vivendi Village	157	2,730
New Initiatives	137	2,528
Corporate	113	3,043
Total	**28,003**	**360,889**
As a percentage of headcount (*)	**69%**	**-**

(*) As a percentage of the total reported headcount (i.e., excluding companies entering the scope of consolidation and therefore excluding Editis (see Note on Non-Financial Reporting Methodology (Section 4.6.1.)).

Proportion of women in management	2019 Total managers	Women managers	Percentage of women managers
Universal Music Group	2,767	1,095	40%
Canal+ Group	3,210	1,358	42%
Havas	6,502	3,568	55%
Editis	1,513	1,029	68%
Gameloft	538	143	27%
Vivendi Village	346	162	47%
New Initiatives	325	88	27%
Corporate	183	95	52%
Total	**15,384**	**7,538**	**49%**

	2019	% of total headcount	2018	% of total headcount
Headcount				
Headcount – Total	44,641	-	41,600	-
Headcount – Men	21,988	49%	21,243	51%
Headcount – Women	22,653	51%	20,357	49%
Headcount of permanent contracts	40,182	90%	37,074	89%
Headcount of temporary contracts	4,459	10%	4,526	11%
Headcount by age				
Employees under 25	4,197	10%	4,153	10%
Employees 25 to 34	18,386	41%	18,152	44%
Employees 35 to 44	11,706	26%	10,863	26%
Employees 45 to 54	7,325	16%	6,186	15%
Employees aged 55 and above	3,027	7%	2,246	5%
Arrivals and Departures				
Total hires/new arrivals	11,369	-	11,722	-
Of which on permanent contracts	7,825 (69%)	-	8,111 (69%)	-
Total departures	12,408	-	12,515	-
Of which terminations and redundancies	1,817 (15%)	-	1,972 (16%)	-
Training				
Number of employees trained	28,003	**(a)** 69%	28,230	68%
Training hours	360,889	-	361,780	-
Hours of training per participant (average)	12.9	-	12.8	-
Compensation				
Personnel costs **(b)**	3,524.0	-	3,221.2	-
Payroll costs **(b)**	3,356.9	-	3,059.2	-
Payroll costs as a percentage of revenue	21.12%	-	21.96%	-
Optional profit sharing **(b)**	18.4	-	16.0	-
Statutory profit sharing **(b)**	17.2	-	11.4	-
Absenteeism				
Number of employees with at least one day absent	19,984	**(a)** 49%	21,340	51%
Days absent – Total	301,279	-	299,251	-
Of which for illness	150,167 (50%)	-	149,642 (50%)	-
Of which for maternity, paternity and adoption leave	116,473 (39%)	-	111,362 (37%)	-
Health and safety				
Number of workplace accidents resulting in lost work time	96	-	83	-
Number of days lost due to workplace accidents	2,290	-	1,133	-
Frequency rate **(c)**	0.02	-	0.01	-
Severity rate **(d)**	0.0005	-	< 0.0001	-
Employee relations and collective bargaining agreements				
Collective bargaining agreements signed or renewed (France)	60	-	46	-
Of which relating to compensation and employee savings plans	17 (28%)	-	31 (67%)	-
Of which relating to working conditions, health and safety	23 (38%)	-	9 (20%)	-
Of which relating to social dialog	17 (28%)	-	-	-
Organization of working time				
Full-time employees	43,002	96%	40,023	96%
Part-time employees	1,639	4%	1,577	4%
Career development				
Number of temporary contracts converted into permanent contracts	1,329	-	1,291	-
Professional integration and disabilities				
Number of employees with disabilities	332	-	324	-

(a) As a percentage of the total reported headcount (i.e., excluding companies entering the scope of consolidation and therefore excluding Editis (see Note on Non-Financial Reporting Methodology (Section 4.6.1.)).

(b) Figures stated in millions of euros.

(c) Calculation method for the workplace accident frequency rate: $\frac{\text{Number of workplace accidents resulting in lost work time} \times 1{,}000{,}000}{\text{Average annual headcount x annual hours actually worked}}$

(d) Calculation method for the workplace accident severity rate: $\frac{\text{Number of days lost due to workplace accidents x } 1{,}000}{\text{Average annual headcount x annual hours actually worked}}$

4.4.3. ENVIRONMENTAL INDICATORS

	Unit	2019	2018	% of total headcount (*)
Energy consumption				
Electricity	MWh	102,366	122,6	86%
Electricity from renewable sources	MWh	17,861	17,746	18%
Natural gas	MWh GCV	8,829	9,293	23%
Domestic fuel	liters	185,005	118,167	16%
Steam used for space heating	MWh	8,98	7,987	23%
Cold consumption (district cooling)	MWh	1,951	Not monitored	8%
Diesel used by the fleet of vehicles	liters	1,567,285	1,340,497	31%
Petrol used by the fleet of vehicles	liters	1,286,210	802,024	46%
LPG used by the fleet of vehicles **(a)**	liters	1,41	1,552	0.5%
Materials consumption				
Purchase of paper for internal use	tons	409	460	85%
Purchase of paper for external use	tons	810	639	29%
Purchase of plastics and acrylics used in the manufacturing of products brought to market by a group entity	tons	17,920	15,295	28%
Purchase of cardboard packaging for products brought to market by a group entity	tons	1,197	909	29%
Waste				
Professional WEEE	tons	99	252	84%
Professional WEEE recovered	tons	60	46	34%
Household WEEE **(b)**	tons	104	74	7%
Household WEEE recovered **(b)**	tons	67	59	6%
Hazardous waste (excluding WEEE)	tons	50	15	86%
Non-hazardous waste	tons	3,513	3,818	82%
Non-hazardous waste recycled or recovered	tons	1,541	1,724	60%

(*) Excludes Editis. For a definition of the environmental reporting scope, see Note on Non-Financial Reporting Methodology (Section 4.6.1.).

(a) Only two group entities use this type of fuel.

(b) This indicator pertains only to Canal+ Group entities. Household WEEE includes set-top boxes and Internet terminals leased to Canal+ Group end-users. In African countries, most set-top boxes are sold to households. As a result, Canal+ Group is not responsible for collecting the equipment when discarded.

GREENHOUSE GAS EMISSIONS

	Unit	2019	2018
Greenhouse gas emissions (excluding use of products and purchases of content and services)			
Scope 1 greenhouse gas emissions related to energy consumption (a)	tons of CO_2eq	**14,185**	**17,481**
Mobile sources	tons of CO_2eq	8,556	6,485
Stationary sources	tons of CO_2eq	5,629	10,996
Of which refrigerants	tons of CO_2eq	3,150	8,630
Of which domestic fuel	tons of CO_2eq	590	377
Of which natural gas	tons of CO_2eq	1,889	1,989
Scope 2 greenhouse gas emissions related to energy consumption (b)	tons of CO_2eq	**35,211**	**35,555**
Of which electricity (including electricity from renewable sources)	tons of CO_2eq	33,490	34,061
Of which steam	tons of CO_2eq	1,679	1,494
Maturing in more than one year	tons of CO_2eq	42	-
Scope 3 greenhouse gas emissions (c)	tons of CO_2eq	**180,115**	**157,197**
Hazardous waste (including WEEE)	tons of CO_2eq	106	144
Non-hazardous waste	tons of CO_2eq	151	165
Business travel	tons of CO_2eq	113,867	98,257
Purchase of raw materials	tons of CO_2eq	52,376	44,170
Of which plastics	tons of CO_2eq	50,715	43,286
Of which paper	tons of CO_2eq	1,195	1,070
Of which cardboard	tons of CO_2eq	466	355
Property (buildings leased or owned)	tons of CO_2eq	13,615	14,461

(a) Scope 1 relates to direct emissions, including energy consumption (excluding electricity), fuel combustion and fugitive emissions (e.g., from leaks of refrigerants).

(b) Scope 2 relates to indirect emissions from energy consumption, including the consumption of electricity or steam via distribution grids.

(c) Scope 3 relates to other emissions produced indirectly by the group's activities that are not covered in scopes 1 and 2 but that are linked with the value chain as a whole, including the purchase of raw materials (e.g., paper, cardboard and plastics), the management of waste generated by the activities of Vivendi's subsidiaries and business travel by employees. Greenhouse gas emissions relating to the purchase of services and content and emissions generated by the use of products and services sold are not included in the figures above, since there is a high degree of uncertainty involved in calculating them. In 2019, the following causes of greenhouse gas emissions were added: GHGs linked to taxi/VTC travel and those linked to vehicle leases (short-term leases).

The calculation methodology is described in the paragraph entitled "Methodological details and limits in relation to indicators" (see Note on Non-Financial Reporting Methodology in Section 4.6.1) and in the document entitled "Note méthodologique de calcul des émissions de gaz à effet de serre du groupe Vivendi" (in French), which is available on Vivendi's website.

4.5. Tables

4.5.1. CORRESPONDANCE TABLE

The correspondance table below sets out the categories of information required pursuant to Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

It refers readers to the sections of this Universal Registration Document where information relating to each category can be found.

Category of Information	Sections of the 2019 Universal Registration Document
Presentation of the business model	Chapter 1, Section 2.2
Description of the main non-financial risks	Chapter 1, Section 4.2
Description of policies to prevent, identify and mitigate the main non-financial risks and their impact and performance indicators	Chapter 1, Sections 4.3.1, 4.3.2, 4.3.3, 4.4.1, 4.4.2 and 4.4.3 Chapter 2, Section 3
Consequences of the Company's activities and the use of the goods and services it produces on climate change	Chapter 1, Section 4.3.1
Societal commitments for sustainable development	Chapter 1, Sections 4.3.1, 4.3.2, and 4.3.3
Circular economy	Chapter 1, Section 4.3.2.1
Combating food waste	Not relevant – Chapter 1, Section 4.2.1
Combating food insecurity	Not relevant – Chapter 1, Section 4.2.1
Respect for animal well-being and responsible, fair and sustainable food	Not relevant – Chapter 1, Section 4.2.1
Collective bargaining agreements in place in the Company and their impact on its financial performance	Chapter 1, Sections 3.2.2 and 4.4.2
Working conditions	Chapter 1, Section 4.3.3.2
Measures taken to combat discrimination and promote diversity and measures taken to benefit people with disabilities	Chapter 1, Section 4.3.3
Measures to combat tax evasion	Chapter 1, Section 3.4

4.5.2. TCFD CONCORDANCE TABLE

Vivendi supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD is a group focused on climate-related financial disclosures, created in line with the Financial Stability Board of the G20 during the COP21. This working group built its recommendations around four themes representing the fundamental aspects of companies' functioning, including governance, strategy, risk management and measuring targets.

The following concordance table serves as a reference for the TCFD recommendation.

Theme	TCFD Recommendation	Source of information in the group's reports
Governance		
Describe the organization's governance regarding climate-related risks and opportunities.	a) Describe the Board of Directors' supervision of climate-related risks and opportunities b) Describe management's role in the assessment and management of climate-related risks and opportunities.	a) CDP Climate Change C1.1, C1.1a, C1.1b b) CDP Climate Change C1.2, C1.2a, C1.3, C1.3a, C2.2, C2.2a, C2.2b
Strategy		
Describe the existing and potential impacts of climate-related risks and opportunities on the organization's activities, its strategy and financial planning where relevant.	a) Describe the climate-related risks and opportunities the organization has identified in the short, medium and long-term. b) Describe the climate-related risks and opportunities on the organization's activities, strategy and financial planning. c) Describe the organization's resilience, taking various climate-related scenarios into account, including a scenario of 2°C or less.	a) CDP Climate Change C2 b) CDP Climate change C2.3, C2.3a, C2.4, C2.4a, C2.5, C2.6, C3.1c c) CDP Climate Change C3.1c, C3.1g
Risk management		
Describe the manner in which the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe the manner in which the processes for identifying, assessing and managing climate-related risks are integrated in the organization's risk management.	a) CDP Climate Change C2.2a, C2.2b, C2.2c, C2.3, C2.4 b) CDP Climate Change C2.2d, C2.3a c) CDP Climate Change C1.2a, C2.2, C2.2b, C2.3a
Indicators and Goals		
Describe the indicators and goals used to assess and manage climate-related risks and opportunities where relevant	a) Describe the indicators used by the organization to assess climate-related risks and opportunities in relation to its strategy and risk management process. b) Publish Scope 1 and 2 greenhouse gas emissions (GHGs) and, if relevant Scope 3 and the related risks. c) Describe the goals used by the organization to manage climate-related risks and opportunities and its performance on these goals.	a) CDP Climate Change C1.3, C2.3a, C5, C6, C7, C8, C9, C11 b) CDP Climate Change C5, C6, C7 DEU 2019, Sections 4.4.3 and 4.6.1 c) CDP Climate Change C4

URD = Vivendi's 2019 Universal Registration Document. CDP = Vivendi's 2019 response to the CDP Climate Change questionnaire (available on the group's website).

4.6. Verification of non-financial data

4.6.1. NOTE ON NON-FINANCIAL REPORTING METHODOLOGY

Reference frameworks

The reporting of non-financial information is based on an Internal Reference developed by Vivendi, which is in turn based on national and international references: French Executive Order No. 2017-1180 of July 19, 2017 relating to the publication of a non-financial performance statement, French decree No. 2017-1265 of August 9, 2017, the guidelines of the Global Reporting Initiative **(1)** (GRI) and its Media Sector Supplement of May 4, 2012 **(2)**, the ten principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

The internal guidelines, the "Reporting Protocol for Environmental, Social and Societal Data of the Vivendi Group Companies" (the "Reporting Protocol"), is updated annually and ensures the consistent application of definitions and rules for data gathering, validation and consolidation by all group companies.

Indicators

Societal, social and environmental indicators are presented in Sections 4.3 and 4.4 of this chapter.

Unless otherwise indicated, the societal, social and environmental indicators refer to consolidated data as of December 31, 2019.

For 2019, data is consolidated. 2019 data is broken down by subsidiary for certain indicators.

Reporting scope

The reporting scope was established in accordance with Articles L. 233-1 and L. 233-3 of the French Commercial Code and, with the exception of certain companies, pertains to subsidiaries and controlled companies (see details at each reporting scope level).

Changes in reporting scope are the result of acquisitions or disposals of consolidated companies between January 1 and December 31 of the relevant reporting year:

- in the event of a disposal during the reporting year, the data for the company are not recognized in the scope of that year; and
- in the event of an acquisition during the reporting year, the data for the company will be fully consolidated into the reporting as from the following year, unless that company can provide the required information for the reporting year. However, the acquired company's headcount is incorporated into the scope of the current reporting year.

Social reporting scope

The scope of social reporting is linked to the group's business units, subject to the following indications:

- UMG: unless otherwise indicated, the reporting scope applies to nine companies that account for 80% of the group's revenues (Australia, Brazil, France, Germany, Japan, the Netherlands, South Africa, the United Kingdom and the United States);
- Canal+ Group: unless otherwise indicated, the reporting scope applies to the companies located in mainland France and its overseas departments and territories, Poland, Africa (a focus group of 15 countries: Benin, Burkina Faso, Cameroon, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Guinea, Madagascar, Mali, Mauritius, Niger, Nigeria, Senegal and Togo) and in Asia (Myanmar and Vietnam). For some indicators that specifically apply to the French entity, the scope "Canal+" is mentioned;
- Havas group: unless otherwise stated, the reporting scope applies to a limited number of entities representing 80% of the group's gross profit, except the following indicators, which apply to a wider scope of the entire group: "Amounts paid to corporate foundations, outreach programs and patronage and partnership initiatives", "Policies to encourage skills volunteering and pro-bono work", "Number and description of pro-bono campaigns carried out", "Number of employees involved in pro-bono/skills volunteering and monetary equivalent of time spent", "Commitments to responsible content", "Number and description of creative projects deemed non-compliant or rejected by regulatory authorities", "Number and description of campaigns giving rise to an intervention from regulatory authorities and a withdrawal request", "Communication campaigns helping raise public awareness of contemporary issues" and "Consultations with stakeholders during the design of communication campaigns".
- Gameloft: the reporting scope applies to the entire group;
- Vivendi Village: the reporting scope applies to Vivendi Ticketing (see Tickets SA and UK Ticketing Ltd.), CanalOlympia and L'Olympia; and
- New Initiatives: the reporting scope applies to Dailymotion.

(1) Launched in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP), the GRI is a long-term and international, multi-stakeholder initiative that develops and issues guidelines for voluntary sustainability reporting by multi-national corporations wishing to disclose information regarding the economic, environmental and social impact of their activities, products and services. The GRI has not verified the content of this report or the validity of the information provided therein (www.globalreporting.org).

(2) The GRI Media Sector Supplement provides reporting guidance for global media industry corporations. Several themes are included such as freedom of expression, media pluralism and content quality, the representation of cultures, independence, data protection, accessibility and media education.

Social reporting scope

The social reporting scope covers all group companies and 100% of the workforce for the "headcount" indicators. In accordance with the 2019 Reporting Protocol for Environmental, Social and Societal Data of the Vivendi Group Companies, companies newly consolidated within the reporting scope during the year appear only in the tables related to headcount. In 2019, 74 entities were newly consolidated in the group, representing a total of 4,149 people including one at UMG (19 people), 13 at Canal+ Group (437 people), 27 at Havas (897 people), one at Gameloft (11 people), six at Vivendi Village (68 people), four at New Initiatives (159 people), and 22 at Editis (2,558 people).

In social reporting, unless otherwise indicated:

- "Vivendi Village" refers to L'Olympia, Olympia Production, Petit Olympia, CanalOlympia Talents & Spectacles (Benin, Cameroon, Congo, Gabon, Guinea, Madagascar, Niger, Burkina Faso, Senegal and Togo), Festival Prod, Paddington Group, Théâtre de l'Œuvre, Vivendi Village, Vivendi Sports, Vivendi Live Ltd., CanalOlympia, See Tickets (France, Spain, the United Kingdom and the United States) and Paylogic (Germany and the Netherlands);
- "New Initiatives" refers to Dailymotion, Flab Prod, Flab Presse, Vivendi Content and GVA (Burkina Faso, Congo, Côte d'Ivoire, France, Gabon, Rwanda and Togo); and
- "Corporate" refers to the Paris headquarters and the New York office.

Environmental reporting scope

The environmental reporting scope (86% of employees) is as follows:

- UMG: the reporting scope applies to 35 countries that account for 98% of the group's employees (Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Colombia, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hong-Kong, India, Indonesia, Italy, Japan, Malaysia, Mexico, Norway, the Netherlands, Philippines, Poland, Russia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, the United Kingdom and the United States);
- Havas: the reporting scope applies to 112 entities of at least 25 employees that account for 78% of the group's employees, located in 36 countries (Argentina, Australia, Belgium, Brazil, Cambodia, Canada, the Czech Republic, Chile, China, Colombia, Costa Rica, France, Germany, Hong Kong, India, Indonesia, Italy, Malaysia, Mexico, Myanmar, the Netherlands, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Korea, Spain, Sweden, Taiwan, Turkey, the United Arab Emirates, the United Kingdom, the United States and Vietnam);
- Canal+ Group: the reporting scope applies to the companies located in mainland France and its overseas departments and territories, in Europe (Germany, Poland and the United Kingdom), in Africa (14 countries: Benin, Burkina Faso, Cameroon, Congo, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Guinea, Madagascar, Mali, Mauritius, Niger, Senegal and Togo), in Haiti, Myanmar and Vietnam;
- Gameloft: the reporting scope applies to 13 countries: Australia, Bulgaria, Canada, China, France, Hungary, Indonesia, Mexico, Philippines, Romania, Spain, Ukraine and Vietnam;
- Vivendi Village: the reporting scope applies to See Tickets SA, See Tickets Holding BV, UK Ticketing Ltd, Olympia and Guinea CanalOlympia;
- New Initiatives: the reporting scope applies to Dailymotion (Paris and New York), GVA Gabon and Flab Prod; and
- Corporate: the reporting scope refers to Vivendi SA's registered office in Paris.

Methodological details and limits in relation to indicators

Societal, social and environmental indicators may generally reflect methodological limits due to the lack of harmonization of international and national definitions and legislation, or due to the qualitative and therefore subjective nature of certain data.

Social Indicators

The turnover rate is calculated as follows:

[(Number of people hired on permanent contracts in year Y + Number of departures of people on permanent contracts in year Y) / 2] / Total employees on permanent contracts at December 31 in year Y-1.

Environmental indicators

For the environmental scope, the methodology used for data collection takes into account the nature of the site in terms of its contribution to electricity consumption. Data are primarily collected for sites of at least 25 employees, in order to achieve a representation of over 90% of real data compared to total estimated electricity consumption.

Greenhouse gas emissions are calculated based on the emission factors from the French Environmental and Energy Management Agency (ADEME) database for calculating carbon footprint, Base Carbone, version 15.0 (September 2018) and version 17 (October 2019) for certain positions added for 2019 reporting. In the event that emission factors are not available in the database or are not considered pertinent, factors from other recognized sources, including the GHG Protocol (www.ghgprotocol.org) and the UK Department for Environment, Food and Rural Affairs (www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018), may be used.

The list of emission factors used for these calculations is available on the group's website.

Any missing data on indicators such as electricity, gas, fuel and steam are estimated using methodologies based on ADEME factors where these are applicable or are based on available data (e.g., ratios of ten months out of 12 or ratio per square meter, per person).

With regard to data on electricity consumption, the quantities reported correspond to the quantities invoiced. In the event that data is not available (as is the case for certain sites not owned by the group), consumption is estimated based on conversion factors (kW/m^2, kWh/ft_2). The conversion factors used for the energy consumption indicators are standard values. They differ depending on the geographic location of the entities and are taken from recognized reference guides. Total energy consumption is broken down to obtain a clearer explanation of the composition of the energy consumed.

In relation to fuel consumption (gasoline, diesel and propane), the scope of the indicator "CO_2 emissions from the use of mobile sources (tCO_2eq)" covers directly-owned vehicles or vehicles used by the site under long-term leases.

CO_2 emissions are divided into three categories:

- scope 1 represents direct greenhouse gas emissions, including those associated with the consumption of natural gas and domestic heating fuel and injections of refrigerant fluids during site maintenance operations on air-conditioning installations. The emissions related to transport from consumption from mobile sources, for directly owned vehicles or vehicles on long-term leases over which the group has operational control, are also included;
- scope 2 includes indirect greenhouse gas emissions resulting from the use of electricity, steam and cooling; and
- in accordance with changes to carbon reporting requirements resulting from the French Energy Transition for Green Growth Act, as published in the official gazette (*Journal officiel de la République française*), on August 18, 2015, scope 3 emissions are taken into account from the 2017 reporting period onwards. Scope 3 represents external indirect greenhouse gas emissions, including emissions related to business travel by employees, purchase of paper, cardboard, plastics and acrylics used in manufacturing products intended for sale, property (buildings) and emissions related to the processing of WEEE.

For scope 3, they were selected according to the degree of reliability and comprehensiveness of the input data available (e.g., units of mass and distance).

Reporting tools, consolidation and controls

A central data gathering tool named Perform! is used to report all data consolidated and audited at different levels.

The IT tool automatically checks the data for consistency during input. An initial validation is performed by each subsidiary. Consistency checks and a second validation are performed by each business unit. These indicators are then grouped together and checked at the group's headquarters, where a third validation is performed during consolidation. Lastly, an analytical review and a general control ensure the overall consistency of headcount flows between year Y-1 and year Y.

4.6.2. INDEPENDENT THIRD PARTY'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PRESENTED IN THE MANAGEMENT REPORT

Year ended December 31, 2019

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under number n° 3-1681 (whose scope is available at www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter «entity»), we hereby report to you on the consolidated non-financial statement for the year ended on December 31, 2019 (hereinafter the «Statement»), included in the management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

Pursuant to legal and regulatory requirements, the Management Board is responsible for preparing the Statement including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the «Criteria»), the main elements of which are presented in the Statement or which are available on the website.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system, including documented policies and procedures regarding compliance with legal and regulatory requirements, ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks, hereinafter the «Information».

However, it is not our responsibility to comment on: the entity's compliance with other applicable legal and regulatory provisions, particularly the French duty of care law and anti-corruption and tax evasion legislation nor the compliance of products and services with the applicable regulations.

Nature and scope of the work

Our work described below has been performed in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) applicable to this mission, as well as to the international ISAE standard 3000:

- We took note of all the entities included in the consolidation scope and the statement of main risks;
- We assessed the suitability of the Criteria with respect to their relevance, completeness, reliability, neutrality and understandability with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III of the French Commercial Code, as well as information regarding human rights and the anti-corruption and tax evasion legislation;
- We verified that the Statement presents the information required under Article R. 225-105, where relevant with respect to the principal risks and, where appropriate, includes an explanation for the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of the principal risks associated with the activity of all the entities included in the scope of consolidation; including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and outcomes, including key performance indicators associated with the principal risks;
- We consulted documentary sources and conducted interviews to:
  - assess the process used to select and validate the principal risks and the consistency of the outcomes, including key performance indicators with respect to the principal risks and policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered the most important presented in Appendix 1; For certain risks (anti-corruption, combating tax evasion, personal data protection), our work was carried out at the level of the consolidated entity, for the other risks, work was carried out at the level of the consolidated entity and on a selection of entities listed hereinafter: UMG USA, UMG UK, UMG Germany, Havas Edge LLC, Havas Health Inc, Have People Ltd, Canal+ Platforma, VSTV, Canal+ Benin;
- We verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, within limitations set out in the Statement;
- We took note of the internal control and risk management procedures implemented and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of their trends,
  - substantive tests using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities listed hereinafter, which cover 18% of employees;
- We assessed the overall consistency of the Statement based on our knowledge of the entity.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry more extensive procedures.

Means and resources

Our verification work mobilized the skills of seven people and took place between October 2019 and February 2020 on a total duration of intervention of twelve weeks.

We conducted sixteen interviews with the persons responsible for the preparation of the Statement including, in particular, the General Management, Human Resources, Legal, Marketing and CSR departments.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the consolidated non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Paris-la Défense, February 18, 2020

French original signed by:

ERNST & YOUNG et Associés

Éric Duvaud
Partner, Sustainable Development

Claire Pajona
Partner

Appendix 1: Information considered as the most important

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Turnover on permanent contracts (all activities, excluding Editis) Number of collective agreement (Canal+ France)	Actions for recruiting talents and employer brand (all activities) Programs to develop internal talents and leadership (all activities) Actions for quality of working life (all activities) Training programs (all activities) Organization of social dialog and measures taken following the employment safeguard plan (Canal+ France)
Environmental information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Main sources of greenhouse gas emissions (scope 1, 2 and 3 on all activities, excluding Editis)	Actions for combating climate change (all activities)
Societal information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Number of creative projects considered non-compliant by advertising regulators (Havas) Number of campaigns subjected to an intervention from advertising regulators and to a removal request (Havas) Number of interventions made by the CSA (warnings, summons, sanctions) (Canal+ France) Number of training hours of local African talents (Canal+ International)	Respect of group's guidelines on contents and its new strategic direction "Make a Meaningful Difference" (Havas) Respect of ethics rules and Ethics Charter (Canal+) Respect of group's guidelines on contents (UMG) Training program of local African talents (Canal+ International) Monitoring of attraction and retention of external talents (UMG, Havas, Canal+) Actions taken to defend human rights in particular whistleblowing procedures and the Ethics Charter (Canal+, Havas) Training program to prevent harassment (Havas) Program implemented for personal data protection (all activities)

Editis

▲
Pocket book covers

◀
Copernics

2 Risk Factors, Internal Control and Risk Management, Compliance Policy

Section 1
Risk Factors

Vivendi regularly conducts a review of the risk factors that could have a negative impact on its operations or results. This review is presented to the Risk Committee, the Management Board and the Audit Committee. Vivendi has not identified any significant risks apart from those described below. Other risks of which Vivendi was unaware or which were considered insignificant at the date of this Annual Report – Universal Registration Document could have an adverse effect in the future.

The Risk Committee also assesses the adequacy of the internal procedures in place for reducing the risks to which the group may be exposed. It notifies the Audit Committee, the Supervisory Board and the Management Board of its main conclusions and recommendations.

The Compliance Committee is responsible for measures and procedures to identify and prevent risks as required by Law No. 2016-1691 of December 9, 2016 (referred to as the Sapin II Act), Law No. 2017-399 of March 27, 2017 on anti-corruption and the duty of vigilance and EU General Data Protection Regulation No. 2016/679. The Compliance Committee works in association with the Risk Committee.

For a description of the work of the Compliance Committee and Risk Committee, see Sections 1.2.10.4 and 1.2.10.5 of Chapter 3 of this Annual Report – Universal Registration Document.

This Risk Factors section takes into account the provisions of EU Regulation No. 2017/1129 of June 14, 2017 ("PR3"), which came into effect on July 21, 2019. The risk factors are presented below in decreasing order of importance within each category, based on an assessment of the gross risk each factor represents, derived from an analysis of its potential impact and the probability of its occurrence.

The table below provides a summary of the main risks facing the group, which have been divided into three categories: operational risks, financial risks and legal risks. In each category, the net risks that remain after taking into account control measures are classified by degree of materiality, based on their potential impact and their probability of occurrence.

Risk factors	Impact	Likelihood of occurrence	Materiality
1.1 Operational risks			
1.1.1 Risks associated with the increasing cost of exclusive content and premium rights in the group's various businesses	• • •	• • •	• • •
1.1.2 Risks associated with piracy and counterfeiting	• • •	• • •	• • •
1.1.3. Disintermediation risks	• • •	• • •	• • •
1.1.4 Risks associated with cybercrime	• • •	• •	• • •
1.1.5 Risks associated with talent	• •	• •	• •
1.1.6. Risks associated with data protection	• •	• •	• •
1.1.7. Risks associated with conducting operations in various countries	• •	•	• •
1.2 Financial risks			
1.2.1 Equity market value risks	• • •	• • •	• • •
1.2.2 Risks associated with goodwill	• • •	• •	• •
1.2.3 Risks associated with currency conversion and exchange-rate fluctuations	• • •	• •	• •
1.2.4 Risks associated with the cost of access to financing	• • •	•	•
1.3 Legal risks			
1.3.1 Risks associated with regulations applicable to the group's operations	• •	• •	• •
1.3.2 Litigation risks	• • •	•	• •

1.1. Operational Risks

Vivendi is an integrated content, media and communications group. It operates businesses across the media value chain, from talent discovery to the creation, production and distribution of content. Operational risks are assessed taking into account quantitative and qualitative factors specific to each of the group's businesses.

The description of how these risks may affect Vivendi and of the control measures put in place includes illustrative examples to reflect the diversity of the group's businesses.

1.1.1. RISKS ASSOCIATED WITH THE INCREASING COST OF EXCLUSIVE CONTENT AND PREMIUM RIGHTS IN THE GROUP'S VARIOUS BUSINESSES

Vivendi's businesses face an increasingly competitive international environment driven by global entities with dominant positions (GAFA), the vertical concentration of operators and the emergence of highly aggressive new competitors. These factors lead to overbidding in the market for exclusive content and premium rights.

Facing this cost inflation, the Vivendi group exercises strict cost discipline coupled with a coherent investment policy and a formal governance structure (e.g., M&A Committees and validation thresholds) and benefits from a broad catalog of diversified, exclusive rights. A policy of acquiring alternative sports rights and its own production of exclusive programs has also helped absorb the effects of this overall cost inflation and the potential loss of some premium rights in the medium and/or long term. For example, in the sporting rights market, which is highly inflationary (with a 60% increase in the price of broadcasting rights for Ligue 1 football in France for 2020-2024), the Canal+ Group – which had already invested €540 million per year for the period from 2016 through 2020 – secured its position in February 2020 by purchasing at cost price (i.e., for €330 million per year) the Ligue 1 rights that were originally acquired by beIN Sports (two games per Ligue 1 matchday, including 28 of the best 38 fixtures each season).

As a result, Vivendi may be required to contribute to content cost inflation with a risk of not obtaining a return on its investment, or refrain from outbidding with a commercial risk related to the loss of customers or subscribers.

1.1.2. RISKS ASSOCIATED WITH PIRACY AND COUNTERFEITING

Vivendi's businesses are highly reliant on intellectual property rights, which the group owns either outright or under distribution licenses.

The increasing access rate to high-speed Internet, technological progress and the difficulties the public authorities face in protecting rights holders are facilitating the unauthorized reproduction of music and audiovisual content, thereby leading to the development of illegal digital practices. The illegal use of the group's intellectual property rights and content could affect the group's results and the growth outlook for its businesses, particularly for:

- the music sector, with sales of counterfeit physical products (CDs and vinyl records) and illicit use of digital products by unlicensed streaming sites, P2P file-sharing networks, cyber-lockers, content aggregators and stream ripping applications; and
- Canal + Group's offers and content, with the development of 24/24 IPTV offerings and the fast-growing popularity of live streaming, particularly for live sports events. According to a Hadopi **(1)** survey, 24% of web-users illegally access live TV programs, and 54% of users of IPTV boxes and 45% of live streamers say they have canceled their pay-TV subscription.

Vivendi devotes significant resources to anti-piracy measures and is working increasingly closely with key sector operators, such as rights holders, internet service providers (ISPs) and sports federations. It also regularly organizes awareness-raising campaigns among local authorities to help find effective ways of combating piracy.

Combating piracy is also a priority for Canal+ Group, which, as a member of the AAPA (Audiovisual Anti-Piracy Alliance) and the ACE (Alliance for Creativity and Entertainment), organizes awareness-raising campaigns among hosting companies in order to speed up the notice & take-down process. Canal+ Group has a dedicated team in charge of protecting content and pay-TV packages both in France and abroad. This central team is assisted by local teams, legal teams, and several specialized service providers.

In 2019, 625 live events and 400 premium content items were protected by being placed under active surveillance. The anti-piracy measures put in place resulted in take-downs of more than 140,000 illegal streaming links, and the identification of 2.5 million share links, 95% of which were taken down. Additionally, requests were lodged with Google to deindex over 15 million illegal web addresses.

Universal Music Group works in partnership with intermediaries (internet service providers, e-commerce companies, and credit card firms) to recall any counterfeit physical products that are available online. In addition, growth in streaming services is helping to reduce digital piracy by giving consumers more widespread access to legal streaming offers. The group has an anti-piracy unit tasked with leading and coordinating take-downs and setting up license agreements with infringers.

The consumption of content obtained in violation of applicable regulations could result in a loss of revenue for Vivendi.

See Section 3 of Chapter 1 of this Annual Report – Universal Registration Document for a detailed analysis of piracy issues and the anti-piracy measures taken by each of the group's businesses.

1.1.3. DISINTERMEDIATION RISKS

The entertainment market in which Vivendi operates is changing rapidly, driven by the development of high-speed broadband and the rapid spread of new consumer viewing habits such as non-linear and on-demand television. Vertical consolidation in the audiovisual market and the arrival of new players (e.g., advertising consultants and live streaming companies), coupled with the creation of Over The Top (OTT) TV packages by publishers or rights agencies, could have an impact on the development of the packages provided by the group as well as on its revenue and earnings.

Similarly, the arrival of new players such as advertising consultants, live streaming companies and literary self-publishing platforms has also heightened disintermediation risks for the group's businesses.

(1) La consommation illicite de programmes TV en direct (Illicit access to live TV programs) – Hadopi, May 23, 2019.

Vivendi pays close attention to these market trends and has a recognized and differentiating expertise in content production, editorialization and distribution. The proven ability of labels to develop and promote new artists helps mitigate this risk in the music industry, as demonstrated by the fact that Universal Music Group features in the world rankings shown in Section 3.1.1.1 of Chapter 1 of this Annual Report – Universal Registration Document.

One of the ways the group reduces its exposure to disintermediation risks is by forging strategic partnerships with leading market players. In 2019:

- Canal+ Group signed partnership agreements with (i) Netflix to integrate the video streaming platform into the Ciné/Séries offering and (ii) Disney for the exclusive distribution of Disney+ in France; and
- Gameloft entered into a partnership with Apple for its games to be included in the Apple Arcade platform.

Given the complexity of a highly fragmented market, customers or subscribers could opt out of the group's offers or subscribe to partial offers from other market players.

1.1.4. RISKS ASSOCIATED WITH CYBERCRIME

Vivendi's operations are reliant on the quality and resilience of its data centers and service platforms. The resurgence in the past few years of attempts to saturate digital services and penetrate IT systems could disrupt the service provided to customers or subscribers and could have an impact on the organization of the group's operations or on its reputation.

Vivendi has an inherently high digital exposure due to (i) its connected services offerings for the general public (Dailymotion, Gameloft and MyCanal), (ii) its core businesses that are ever-more intrinsically linked to digital (e.g., streaming for music, OTT distribution for Canal+ Group, online advertising for Havas, digital book publishing for Editis), (iii) its powerful brands (Canal+ content, UMG artists), and (iv) its global footprint.

The security of infrastructures and information systems is an ongoing concern for the Vivendi group.

Its headquarters and main business units each have an information systems security officer (ISSO) who puts in place the necessary security processes within the ISSO's specific structure (Security Operation Center, protection of work stations and cell phones, multi-factor authentication, anti-phishing programs and so forth).

Intrusion tests and security audits are regularly performed by specialist external service providers that are certified by the French National Information Systems Security Agency *(Agence nationale de la sécurité des systèmes d'information)* to identify and correct any vulnerabilities.

Exposure of such infrastructure may result in service interruptions, fraud or data theft and could have an impact on the group's financial situation or reputation.

1.1.5. RISKS ASSOCIATED WITH TALENT

In the music, publishing, video games and advertising sectors, the ability to identify and retain internal and external talent, such as artists, creators, authors, managers and certain technical profiles, is a key success factor for the group in an environment characterized by both mobility and competition.

Universal Music Group's risk of dependence on its external talent is mitigated by the large number of well-known international artists that are under contract, as well as by the variety of musical genres produced by UMG, its global presence and the fact that it manages the world's largest catalog of recorded music.

In addition, Vivendi has put in place a strategy aimed at attracting and retaining the best talent to futureproof its operations and safeguard its reputation. Its presence in more than 100 countries and the reputation of the group and its brands enable it to identify, attract and retain the talent needed to develop the group's businesses.

If Vivendi were to lose the support of any of its key people or the ability to attract new talent, its growth prospects and/or financial position could be affected.

1.1.6. RISKS ASSOCIATED WITH DATA PROTECTION

Due to the diversity of its operations, Vivendi processes vast amounts of personal data, particularly in the advertising and TV sectors. Given its broad geographic footprint, the group is subject to the various national data protection regulations in the countries where it operates. It is now also subject to the new European General Data Protection Regulation (GDPR), which came into effect in May 2018, notably in relation to:

- managing data relating to visitors to thousands of websites (e.g., UMG, Editis); and
- processing the personal data of subscribers (Canal+ Group) and/or online service users (Gameloft and Dailymotion).

Vivendi launched a GDPR compliance program for all of its subsidiaries in 2017, backed by the group's executive management team.

Each business unit in the group has a Data Protection Officer (DPO) who is responsible for ensuring compliance with national personal data protection regulations and the group's guidelines, notably by:

- implementing data protection policies;
- systematically deploying Consent Management Platforms;
- aligning privacy and cookies policies in mobile and web environments;
- performing audits to verify that the systems deployed are effective; and
- tracking indicators covering the main principles of personal data protection (accountability, security, suppliers, employee training and individual rights).

For a detailed description of the measures taken to ensure the group's compliance with personal data protection regulations, see Section 2 of this chapter.

More specifically, Canal+ Group has a base of several million subscribers that includes sensitive data, particularly banking data. For protection purposes, this data and the associated systems are managed internally with very strict control and security measures (e.g., access rights, continuity and backup).

1.1.7. RISKS ASSOCIATED WITH CONDUCTING OPERATIONS IN VARIOUS COUNTRIES

Vivendi conducts its operations in several markets in more than 100 countries. Vivendi's revenue by geographic area is as follows: Americas (€5,001 million), France (€4,792 million), rest of Europe (€3,850 million), Asia and Oceania (€1,559 million) and Africa (€696 million).

The main risks associated with conducting its operations internationally are as follows:

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

Vivendi's broad geographic footprint reduces the potential impact of a problem in a particular local market. Consequently, if such a problem were to occur, it would have an insignificant effect on the group's financial results. Vivendi nevertheless remains attentive to this risk, as its businesses in most of the geographic regions with the highest level of exposure are still in the development phase.

1.2. Financial Risks

1.2.1. EQUITY MARKET VALUE RISKS

As of December 31, 2019, Vivendi had a portfolio of minority shareholdings in listed companies in the telecommunications and media sectors, representing an aggregate market value of approximately €3.9 billion (before tax). Vivendi is exposed to the risk of fluctuations in the value of these shareholdings and, as of December 31, 2019, the related unrealized gain or loss was roughly €1.3 billion (before tax). The value of these assets could vary depending on the underlying share prices as well as the legal disputes currently in process concerning Vivendi's stake in Mediaset. A 10% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €1.7 billion on Vivendi's financial position; a 20% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €2.1 billion on Vivendi's financial position.

However, Vivendi has taken action to safeguard the value of these assets:

- at Telecom Italia – which has launched a plan to reduce its debt and improve its operating performance – the five directors elected from the list put forward by Vivendi to Telecom Italia's Board of Directors are members of Telecom Italia's various Board Committees, notably the Strategy Committee that issues opinions and proposals about the company's overall industrial strategy; and
- concerning Mediaset, Vivendi has launched a number of lawsuits against Mediaset and its main shareholder, Fininvest, in several European countries, and has lodged a claim with the European Commission with a view to protecting its shareholder rights.

For a detailed description of the disputes and investigations involving Mediaset, see Note 24 to the Consolidated Financial Statements in Chapter 4 of this Annual Report – Universal Registration Document.

1.2.2. RISKS ASSOCIATED WITH GOODWILL

As of December 31, 2019, the carrying amount of the goodwill recognized in Vivendi's consolidated statement of financial position was €14.7 billion.

A significant portion of the value of this goodwill is sensitive to any adverse changes in (i) the economic and/or regulatory environment as compared with the assumptions applied when the goodwill was initially recognized, and (ii) the multiples used in mergers and acquisitions for comparable companies, or other market data. Goodwill is tested for impairment once a year or more frequently if there is an indication that it may be impaired.

The value of goodwill could decrease, with an ensuing impact on earnings, if the discounted cash flows generated by the cash-generating units (CGUs) or groups of CGUs are not high enough to justify the carrying amounts recorded in the consolidated statement of financial position. Any increase in the discount rates used and/or decrease in growth rates and/or decrease in cash flows could reduce the recoverable amount of goodwill to less than or the same as its carrying amount.

For example, in the case of Studiocanal, an increase in the discount rate of 1.05 points (compared to 7.7%) or a decrease in the growth rate of 1.71 points (compared to 1%) or a decrease in discounted cash flows of 15% would reduce the recoverable amount of goodwill to its carrying amount.

Lastly, the carrying amount of goodwill in non-eurozone countries may decrease if the exchange rate of the currency in which it is denominated falls against the euro (see Note 9 to the Consolidated Financial Statements in Chapter 4 of this Annual Report – Universal Registration Document).

1.2.3. RISKS ASSOCIATED WITH CURRENCY CONVERSION AND EXCHANGE-RATE FLUCTUATIONS

Over half of Vivendi's business is conducted in countries outside the eurozone. Consequently, the revenue and operating results generated in currencies other than the euro (mainly the US dollar, pound sterling, zloty and yen) are exposed to fluctuations in exchange rates when they are consolidated in Vivendi's financial statements. Likewise, some of Vivendi's net assets are denominated in currencies other than the euro. Any fluctuations in these currencies against the euro could negatively impact Vivendi's equity and result in currency conversion risks.

Additionally, the operations of Vivendi and some of its subsidiaries generate cash flows in currencies other than their functional currency. The exchange-rate risk arising on these operations is limited as Vivendi has set up hedges on a centralized basis, in the form of currency swaps and forwards. These instruments are notably used for acquisitions of editorial content and certain investments, representing definite or highly probable transactions, as well as for certain financial assets and liabilities denominated in foreign currencies.

Taking into account the foreign currency hedging instruments in place, an unfavorable and uniform 1% change in the euro exchange rate against all foreign currencies for which the group had a hedging position as of December 31, 2019 would have a non-significant cumulative impact on net earnings.

1.2.4. RISKS ASSOCIATED WITH THE COST OF ACCESS TO FINANCING

Risks related to the cost of access to financing are assessed based on the group's capacity, in the coming twelve months, to (i) have ready access to cash and cash equivalents and available confirmed credit facilities and (ii) generate sufficient cash flows and proceeds from sales to cover debt repayments, dividend payouts, financial investments and any share buybacks. Vivendi does not currently consider that it has significant exposure to such risk.

In January 2019, Vivendi set up several confirmed five-year bilateral credit facilities representing an aggregate amount of €1.2 billion. It has also put in place a syndicated loan, which originally amounted to €2 billion but was subsequently raised to €2.2 billion, that expires on January 16, 2025 (with a one-year extension option). These credit facilities – which are no longer subject to certain financial covenants – serve as a back-up to the group's €3.4 billion short-term Negotiable European Commercial Paper (NEU CP) program. In addition, in 2019, Vivendi increased the amount of its Euro Medium Term Note (EMTN) program to €5 billion and, on February 13, 2020, the Supervisory Board authorized a further increase to €8 billion. Lastly, Vivendi has a prudent financing policy and strives to optimize the maturity dates of its borrowings to avoid a large number of repayments falling due at the same time.

Vivendi's long-term debt is rated BBB by Standard & Poor's and Baa2 by Moody's, with a stable outlook for both rating agencies. If either of these ratings were to be downgraded, it would affect the group's ability to raise financing in the bond market and through its NEU CP program, and could therefore increase its financing costs.

1.3. Legal Risks

1.3.1. RISKS ASSOCIATED WITH REGULATIONS APPLICABLE TO THE GROUP'S OPERATIONS

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

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

In addition, certain operations of the group are dependent on obtaining or renewing licenses issued by regulatory authorities such as the *Conseil supérieur de l'audiovisuel* in France (French Broadcasting Authority). The process of obtaining or renewing these licenses can be long, complex and costly. Pursuant to Article 40 of Law No. 86-1067 of September 30, 1986 on freedom of communication, no more than 20% of the share capital or voting rights of a company holding a license for a French language television service can be held, either directly or indirectly, by one or more non-French/non-EU shareholders. Consequently, Canal+ Group, the wholly-owned Vivendi subsidiary that holds 100% of Société d'Édition de Canal Plus (SECP), is authorized to broadcast Canal+ and the C8, CStar, CNews and Planète channels, which are also wholly-owned. The analysis carried out by Vivendi and its legal advisers of the relevant legal provisions, and the interpretation of them by the *Conseil d'État* (French Council of State) in its Administrative Notice of June 27, 2002, have led Vivendi to conclude that if the combined interests of non-French/non-EU shareholders were to exceed 20% of the share capital or voting rights of Vivendi, which indirectly holds a broadcasting license, this could constitute a breach of the provisions of the aforementioned Article 40. Vivendi's ability to achieve its strategic objectives may be impaired if it is unable to obtain or retain in a timely manner the licenses required to conduct, continue or expand its operations. For a detailed description of the regulatory environment in which the group operates, see Section 3 of Chapter 1 of this Annual Report – Universal Registration Document.

1.3.2. LITIGATION RISKS

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

For a description of the main disputes and investigations involving the group, see Note 24 to the Consolidated Financial Statements in Chapter 4 of this Annual Report – Universal Registration Document.

Vivendi recognizes a provision each time a risk is identified, is likely to materialize and is either quantifiable or can be estimated with reasonable accuracy. At any time during such legal proceedings, events may occur that result in a reassessment of the risk. With the exception of the main legal proceedings and investigations described in Note 24 to the Consolidated Financial Statements (see Chapter 4 of this Annual Report – Universal Registration Document), Vivendi considers it unlikely that current legal proceedings will have a material adverse impact on the group's financial position.

Section 2
Internal Control and Risk Management

2.1. Internal Control Procedures

Vivendi strives to maintain the highest standards of internal control and financial disclosure. To further this objective, the Financial Information and Communication Procedures Committee meets regularly (five times in 2019).

This committee assists the Chairman of the Management Board and the Chief Financial Officer in their duties to ensure that Vivendi fully complies with its disclosure obligations to investors, the public and the French regulatory and market authorities. It is chaired by the General Counsel and is comprised of representatives from all of the company's corporate operational departments.

It is responsible for the assessment of information that Vivendi is required to make publicly available and includes: (i) periodic information, including disclosure of documents to investors and financial markets in compliance with French financial market regulations, (ii) press releases related to half-yearly financial results, and (iii) presentations to investors and analysts.

For a description of the functions and activities of this committee in 2019, see paragraph 1.2.10.6 of Chapter 3 of this Annual Report – Universal Registration Document.

2.1.1. DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The company manages internal control through a set of procedures established by Vivendi's Management Board and implemented by its employees to ensure that the following objectives are met:

- compliance with laws and regulations as well as adherence to the group's corporate values;
- the implementation of guidelines and strategies established by the Management Board;
- the prevention and monitoring of operational and financial risks as well as the management of the risk of error, risk of fraud, risk to the company's reputation and risks associated with corporate social responsibility;
- the optimization of internal processes to ensure the effectiveness of operations and an efficient use of resources; and
- the completeness and accuracy of accounting, financial and management information.

Since Vivendi's delisting from the New York Stock Exchange and the termination of its registration with the U.S. Securities and Exchange Commission (SEC) in 2007, Vivendi has worked with its Statutory Auditors to gradually update its objectives and general principles of internal control, which are largely based on the framework established by the AMF and its recommendations.

These principles are based on:

- promoting a culture of internal control and principles of integrity;
- the identification and analysis of risk factors that may adversely impact the achievement of the group's objectives;
- the organization and establishment of procedures aimed at ensuring the implementation of the goals set by the Management Board;
- the periodic review of control measures and an ongoing search for areas of improvement; and
- the process of sharing information relating to internal control.

However, as with any system of control, the application of these principles cannot provide absolute certainty that all risks will be completely eliminated or brought under control.

2.1.2. SCOPE OF INTERNAL CONTROL

Vivendi is currently divided into seven business units (Universal Music Group, Canal+ Group, Havas, Editis, Gameloft, Vivendi Village **(1)** and New Initiatives **(2)**), all of which are required to implement the strategies set by the Management Board, including in relation to internal control objectives. Each business unit has a tailored set of internal control measures that includes the implementation of the group's procedures and the definition and implementation of procedures specific to each business unit, depending on its organization, culture, risk factors and operational requirements. As the parent company, Vivendi ensures the internal control measures in question exist and adequately address the needs of each business unit, particularly with respect to the accounting and financial procedures applied by group entities that are fully consolidated.

2.1.3. COMPONENTS OF INTERNAL CONTROL

Control environment

Rules of conduct and ethics applicable to all employees

Vivendi ensures that all aspects of corporate responsibility are considered in the operation of its business. It has a Charter of Values that focuses on consumers, value creation, teamwork, corporate social responsibility, cultural diversity, creativity and ethics. Vivendi is a signatory to the United Nations Global Compact.

(1) Vivendi Village primarily includes live performances, movie theaters and venues, ticketing and franchise development.

(2) New Initiatives includes Group Vivendi Africa and Dailymotion.

A Compliance Program also sets general rules of ethics applicable to all group employees regardless of their seniority and position. For a description of the Compliance Program, which is currently being reviewed, see Section 3.2 below.

The protection of personal data remains a major concern for Vivendi. Accordingly, the general counsels of the various business units and the legal departments within the group are made fully aware of the need to update the Charters on data and content protection and best practice guidelines for protecting sensitive data. Against this backdrop, in 2016, the group reinforced these measures by appointing a Data Officer who reports to the Group General Counsel. In 2017, these measures were further strengthened by the appointment of Data Protection Officers (DPOs) in each business unit. Section 3.3 below contains a detailed presentation of the measures taken to ensure the group's compliance with regulations regarding the protection of personal data.

In 2018, Vivendi set up a Compliance Audit team, which reports to the Audit and Risks Department and is tasked with ensuring that the group's compliance rules are properly applied, notably concerning France's economic modernization law, anti-corruption measures, duty of vigilance and personal data protection.

Responsibilities and commitments of each business unit's General Management

Every six months, the Chairman and Chief Financial Officer of each business unit sign a representation letter certifying compliance with internal control procedures linked to the preparation of financial statements and financial and industry-based information that guarantees the accuracy, integrity and reliability of financial disclosure.

Upon the proposal of the Audit Committee, Vivendi has established a Code of Financial Ethics that applies to senior executives responsible for communications and financial and accounting reporting.

Rules on securities market ethics

Vivendi complies with the regulatory requirements of European Directive 2014/57 of April 16, 2014 and European Regulation 596/2014 of the same date, effective July 3, 2016 (Market Abuse Regulation), the positions and recommendations of the AMF published on October 26, 2016 and updated in March 2019 and the recommendations of the AFEP-MEDEF Code as revised in January 2020. Consequently, the purchase or sale of company securities is prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would likely have a significant effect on the company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for 30 calendar days preceding and including the day of publication of the company's half-yearly and annual financial statements and for a period of 15 calendar days preceding and including the day of publication of the company's quarterly sales results. To ensure clarity, the company prepares and distributes a summary schedule setting out the periods during which transactions involving company shares are prohibited ("blackout periods"). Pursuant to the AFEP-MEDEF Code, hedging transactions of any kind on the company's securities following the exercise of stock options are prohibited.

Blackout periods are the subject of individual reminders sent via e-mail whenever necessary, including before each identified Financial Reporting period.

Delegation of powers

The delegation of operational powers, whether on a single occasion or on a recurring basis, is one of the responsibilities of Vivendi's Management Board and of the General Management of each of the group's business units. These delegations of powers are updated and formalized on a regular basis in accordance with the evolving role and responsibilities of the relevant delegates.

Segregation of duties

A segregation of operating and financial duties is implemented both at headquarters and in the group's business units.

Human resources policy

The group's human resources policy helps strengthen internal control procedures, notably through a recruitment and promotion methodology that is in line with the delegations of authority in place and based on an assessment and remuneration system that uses predefined criteria.

Compliance with laws and regulations

The Legal departments at headquarters and in the group's business units provide support to the key managers and employees involved to ensure that they are aware of the applicable laws and regulations and informed, when necessary, of any changes, so that the group's internal procedures can be kept up-to-date.

Internal processes contributing to asset protection

The IT departments at headquarters and in the group's business units implement backup and security procedures to ensure the quality and security of operations, including in the event of a major incident.

2.2. Risk Monitoring and Management

Vivendi's Risk Committee is responsible for identifying and reviewing measures to manage risks within business units that are likely to affect the achievement of the group's objectives.

The assessment of risks at group level is based on a qualitative and quantitative approach within each business unit. In 2019, the risk maps were updated at Canal+ Group, Havas, Dailymotion, as well as at Vivendi's headquarters, and a risk map was drawn up for Editis by the Audit and Risk department using inputs from interviews held with managers and operations staff. The risk maps for Universal Music Group and Gameloft will be updated in 2020. These risk maps were then reviewed by the heads of the business units, the Risk Committee, Vivendi's Management Board and the Statutory Auditors, and presented to Vivendi's Audit Committee.

The major risks faced by the company are described in Section 1 of this chapter.

Vivendi's General Counsel and Legal department are, among others, responsible for the prevention and management of risks relating to ethics, competition and conflicts of interest. Management of equity market value risks, risks related to goodwill, currency conversion and exchange-rate fluctuations is carried out by Vivendi's Finance, Risk Management and Treasury department through a centralized structure at the company's headquarters.

Operational risks are managed by each business unit, taking into account the specific characteristics of their operations (e.g., regulatory risks in the pay-TV business, risks associated with infringement of intellectual property rights in the music, publishing and communication businesses and risks associated with piracy and counterfeiting in the film and music businesses).

The policy of covering insurable risks, such as the risk of damage and operating losses from accidents, natural disasters and civil liability risks, is monitored by Vivendi's Insurance department in collaboration with the Finance department and the General Counsel. For the hedging programs in place, see Chapter 1 of this Annual Report – Universal Registration Document.

In 2019, all the documents submitted to the Risk Committee were brought to the attention of the Statutory Auditors. The Statutory Auditors also receive, at the meetings of the Audit Committee, a summary of the work done by the Risk Committee.

2.2.1. INTERNAL CONTROL ACTIVITIES

Control operations are performed mainly by the support and operations departments using existing procedural guidelines.

The following bodies ensure the monitoring of internal control measures:

Supervisory Board

Vivendi's Supervisory Board ensures the effectiveness of the internal control and risk management measures defined and implemented by the Management Board. If necessary, the Supervisory Board may use its general powers to perform any actions or conduct investigations it deems appropriate.

Audit Committee

The Audit Committee comprises independent members of the Supervisory Board. Pursuant to the powers conferred upon it, the Audit Committee prepares the decisions of the Supervisory Board and provides recommendations and issues opinions to the Supervisory Board on a wide range of matters. In February 2019, upon the proposal of its Chairman, the Audit Committee reviewed and made improvements to its multi-year program. This program notably includes:

- reviewing the half-year consolidated financial statements and the annual financial statements of the company, prepared by the Management Board;
- reviewing asset impairment tests;
- analyzing the company's financial management (debt, investments and foreign exchange);
- reviewing and assessing operational and financial risks and any related hedges;
- reviewing pension commitments;
- analyzing changes in accounting standards, methods and principles, the company's scope of consolidation and the company's off-balance sheet commitments;
- ensuring that internal control procedures are consistent and effective, and reviewing this risk report;
- drawing up the Internal Audit report;
- assessing tax-related risks;
- examining major disputes (legal and regulatory proceedings);
- reviewing the group's insurance program;
- reviewing the CSR policy;
- examining any material internal control weaknesses and any cases of corruption and fraud; and
- selecting the Statutory Auditors and deciding on their fees.

A report is systematically presented by the Chairman of the Audit Committee to Vivendi's Supervisory Board and sent to every member of the Audit Committee and Supervisory Board.

Vivendi's Audit Committee has established a specific procedure to control or limit engagements in respect of "Non-Audit Services" (NAS) entrusted to the auditors, in accordance with a pre-approved procedure and specific reporting:

- all NAS engagements must be pre-approved by the Chairman of the Audit Committee. However, by exception, the Chairman of the Audit Committee may delegate the pre-approval of NAS engagements with a unit value of less than €500,000 to the Senior Vice President – Group Consolidation and Financial Reporting; and
- at each meeting of the Audit Committee, the Senior Vice President – Group Consolidation and Financial Reporting reports to the Audit Committee on the list (e.g., type, amount and auditor in question) of NAS engagements pre-approved by the Chairman of the Audit Committee, as applicable, or by the Senior Vice President – Group Consolidation and Financial Reporting since the last meeting of the Audit Committee.

In practice, Vivendi caps NAS engagements at 20-25% of statutory audit fees.

In 2019, Vivendi's Audit Committee met three times, with an attendance rate of 100%. For a description of its work, see Section 1.1.1.14 of Chapter 3 of this Annual Report – Universal Registration Document.

Management Board

The Management Board is responsible for defining, implementing and monitoring internal control and risk management procedures that are both suitable and effective. If a problem arises with any of these measures, the Management Board ensures that the necessary corrective action is taken.

Risk Committee

The Risk Committee is chaired by the Chairman of Vivendi's Management Board and has the following permanent members: the Management Board members, the Senior Vice President for Audit and Risk, the Head of Legal Affairs, the Vice President for Corporate Social Responsibility and Compliance and the Head of Insurance. Business unit representatives are invited to committee meetings depending on the agenda. A report on the work of the Risk Committee is presented to the Audit Committee of Vivendi's Supervisory Board.

The role of Vivendi's Risk Committee is to make recommendations to the Management Board in the following areas:

- the identification and assessment of the risks potentially arising from activities carried out within the Vivendi group, such as social and environmental risks, risks related to compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest, and risks related to the security of information systems;
- the examination of the adequacy of the risk coverage and the level of residual risk;
- the review of insurable risks and the insurance program; and
- the identification of risk factors and forward-looking statements in the documents issued by the group, in collaboration with the Compliance Committee.

The Risk Committee met twice in 2019. The main topics covered included:

- monitoring changes in the risks identified during the risk mapping process carried out in 2018 and reviewing the new risk maps drawn up in 2019 at Canal+ Group, Havas, Editis, Dailymotion and the group's headquarters;
- reviewing and monitoring changes in the risks identified in the group's risk mapping process;
- the Sapin II Act compliance program;
- the business continuity plan for the group's headquarters;
- the work of the Audit Compliance unit; and
- the security of Live activities.

Management Committees

Each division presents the operating and financial indicators for all of the activities within its scope to the Management Board and the group's corporate operational departments monthly.

Audit and Risk Department

The Vivendi Audit and Risk department (15 auditors for financial audits and external resources for IT audits) reports to the Chief Financial Officer of Vivendi. It is responsible for independently assessing the quality of internal controls at every level of the organization. Its activities are governed by a Charter approved by the Audit Committee. In addition, Havas has an Audit Committee and an audit team comprising a Director and four auditors.

The Audit and Risk department is responsible for performing an independent assessment of the effectiveness of internal control processes, based on an annual audit plan approved by the group's Management Board and presented to the Audit Committee. This plan stems from both an independent analysis of the operational, IT, legal and financial risks of each business unit and a consultation with the General Management of each business unit. Reports on the audit work carried out are sent to Vivendi's General Management, as well as to operational and functional management and their superiors. Summary reports are presented at each Audit Committee meeting along with any comments made by the Statutory Auditors. Follow-up audits are performed within 12 months to ensure that recommended action plans and agreed corrective measures (if any) have been implemented. A half-yearly internal audit report is presented to the Management Board and the Supervisory Board.

The group may encounter cases of fraud in connection with its operations which, as soon as they are identified, are systematically reported to the Audit Committee. They may also be the subject of special investigations and may result in penalties.

In 2018, a Compliance Audit team reporting to the Audit and Risk department was set up as part of the roll-out of the anti-corruption and duty of vigilance programs.

2.2.2 INTERNAL CONTROL MONITORING

The work performed by the Statutory Auditors as part of their review and assessment of internal control is described in a detailed presentation to the General Management of the business units concerned. A summary of their conclusions was presented to Vivendi's Audit Committee.

2.3 Key Procedures for Financial and Accounting Information

The procedures listed below help reinforce internal controls regarding the processing of financial and accounting information disclosed by Vivendi. In updating these procedures, the provisions of the guide on applying internal control procedures in relation to financial disclosures, contained in the internal control standards published by the AMF, were taken into account.

Consolidation and Financial Reporting: the group's Consolidated Financial Statements and its Financial Reports are prepared in accordance with IFRS accounting standards (International Financial Reporting Standards), based on accounting data prepared by the management for each business unit. The IFRS standards used are those adopted by the European Union, published by the IASB (International Accounting Standards Board) and compulsory at the end of the accounting period, except in the event of early application. The principal aspects relating to the preparation of the Consolidated Financial Statements and the Financial Report are subject to specific procedures. These include an impairment test on goodwill and other intangible assets held by the company, carried out during the fourth quarter of each fiscal year, the valuation of employee benefits, duties and taxes (see below) and off-balance sheet commitments. The Consolidated Financial Statements and the Financial Report are closed and approved by the Management Board each half-year and are then reviewed by the Audit Committee. The annual and half-year Consolidated Financial Statements and Financial Report are reviewed by the Supervisory Board, which consults with the Audit Committee. The statements and report are published every six months. The Consolidated Financial Statements are subject to a limited half-yearly review and an annual audit by the group's Board of Statutory Auditors.

Budget and management control: every year, each business unit presents its strategy and annual budget for the following year to the group's General Management. After approval by Vivendi's Management Board, a summary is then presented to the Supervisory Board and to the Audit Committee. Quantitative and qualitative targets – which are used as a basis for assessing annual performance – are set for the executives of each business unit, based on their budgets. Budgets are reviewed each month and updated two times per year.

Investments/divestments: any investments or divestments must receive prior approval from the Investment Committee, which comprises the Chairman and members of the Management Board, key managers at headquarters and the Chief Operating Officers and Chief Financial Officers of the business units. This procedure applies, subject to specific thresholds, to all investment transactions (e.g., acquisitions of businesses or equity interests, the launch of new businesses through joint ventures or alliances with minority partners, license agreements and the purchase of rights) and to all divestitures of a subsidiary, an equity interest or an intangible asset. The Investment Committee meets twice a month. Cases are reviewed by the Finance department. Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively, pursuant to their Internal Rules.

Monitoring of investment transactions: in connection with the regular monitoring of value creation, Vivendi's Management Board has strengthened the process of carrying out a post-completion analysis of investment transactions, supplementing the existing budgetary reviews and half-yearly Financial Reporting. The purpose of this analysis is to validate the implementation of controls as well as compare the actual financial performance against the business plan originally approved for the acquisition. It takes into account both the progressive integration of companies acquired by the business units and the impact of changing market conditions following the acquisition date. Vivendi's Audit and Risk department reviews the conclusions, which are then presented to Vivendi's General Management and, for major action plans, to the Management Board. An annual summary is presented to Vivendi's Audit Committee.

Monitoring of financial commitments: as part of the Financial Reporting process, the business units prepare a list of commitments given and received on a half-yearly basis. These commitments are presented by the Legal and Financial Officers of the business units at meetings held with Vivendi's Management, which take place as part of the closing process for the annual financial statements.

Sureties, endorsements and guarantees: pursuant to the company's by-laws and the Internal Rules of the Supervisory Board, the granting of sureties, endorsements and guarantees by Vivendi to its subsidiaries is subject to prior approval in accordance with the following rules:

- any commitment equal to or less than €300 million, which is part of an aggregate commitment of €1 billion, is subject to the approval of the Management Board, which may delegate such power. The approval requires the signatures of both the Chief Financial Officer and the General Counsel, who may delegate this power; and
- any commitment higher than €300 million and any commitment, regardless of the amount, where the cumulative amount of commitments is higher than €1 billion, is subject to the approval of the Supervisory Board. The approval requires the signature of the Chairman of the Management Board.

Cash flow, financing and liquidity: the company has an international cash pooling arrangement that enables it to centralize the cash surpluses and shortages of its controlled subsidiaries on a daily or weekly basis. Vivendi's investment management policy is aimed at minimizing and diversifying its exposure to counterparty risk with low-risk mutual funds (fonds commun de placements) and commercial banks that have high credit ratings. It also centralizes hedge transactions (both exchange and interest rates) for all its controlled subsidiaries, except in certain cases where a subsidiary is authorized, during a transition period, to continue to carry out foreign exchange spot transactions or standard currency hedges. Changes in the group's financial debt and the cash flows of its business units are monitored and presented to the Chairman of the Supervisory Board and the Management Board on a daily basis. The cash positions of business units, the weekly variations in cash flow and the cash flow forecasts over 13 rolling months are monitored on a weekly basis and presented to a bi-monthly Treasury Committee. Exposure to foreign exchange and interest rate risk is reported monthly to the Treasury Committee, it being specified that foreign exchange positions are monitored daily. The majority of medium- and long-term financing transactions are managed at headquarters and are subject to the prior approval of the Management Board and Supervisory Board, in accordance with their Internal Rules. A financial management presentation is given to the Audit Committee once a year. Monthly reporting on the net financial cash position, to the Chairman of the Supervisory Board and the Management Board, is supplemented by regular budget forecasting of cash flow for the year. The monthly update on the net financial cash position is provided to members of the Supervisory Board in a monthly activity report. As part of the half-yearly procedure for approving Vivendi's consolidated accounts, the Financing and Treasury department reviews and approves all the notes to the Consolidated Financial Statements relating to cash, debt and financial risks.

Taxes: the company's Tax department provides advisory services for the group's subsidiaries and defends their tax interests before the local tax authorities.

Litigation: major disputes are monitored directly or coordinated by the group's General Counsel. A report relating to litigation involving Vivendi and its business units is prepared by the group's legal department in collaboration with the general counsels and heads of the legal departments of the main business units. A table is updated every month based on information provided by the business units and is communicated to the Management Board and Supervisory Board. A summary is included in the Management Board's quarterly business report to the Supervisory Board and the Audit Committee is notified. The Supervisory Board, Audit Committee and Management Board are kept informed of material ongoing litigation matters by the General Counsel at all times.

2.4. Information and Communication

The group's values, Anti-Corruption Code, Compliance Program, Data and Content Protection Charter and CSR policy are made available to employees and to the public on the Vivendi website at www.vivendi.com.

Group procedures designed to assist with the preparation of financial and accounting information are updated once a year and are available in French and English on the group's Intranet site. These procedures, which must be applied by each of the business units and headquarters, include: the IFRS accounting principles and the IFRS-compatible chart of accounts for the Vivendi group; the principles and procedures applicable to treasury transactions (banking relationships, foreign exchange and finance/investment); the procedures applicable to investment transactions, sales of assets, short-term and long-term financing transactions, the monitoring of disputes, the monitoring of sureties, endorsements and guarantees; and the rules relating to the prior approval of assignments entrusted to the Statutory Auditors of Vivendi SE.

Training materials relating to the application of IFRS standards within the group are available online and are accessible to all employees. Training is organized each year by the Corporate Consolidation and Financial Reporting department at headquarters.

2.5. Outlook

In 2020, Vivendi will continue its measures for assisting its business units and making them accountable in terms of internal control, efficiency gains and optimizing resources. It will particularly focus on the integration of Editis, with internal control reviews of major processes. The new Compliance Audit team will pursue its work on compliance controls. Six main topics (securing revenue sources and revenue assurance, operating cost control, raising teams' awareness of external fraud and implementing controls to limit the related risk, IT security, data protection, and implementation of the anti-corruption program) will continue to be the focus of the Audit and Risk department and/or the CSR and Compliance department.

Section 3
Compliance Policy

Vivendi conducts its operations in full compliance with national and international regulatory standards. This approach is shared by all employees of the group and its business partners and is documented in the compliance policy that has been rolled out at all subsidiaries since 2016.

As part of the roll-out of this policy, the Management Board set up a Compliance Committee that is responsible for measures and procedures to identify and prevent risks as required by Law No. 2016-1691 of December 9, 2016 (referred to as the Sapin II Act), Law No. 2017-399 of March 27, 2017 on the duty of vigilance and EU General Data Protection Regulation No. 2016/679. It works closely with the Risk Committee to fulfill these responsibilities.

The Compliance Committee is composed of a minimum of five members: the Vice President – Corporate Social Responsibility and Compliance, the group Head of Legal Affairs, the Chief Data Officer, the Head of Compliance Audit and the Head of Integrated Reporting and Compliance Projects. It is chaired by the Group Chief Compliance Officer.

The Compliance Committee meets at least twice a year. Its function is to make recommendations to the Management Board and prepare its decisions or issue opinions, particularly with regard to the implementation, roll-out and monitoring of the vigilance and anti-corruption policy and the personal data protection program.

A Code of Business Conduct, which brings together the principles and rules of conduct applicable to the group and its employees, is currently being finalized. This Code will include the group's anti-corruption and personal data protection policies as well as the policy related to France's corporate duty of vigilance.

In addition, the group's Ethics Code – which is also currently being finalized – includes principles and rules relating to respecting human rights and promoting diversity and equal opportunities. The aim of this Code is to develop social dialog, prevent all forms of harassment and encourage environmental protection.

3.1. Anti-Corruption Policy

Combating corruption is one of the compliance program's key priorities, and Vivendi and all its subsidiaries dedicate significant energy to address this issue.

3.1.1. ANTI-CORRUPTION POLICY GOVERNANCE

The Compliance Committee monitors the implementation and roll-out of the compliance policy as a whole, particularly anti-corruption measures for the group's activities. It makes recommendations to the Management Board with regard to compliance risk management.

The anti-corruption policy is rolled out under the supervision of the Group Chief Compliance Officer. The Group Chief Compliance Officer coordinates the implementation of the policy's measures in subsidiaries, working alongside Compliance Officers and compliance contacts in each business unit. The Group Chief Compliance Officer reports to the Audit Committee and Risk Committee, which is responsible for monitoring compliance with the anti-corruption policy.

3.1.2. ANTI-CORRUPTION POLICY MEASURES

In 2019, the group continued to reinforce the measures contained in its anti-corruption policy for all of its businesses, including Editis.

Anti-Corruption Code

Vivendi's Anti-Corruption Code addresses situations identified during the risk mapping process and sets out a code of conduct. This code applies to all Vivendi group employees. To this end, the Anti-Corruption Code was translated into 24 languages. It takes into account applicable local rules and regulations in countries where the group is present, particularly the Foreign Corrupt Practices Act (FCPA) in the United States and the UK Bribery Act.

Universal Music Group's Code of Conduct, which covers anti-corruption measures specific to US regulations, continues to be used by its subsidiaries and has been amended to incorporate the requirements of France's Sapin II Act.

Risk mapping

Risks are identified through an analysis conducted with operational officers at subsidiaries, based on a questionnaire and interviews. In 2019, the group carried out a further review of its risk hierarchy and put in place a number of related action plans. The risk maps and action plans for UMG and Havas were presented to the Risk Committee and the Compliance Committee.

Whistleblowing system

An internal whistleblowing system, updated in 2019, has been available to group employees since the Anti-Corruption Code was issued. The whistleblowing platform is dedicated to cases of corruption as defined by the Sapin II Act. It describes the rights and responsibilities of whistleblowers. A detailed procedure has been put in place for analyzing the seriousness and severity of the alert and the investigations are likely to be instigated as a result.

Employee training

An online mandatory training module dedicated to anti-corruption issues was implemented to help employees gain a better understanding of at-risk behavior and best practices. Classroom sessions were also held in the group's main business units for all employees (managerial and non-managerial) who are the most exposed to corruption risks. This training will continue in 2020.

Assessment procedures

In 2019, an in-depth review of accounting control procedures was conducted in all of the group's subsidiaries. Existing procedures and documentation have been analyzed by the Finance departments, coordinated by the designated financial compliance contacts. An action plan to consolidate the control processes has been rolled out.

Vivendi also intends to set up a process to assess the integrity of third parties in business relationships with the group.

A study concerning the selection of analysis tools that are compatible with the group's existing indexing systems has been under way since 2019.

Review of anti-corruption policy measures

The Compliance Audit team is ensuring that the group's anti-corruption measures are being properly rolled out. In particular, it is verifying that the Anti-Corruption Code is being communicated throughout the group, that the whistleblowing system is widely accessible and that staff awareness is being raised. As part of this audit plan, the Compliance Audit team is also reviewing the group's risk maps and accounting control procedures. The team reports on its work to the Group Compliance Officer and the Compliance Committee.

3.2. Duty of Vigilance Program

The program is based on the set of rules from the Compliance Program, which is currently being reviewed. It takes into account regulations related to the duty of vigilance of parent companies and principal contractors. It applies to all group subsidiaries and is based on a set of reasonable measures aimed at identifying and preventing serious risks and infringements on human rights, fundamental freedoms and health and safety in the activities of the group, its suppliers and its subcontractors.

3.2.1. IMPLEMENTATION OF THE VIGILANCE PROGRAM

The program relating to vigilance obligations is managed by the Compliance Committee, which ensures that the measures taken adequately address the risks identified and that they are properly applied with respect to the group's various stakeholders. The CSR and Compliance department implements vigilance measures relating to the group's activities in collaboration with CSR contacts in the subsidiaries. Vigilance measures with respect to the group's business partners are run by the subsidiaries' Purchasing departments.

The Audit Committee and Risk Committee jointly monitor the deployment of the program.

The Compliance Audit team is involved in reviewing the proper implementation of the measures provided for by the program.

3.2.2. RISKS AND AREAS FOR VIGILANCE IDENTIFIED IN THE VIGILANCE PROGRAM

The assessment of risks related to the duty of vigilance is based on two approaches: (i) an assessment of the risks related to the group's activities, which is presented in the non-financial risk map, and (ii) the identification of areas in the supplier and subcontractor chain that require vigilance, in liaison with the Purchasing departments in the various entities.

Identification of the risks resulting from the group's activities

The group has analyzed the risks associated with its activities, taking into account Vivendi's human rights policy. The group has established its commitment to ensuring respect for human rights in its content production and distribution business. Supporting creativity, publishing, undertaking to act as a responsible cultural player and promoting diversity and inclusion fall within the realm of human rights, as described in many documents promulgated by the United Nations, particularly Unesco's Universal Declaration on Cultural Diversity, the Guiding Principles on Business and Human Rights and the agenda of Sustainable Development Goals for 2030.

As well as human rights, this analysis focused on health, safety and environmental issues. For a description of this analysis, see Section 4.2 of Chapter 1. For a presentation of Vivendi's proposals for managing these risks, see Section 4.3 of Chapter 1.

Identification of areas for vigilance resulting from the activities of suppliers and subcontractors

The group was able to draw up a detailed inventory of issues relating to its purchasing policy based on the areas requiring vigilance that were identified in the review of the supplier and subcontractor chain carried out in conjunction with the subsidiaries' Purchasing departments.

This review focused on the following areas: the scope of purchasing and the existing policy; the analysis and assessment of the data collected; and the creation of a number of action plans. It covered the entire supply chain, except for that of UMG as UMG already has procedures in place under its Supplier Vigilance Program, which continued to be applied in 2019.

As the business units' purchasing policies have now been aligned, in 2019 the review focused on:

- updating compliance clauses in purchasing and service agreements, with a working group set up for analyzing contractual documents; and
- putting in place a tool for assessing suppliers and subcontractors, with a pilot project set up that will be rolled out in 2020 at Canal+ Group.

3.2.3. WHISTLEBLOWING PROCEDURE

Vivendi has put in place a whistleblowing platform as part of its anti-corruption measures. It plans to strengthen the whistleblowing procedure in 2020 by deploying a specific system for alerts on situations relating to the group's commitments on human rights and fundamental freedoms, health and safety and the environment.

3.2.4. MONITORING THE VIGILANCE PROGRAM

In 2019, the Compliance Audit team continued its review of inter-company payment times and organized awareness-raising campaigns about this issue.

3.3. Personal Data Protection

Managing personal data is a key issue in the Vivendi group's businesses. The group takes careful steps to ensure that personal data protection rules are applied to secure the trust it has built with its audiences. In particular, this vigilance became formalized when the group adopted its Data and Content Protection Charter in 2008, which covers rules pertaining to the collection and management of customers' personal data and the protection of content.

Fully recognizing the importance of this issue for the group, Vivendi's executive management planned for all subsidiaries to participate in a GDPR compliance program overseen by the group's General Counsel, coordinated by its Chief Data Officer and rolled out at subsidiaries by Data Protection Officers from 2017.

The priority action plans for GDPR compliance were rolled out in 2018 in each business unit according to group guidelines (responsibilities, exercise of personal data rights, updating contract terms and conditions and harmonizing privacy notices on the group's websites and mobile applications). The associated resources have also been reinforced with the appointment of Data Protection Officers and representatives in charge of personal data. In addition, e-learning platforms with training modules on personal data protection have helped raise awareness among employees on a wider scale.

A specific governance structure was set up, with an Operational Steering Committee for each business unit and a Group Data Protection Committee whose members include the General Counsel, representatives from the Programs department, Data Protection Officers and representatives from the departments concerned by the implementation of GDPR (such as legal, technical and security departments). The underlying aim is to centrally monitor each business unit's action plans and projects, make final decisions on priorities and oversee the cross-business work being carried out on areas including, among others, harmonizing consent management practices, alert systems and subcontractor agreements.

Lastly, the group is continuing to work on increasing the effectiveness of all its data protection policies and systems, notably by performing effectiveness audits, updating its data protection and cookie management policies and monitoring indicators. It is also striving to systematically apply the "privacy and security by design" approach in all of its personal data processing, both in-house and with its partners and suppliers.

Vivendi Village

▲
Deferlantes Festival 2019

◄
Théâtre de l'Œuvre

3 Corporate Governance of Vivendi, Compensation of Vivendi's Corporate Officers, General Information about the Company

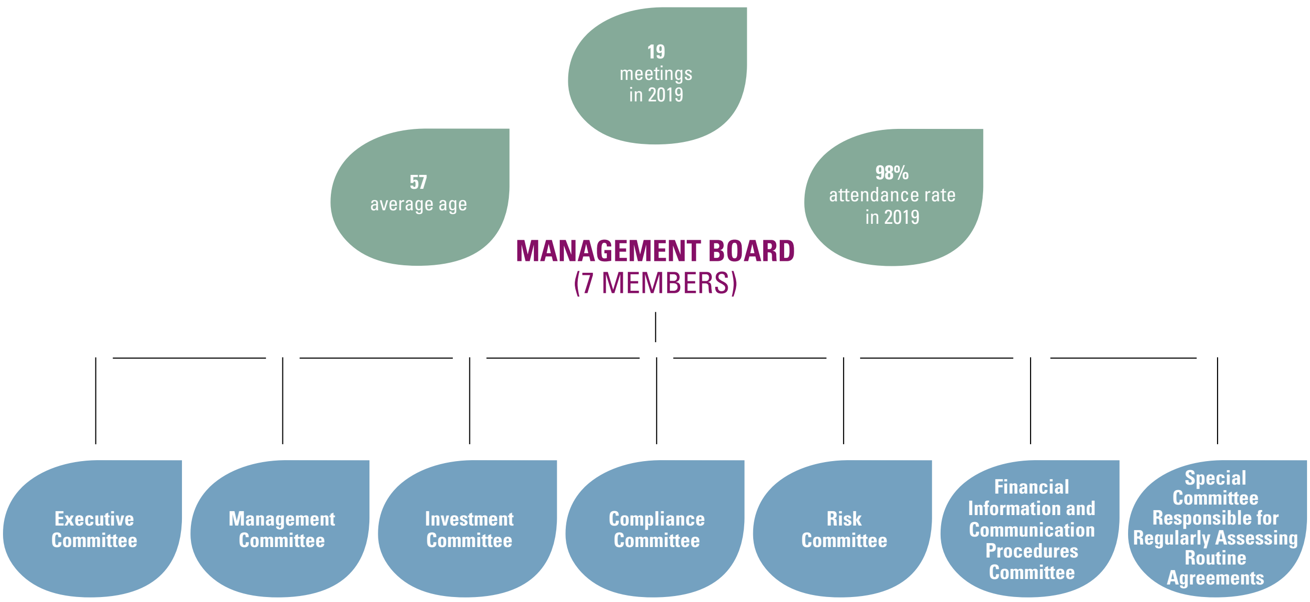
Section 1
Corporate Governance of Vivendi

This section constitutes an integral part of the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code (Code de commerce) and reviewed by the Supervisory Board at its meeting on February 13, 2020.

Since 2005, Vivendi has opted for a two-tier governance structure consisting of a Supervisory Board and a Management Board. This separated structure maintains a balance between management functions and oversight functions. It allows the Management Board to act with the promptness and efficiency required to perform its corporate management duties. Furthermore, the balanced and diversified composition of the Supervisory Board ensures that it is able to exercise the very best judgment and foresight and guarantees the integrity and engagement of its members in performing their supervisory and oversight duties.

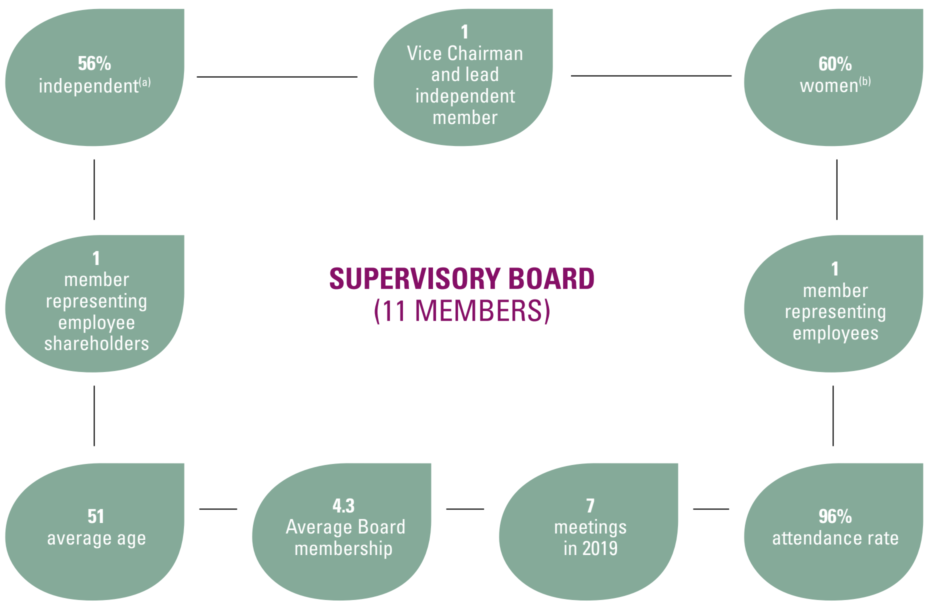
In the thirty-fourth and thirty-fifth resolutions of the April 15, 2019 General Shareholders' Meeting, the company's shareholders approved the conversion of Vivendi into a *société européenne* (a European company) as well as the terms of the conversion plan drawn up by the Management Board on February 11, 2019 and approved by the Supervisory Board on February 14, 2019. At the same Meeting, the shareholders approved the full text of the new by-laws which have governed the company since January 7, 2020, when the conversion was finalized following the company's registration in its new form, after completion of the relevant negotiation procedure relating to employee representation on the Supervisory Board. Since that date, the company's corporate name has been followed by the words "Société Européenne" or the initials "SE".

The Management Board is supported by seven internal committees:



For a detailed description of the composition, functions and activities of these committees, please see Section 1.2.10 of this chapter.

In exercising its supervisory and control duties, the Supervisory Board relies on the following structure:



(a) Excludes the member representing employee shareholders and the member representing employees.

(b) Excludes the member representing employees.

The Supervisory Board reviews and determines the company's strategic plans. It monitors the decisions made by the Management Board on an ongoing basis and authorizes substantial acquisitions, sales, internal restructuring transactions and other transactions that could have an impact on the group's financial structure, including strategic partnership agreements.

The Supervisory Board carries out any verification or control checks it deems appropriate and is provided with all documents it deems useful to the fulfillment of its purpose and function. Upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, it appoints the members of the Management Board, who may be removed at any time, and sets the policy and criteria for determining, allocating and granting their compensation elements.

With respect to the relationship between the Management Board and the Supervisory Board, the Management Board prepares a status report every quarter, which is communicated and reviewed by the Supervisory Board. In addition, the Chairman of the Management Board must provide information on a regular basis to the Chairman of the Supervisory Board on the company's operations and significant events. More generally, members of the Supervisory Board are kept informed on a regular basis, by any means by either the Management Board or its Chairman, regarding the company's financial position, cash flow and obligations, as well as any significant events or transactions relating to the company.

In 2015, the Supervisory Board established a system of advisors whereby each member of the Management Board acts as the advisor to one or more members of the Supervisory Board. This system fosters greater dialog and exchange between Supervisory Board and Management Board members.

At the close of the General Shareholders' Meeting held on April 19, 2018, and following a recommendation from the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board unanimously decided to appoint Yannick Bolloré to replace Vincent Bolloré as its Chairman. With a wide-ranging vision of Vivendi's businesses centered around content, media and communication as well as experience in integrating a multinational company, Yannick Bolloré was considered the best person to oversee Vivendi as it continues to deploy its strategy. The decision demonstrates the Supervisory Board's confidence in the guiding vision of its core shareholder, a multinational family business, which ensures stability and long-term prospects for the group and its talents and for all of its shareholders and other stakeholders.

As Chairman of the Supervisory Board, Yannick Bolloré performs the duties and exercises the powers set forth by law and the company's by-laws. No other function has been assigned to him.

As Chairman and CEO of Havas, a position he has held since August 30, 2013, Yannick Bolloré implements the strategy defined by Vivendi for the Havas Group and reports to the Management Board in this regard in the same way as the other executives of the group's main business units. The combination of these two roles, stemming from Vivendi's acquisition of Havas, is not of a nature that could undermine the necessary balance of powers or the proper conduct of business. When Vivendi's Supervisory Board discusses any matters relating, directly or indirectly, to its Chairman, the Chairman is asked to leave the Supervisory Board meeting while such matters are discussed and voted on, in accordance with the procedure concerning conflicts of interest described in Section 1.1.1.4 of this chapter. In such situations, the Vice Chairman is temporarily responsible for chairing the meeting and leading its deliberations.

During its meeting of April 19, 2018 and following a recommendation by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board renewed Philippe Bénacin's term as Vice Chairman and appointed him as lead independent member of the Supervisory Board. In his capacity as lead independent member, Philippe Bénacin ensures the absence of conflicts of interest, the smooth running of the Board and compliance with the principles of good governance. For more information about the lead independent member's role and responsibilities, please see Section 1.1.1.9 of this chapter.

1.1. Administrative, management and supervisory bodies

Vivendi has referred to and fully applied the AFEP-MEDEF Code of Corporate Governance for Publicly Traded Companies, as amended in January 2020 (hereinafter the "AFEP-MEDEF Code").

1.1.1. SUPERVISORY BOARD

The Supervisory Board is a collegiate body. Its decisions are the responsibility of all of its members who must keep them confidential.

The Supervisory Board, taken as a whole, may make any public statement in the form of press releases to inform the market.

1.1.1.1. General Provisions

The Supervisory Board is made up of a maximum of 18 members. Each member serves a four-year term (Article 7 of Vivendi's by-laws). The Supervisory Board may appoint one or two non-voting members (*censeurs*) (Article 10-6 of Vivendi's by-laws). Non-voting members participate in an advisory capacity at meetings of the Supervisory Board and may attend meetings of the committees set up by the Supervisory Board. They are appointed for a maximum term of four years. For more information about non-voting members' role and responsibilities, see Section 1.1.1.10 of this chapter.

Except for the members representing employees and the member representing employee shareholders, each member of the Supervisory Board must own a minimum of 1,000 shares for his or her term of office (Article 7-2 of Vivendi's by-laws).

Each member of the Supervisory Board undertakes to regularly attend Supervisory Board meetings and General Shareholders' Meetings. Members of the Supervisory Board may attend meetings by videoconferencing or other telecommunication means (Article 10 of Vivendi's by-laws).

At the close of each annual General Shareholders' Meeting, the number of members of the Supervisory Board over the age of 70, as of the closing date of the previous fiscal year, must not exceed one-third of the members. If this limit is exceeded, the oldest members are deemed to have resigned at the close of such General Shareholders' Meeting (Article 7-3 of Vivendi's by-laws).

1.1.1.2. Composition of the Supervisory Board – Independence, Diversity and Expertise of Members

Composition of the Supervisory Board

As of the date of publication of this Annual Report – Universal Registration Document, the Supervisory Board has 11 members, including one member representing employee shareholders and one member representing employees. There is currently one non-voting member.

LIST OF SUPERVISORY BOARD MEMBERS AND NON-VOTING MEMBERS: DATES OF APPOINTMENT AND NUMBER OF SHARES HELD

Supervisory Board members	Position	Age	Number of positions held in listed companies outside the group (1)	Date of initial appointment and most recent re-election to the Supervisory Board	Committee member	End of term	Number of shares held
Yannick Bolloré (2)	Chairman of the Supervisory Board Member of the Supervisory Board	40	0	**SB 04/19/2018** **AGM 04/25/2017** SB 05/11/2016	n/a	**AGM 2020**	34,560
Philippe Bénacin	Vice Chairman, lead independent member Independent member of the Supervisory Board	61	1	**SB 04/19/2018** SB 06/24/2014 **AGM 04/19/2018** AGM 06/24/2014	**B**	AGM 2022	14,100
Cyrille Bolloré	Member of the Supervisory Board	34	0	AGM 04/15/2019	**A, B**	AGM 2023	4,000
Paulo Cardoso	(a) Member of the Supervisory Board	46	0	**DUP 10/19/2017** WC 10/16/2014	**B, C**	**10/18/2020**	n/a
Dominique Delport	Member of the Supervisory Board	52	0	**AGM 04/15/2019** AGM 04/17/2015	n/a	AGM 2023 AGM 2019	-
Véronique Driot-Argentin	Member of the Supervisory Board	57	0	AGM 04/25/2017	**C**	AGM 2021	1,651
Aliza Jabès	Independent member of the Supervisory Board	57	0	**AGM 04/19/2018** AGM 06/24/2014 AGM 04/29/2010	**B**	AGM 2022	7,833
Cathia Lawson-Hall	Independent member of the Supervisory Board	48	0	**AGM 04/19/2018** AGM 04/21/2016 SB 09/02/2015	**A, C**	AGM 2022	1,000
Sandrine Le Bihan	(b) Member of the Supervisory Board	49	0	AGM 04/25/2017	**C**	AGM 2021	3,684
Michèle Reiser	Independent member of the Supervisory Board	70	0	AGM 04/19/2018	**A, C**	AGM 2022	1,000
Katie Stanton	(c) Independent member of the Supervisory Board	50	0	**AGM 04/19/2018** AGM 06/24/2014	**A**	AGM 2022	1,000
Non-voting member							
Vincent Bolloré (3)	Non-voting member	67	n/a	SB 04/15/2019	n/a	04/14/2023	6,000

n/a: not applicable.

(1) Number of positions held in listed companies outside the same scope of consolidation. For a detailed list of current and previous positions, please refer below to the Section "Main Activities of the Current Members of the Supervisory Board".

(2) Member whose renewal of office is proposed to the General Shareholders' Meeting of April 20, 2020.

(3) Vincent Bolloré was a voting member of the Supervisory Board between December 13, 2012 and April 15, 2019, when he resigned from the Supervisory Board. He was also Chairman of the Supervisory Board from June 24, 2014 through April 19, 2018.

(a) Member representing employees.

(b) Member representing employee shareholders.

(c) Foreign member.

A: Audit Committee.

B: Corporate Governance, Nominations and Remuneration Committee.

C: Corporate Social Responsibility (CSR) Committee.

Changes in the Composition of the Supervisory Board and its Committees in 2019

	Supervisory Board	Audit Committee	Corporate Governance, Nominations and Remuneration Committee	CSR Committee
Tarak Ben Ammar	Member (until April 15, 2019)	Member (until April 15, 2019)		-
Vincent Bolloré (1)	Member (until April 15, 2019)	Member (until April 15, 2019)	Member (until April 15, 2019)	-
Cyrille Bolloré	Member (since April 15, 2019)	Member (since April 15, 2019)	Member (since April 15, 2019)	-

(1) Non-voting member of the Supervisory Board since the close of the April 15, 2019 General Shareholders' Meeting.

Independence of Supervisory Board members

Excluding the member representing employee shareholders and the member representing employees, the Supervisory Board has nine members, including five independent members (56%).

A member is independent if he or she has no direct or indirect relationship of any kind (other than a non-substantial shareholding in the company) with the company, its group or its management that could affect his or her independent judgment (as defined in the AFEP-MEDEF Code).

Classification of an independent member, and the criteria used to determine whether a Director meets such classification, are reviewed by the Corporate Governance, Nominations and Remuneration Committee when considering and discussing the appointment and re-election of members to the Supervisory Board. The Corporate Governance, Nominations and Remuneration Committee also reviews the status of the Supervisory Board members regularly throughout their term of office and may change their classification if there is any doubt as to their continued independence.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS WITH REGARD TO THE CRITERIA SET OUT IN ARTICLE 9 OF THE AFEP-MEDEF CODE

Criteria	1	2	3	4	5	6	7	8	
Supervisory Board members	Not an employee or executive officer	No cross-directorships	No significant business relationships	No family ties	Not an auditor	Term has not exceeded 12 years	Does not receive any variable compensation (in cash or securities) linked to Vivendi's performance	Does not represent a major shareholder	Independent member
Yannick Bolloré	-	√	-	-	√	√	-	√	-
Philippe Bénacin	√	√	√	√	√	√	√	√	√
Cyrille Bolloré	-	√	-	-	√	√	√	-	-
Paulo Cardoso	-	√	√	√	√	√	√	√	n/a
Dominique Delport	-	√	-	√	√	√	-	√	-
Véronique Driot-Argentin	-	√	√	√	√	√	√	√	-
Aliza Jabès	√	√	√	√	√	√	√	√	√
Cathia Lawson-Hall	√	√	√	√	√	√	√	√	√
Sandrine Le Bihan	-	√	√	√	√	√	√	√	n/a
Michèle Reiser	√	√	√	√	√	√	√	√	√
Katie Stanton	√	√	√	√	√	√	√	√	√

n/a: not applicable.

When assessing the independent status of Aliza Jabès, Chairwoman of NUXE International, and Philippe Bénacin, Chairman and Chief Executive Officer of Interparfums, the Corporate Governance, Nominations and Remuneration Committee concluded that, based on Article 9.5 of the AFEP-MEDEF Code, the business relationships conducted on arm's length terms by certain Vivendi subsidiaries with Interparfums and the NUXE Group are not material and do not compromise the judgment or independence of these two Supervisory Board members.

For a description and quantification of these business relationships, please see Note 22.3 "Other Related-Party Transactions" in the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2019, presented in Section 4 of this Annual Report – Universal Registration Document.

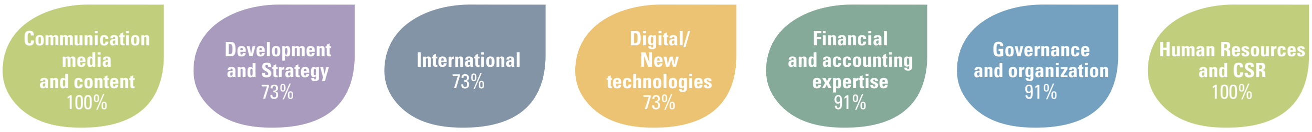
Diversity and Expertise of the Members of the Supervisory Board

The Corporate Governance, Nominations and Remuneration Committee is in charge of identifying and monitoring the skills and expertise available within the Supervisory Board and its committees. When reviewing the profiles presented, the committee takes into particular consideration the following factors:

- ability to represent all Vivendi shareholders' interests;
- sound judgment, integrity and commitment;
- alignment of skills and expertise with the Vivendi group's businesses and strategy;
- contribution to the diversity of the Board and its committees; and
- absence of potential conflicts of interest.

Vivendi's Supervisory Board examined the diversity policy for members of the Supervisory Board further to a review by the Corporate Governance, Nominations and Remuneration Committee. There are six women on the Supervisory Board, representing 60% of its total members(1). One member of the Supervisory Board is a foreign national.

All Supervisory Board members contribute to the smooth running of the Board due to their sound, impartial judgment and their compliance with the principles of good governance. Given the experience and involvement of each member, the Board has expertise in the following areas, in line with Vivendi's strategy:



Out of the eight members with international experience, three have expertise in emerging markets.

Changes in the Composition of the Supervisory Board Subject to Shareholder Approval at the General Shareholders' Meeting to be Held on April 20, 2020

Yannick Bolloré's term of office as a Supervisory Board member is due to expire at the close of the General Shareholders' Meeting to be held on April 20, 2020. At its meeting on February 13, 2020, acting on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed his situation, particularly in light of the Group's value creation since 2018 and Yannick Bolloré's cross-business approach. Following this review, the Board decided to recommend to shareholders at the April 20, 2020 General Shareholders' Meeting that they renew Yannick Bolloré's term of office for a four-year period, expiring at the close of the General Shareholders' Meeting to be held to approve the financial statements for 2023. The renewal of Mr. Bolloré's term of office would enable the Board to continue to benefit from his experience in an integrated industrial group, especially from an international perspective, and his expertise in digital and new technologies.

At the same meeting, and again acting on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to recommend to shareholders at the same April 20, 2020 General Shareholders' Meeting that they appoint Laurent Dassault as a new member of the Supervisory Board. Laurent Dassault has a strong background in business development and strategy as well as in Vivendi's areas of business, and his appointment would increase the number of independent members on the Supervisory Board.

For detailed information about the current members of the Supervisory Board and the nominee proposed for election at the General Shareholders' Meeting of April 20, 2020, please refer to the Sections "Main Activities of the Current Members of the Supervisory Board" and "Information about the nominee for the Supervisory Board submitted for the approval of the General Shareholders' Meeting to be held on April 20, 2020" below.

At the close of the General Shareholders' Meeting to be held on April 20, 2020, and subject to approval of the relevant resolutions, the Supervisory Board will have 12 members, including six women, one member representing employee shareholders, appointed pursuant to Article L. 225-71 of the French Commercial Code, and one member representing employees, appointed pursuant to Article L. 225-79-2 of the French Commercial Code, the other members having been appointed pursuant to Article L. 225-75 of the French Commercial Code. Excluding the member representing employee shareholders and the member representing employees, the Supervisory Board will have six independent members out of ten (60%).

As the Supervisory Board has more than eight members, at the April 20, 2020 General Shareholders' Meeting, the shareholders will be asked to amend Article 8 of Vivendi's by-laws to provide for the appointment of a second member representing employees, for a three-year term. This appointment is required pursuant to Article L. 225-79-2 of the French Commercial Code, as amended by French Law no. 2019-486 of May 22, 2019 (the "Pacte law"). In accordance with the agreements reached with the Group's employees relating to Vivendi's conversion into a European Company, this second employee representative Board member will be appointed and take up his or her seat on the Board within six months of the April 20, 2020 General Shareholders' Meeting.

(1) In accordance with Law No. 2011-103 of January 27, 2011 concerning gender parity on corporate boards, the Supervisory Board member representing employees is not included in the calculation of the proportion of women on the Board. In addition, when the current employee shareholder representative member of the Supervisory Board reaches the end of their term of office, their successor will not be included in the calculation either, in accordance with Article L. 225-71 of the French Commercial Code, as amended by French law no. 2019-486 of May 22, 2019 (the "Pacte law").

Main Activities of the Current Members of the Supervisory Board

YANNICK BOLLORÉ

Member of the Supervisory Board whose renewal of office is proposed to the General Shareholders' Meeting of April 20, 2020

Chairman of the Supervisory Board

French citizen.

Havas – 29/30, quai de Dion-Bouton – 92800 Puteaux – France

EXPERTISE AND EXPERIENCE

Yannick Bolloré is a graduate of Paris Dauphine University. He is Chairman and Chief Executive Officer of the Havas Group, one of the world's largest communications groups with revenue of $2 billion and more than 20,000 employees in 100 countries.

He co-founded the production company WY Productions in 2002 (Hell, Yves Saint Laurent). In 2006, he joined his family group, the Bolloré Group, to launch and develop its media division. Within five years, Bolloré Média (D8, D17) became the leading independent French TV group and was subsequently sold to Canal+, making the Bolloré Group a shareholder in Vivendi. He then joined the Havas Group in 2011 and became Chairman and Chief Executive Officer in 2013. He initiated a major restructuring of the group to make it the most integrated and forward-thinking business in its industry. In 2017, Vivendi obtained control of the Havas Group. Yannick Bolloré was appointed Chairman of the Supervisory Board of Vivendi in April 2018.

Yannick Bolloré was named a Young Global Leader in 2008 by the World Economic Forum. He has received numerous honors and awards from international associations and the business press. He is also a *Chevalier de l'Ordre des Arts et des Lettres*.

POSITIONS CURRENTLY HELD

Vivendi group (in France)
- Havas, Chairman of the Board of Directors and Managing Director
- W & Cie, Permanent representative of Havas on the Board of Directors

Vivendi group (outside France)
- Havas North America, Inc. (United States), Chairman
- Havas Worldwide LLC (United States), Chairman and Executive Vice President
- Havas Middle East FZ, LLC (United Arab Emirates), Director

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Bolloré SE (*), Vice Chairman and Director
- Financière de l'Odet SE (*), Director
- Bolloré Participations SE, Director
- Financière V, Director
- Omnium Bolloré, Director
- JC Decaux Bolloré Holding, Member of the Executive Board
- Sofibol, Member of the Supervisory Board
- Musée Rodin, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Havas 360, Chairman
- HA Pôle Ressources Humaines, Chairman and Chief Executive Officer and Director
- Havas Media France, Director
- Mediamétrie, Permanent representative of Havas on the Board of Directors
- Havas Paris, Permanent representative of Havas on the Board of Directors
- Havas Paris, Chairman and Chief Executive Officer and Director
- Havas Life Paris, Permanent representative of Havas on the Board of Directors
- MFG R&D, Member of the Supervisory Board

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Havas Media Africa, Member of the Executive Board
- Havas Media Group Spain SA (Spain), Director
- Arena Communications Network SL (Spain), Director
- Havas Worldwide Brussels (Belgium), Permanent representative of Havas on the Board of Directors

(*) Listed company.

PHILIPPE BÉNACIN

Vice Chairman and lead independent member of the Supervisory Board and Chairman of the Corporate Governance, Nominations and Remuneration Committee

French citizen.

Interparfums – 4, rond-point
des Champs-Élysées – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Philippe Bénacin graduated from ESSEC in 1983, the year in which he founded Interparfums with Jean Madar. As Chairman and Chief Executive Officer, Philippe Bénacin developed Interparfums' portfolio of licensed brands, supply chain, international distribution and, more generally, oversaw the company's strategy and growth, including its IPO in 1995.

Interparfums is a major player in the Perfume and Cosmetics market and manages, among others, the brands Lanvin, Montblanc, Jimmy Choo, Karl Lagerfeld, Boucheron, Van Cleef & Arpels, Repetto, and Balmain.

Regularly recognized for the quality of its Financial Reporting, the Interparfums Group has earned a number of awards and prizes, including the prestigious *Prix Cristal de la transparence de l'information financière* and the *Prix de l'Audace Créatrice*, awarded to Philippe Bénacin by French Prime Minister François Fillon.

POSITIONS CURRENTLY HELD (IN FRANCE)

- Interparfums SA (*), Co-Founder and Chairman and Chief Executive Officer
- Interparfums Holding, Chairman of the Board of Directors

POSITIONS CURRENTLY HELD (OUTSIDE FRANCE)

- Interparfums Inc. (United States), President (non-executive) and Vice Chairman of the Board of Directors
- Interparfums Luxury Brands (United States), President (non-executive) and Vice Chairman of the Board of Directors
- Inter España Parfums & Cosmetiques SL (Spain), Director
- Interparfums Srl (Italy), Director
- Interparfums Switzerland, Director and Manager
- Interparfums Singapore Pte Ltd, Director
- Parfums Rochas Spain S.L., Chairman of the Board of Directors

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Interparfums Ltd (United Kingdom), Director

(*) Listed company.

CYRILLE BOLLORÉ

Member of the Supervisory Board

French citizen.

Tour Bolloré – 31-32, quai de Dion-Bouton – 92811 Puteaux Cedex – France

EXPERTISE AND EXPERIENCE

A graduate of Paris Dauphine University, Cyrille Bolloré holds a Master's degree in economics and management, with a major in finance.

He was Deputy Manager of Supplies and Logistics at Bolloré Energy from November 2007 to November 2008, and then Manager from December 2008 to August 2010. He was appointed Chief Executive Officer of Bolloré Energy in September 2010 and Chairman in October 2011.

Cyrille Bolloré became Vice Chairman and Managing Director of Bolloré in August 2012 and Deputy Chief Executive Officer of Bolloré in June 2013. In March 2019, he became Chairman and Chief Executive Officer.

He was Chairman of Bolloré Logistics until December 2014, Chairman of Bolloré Transport Logistics from November 2014 to May 2016, and has been Chairman of Bolloré Transport & Logistics Corporate (formerly Bolloré Transport & Logistics) since April 2016.

Since September 2017, Cyrille Bolloré has been Vice Chairman of Financière de l'Odet, where he also served as Chief Executive Officer from September 2017 through March 2018.

Cyrille Bolloré has experience in an integrated multinational company and in the content, media and communication businesses. His appointment also strengthens the Supervisory Board's expertise in issues relating to emerging markets, in particular, Africa.

POSITIONS CURRENTLY HELD

Bolloré Group (in France)

- Bolloré SE (*), Chairman and Chief Executive Officer
- Bolloré Energy, Chairman of the Board of Directors
- Bolloré Transport & Logistics Corporate (formerly Bolloré Transport & Logistics), Chairman
- Compagnie du Cambodge (*), Chairman of the Management Board
- Sofibol, Chairman of the Supervisory Board
- BlueElec, Chairman
- Financière de l'Odet SE (*), Vice Chairman and Director
- Bolloré Participations SE, Director
- Financière V, Director
- Omnium Bolloré, Director
- Société Industrielle et Financière de l'Artois (*), Director,
- Blue Solutions (*), Director
- Financière Moncey (*), Permanent representative of Compagnie du Cambodge on the Board
- Société Française Donges Metz, Permanent representative of Financière de Cézembre on the Board
- Bolloré Africa Logistics, Permanent representative of Bolloré Transport & Logistics Corporate on the Board
- Bolloré Logistics, Permanent representative of Bolloré Transport & Logistics Corporate on the Board
- Sogetra, Permanent representative of Globolding on the Board

Bolloré Group (outside France)

- Financière du Champ de Mars, Director
- SFA SA, Director
- Nord Sumatra Investissements, Director
- Plantations des Terres Rouges, Director
- African Investment Company, Director
- Bolloré Transport & Logistics Congo (formerly Bolloré Africa Logistics Senegal), Permanent representative of Société de Participations Africaines on the Board

OTHER POSITIONS AND OFFICES HELD (IN FRANCE)

None

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

- Socfinaf (*), Permanent representative of Bolloré Participations SE on the Board
- Socfinasia (*), Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

Bolloré Group (in France)

- Bolloré SA (*), Deputy Chief Executive Officer, Vice Chairman Managing Director
- Financière de l'Odet (*) Chief Executive Officer
- Bolloré Africa Railways, Director
- Compagnie du Cambodge, Chairman and Member of the Supervisory Board
- Société Industrielle et Financière de l'Artois, Chief Executive Officer
- Bolloré Africa Logistics, Permanent representative of Bolloré Transport Logistics on the Board
- Bolloré Logistics, Permanent representative of Bolloré Transport Logistics on the Board
- SDV Logistique Internationale, Permanent representative of Bolloré Transport Logistics on the Board
- Kerné Finance, Permanent representative of Bolloré Transport Logistics on the Board
- La Charbonnière, Permanent representative of Bolloré Energy on the Board

Other positions and offices held (in France)

- Comité Professionnel des Stocks Stratégiques Pétroliers (CPSSP), Vice Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

Bolloré Group (outside France)

- CICA SA (CH), Director
- Satram Huiles SA (CH), Director
- Camrail, Permanent representative of Société Financière Panafricaine on the Board
- Congo Terminal, Permanent representative of Socopao on the Board
- Douala International Terminal, Permanent representative of Société de Participations Africaines on the Board

Other positions and offices held (outside France)

- CIPCH BV (NL), Director

(*) Listed company.

PAULO CARDOSO

Employee representative member of the Supervisory Board and Chairman of the CSR Committee

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Paulo Cardoso, a trained accountant, joined Compagnie Générale des Eaux in 1997 as administrative manager in the Communications department.

In 2001, he joined the Finance department's accounting unit. In 2002, he moved to the Treasury department, where he is responsible for the Canal+ Group's cash management and the group's network systems.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Member and Treasurer of Vivendi's Works Council

DOMINIQUE DELPORT

Member of the Supervisory Board

French citizen.

Vice Media UK – New North Place, London
EC2A 4JA – United Kingdom

EXPERTISE AND EXPERIENCE

Dominique Delport is a graduate of EM Lyon (École Supérieure de Commerce de Lyon) and a winner of the MBA Moot Corp International Challenge hosted by the University of Texas, Austin. He is also the recipient of an Emmy Award.

He has had three distinct professional careers: television journalist, Internet entrepreneur, and head of a media agency, all of which give him expertise in content, digital and media at an international level.

Dominique Delport began his career as Deputy Chief Editor for the television channel M6 Lyon, and then became Chief Editor at M6 Lille. In 1996, he was appointed Chief Editor at M6, the second-largest private television channel in France.

From 1996 to 2000, he directed the news program *6 Minutes* (four million daily viewers) and news reports including *Zone Interdite* and *Capital*.

In April 2000, he gave up his career in television to move into the world of startups, forming the streaming multimedia company Streampower, where he served as Chairman and Chief Executive Officer.

In October 2001, Streampower became a 75% subsidiary of the Rivaud Media group (Bolloré Group).

In 2003, Dominique Delport launched a daily program on Canal+, *Merci pour l'info*, and in 2004, for France 5, he created and produced the program *C.U.L.T.*, an interactive televised broadcast on urban cultures featuring live videos from bloggers.

After participating in the launch of Direct 8 (TNT), Dominique Delport hosted the weekly show titled 8-Fi, a live broadcast devoted to new media and technologies.

On February 1, 2006, Dominique Delport joined Media Planning Group (MPG) as Managing Director, while retaining his position as Chairman and Chief Executive Officer at Streampower. In June 2006, he was appointed Chief Executive of MPG France and then, in February 2007, Managing Director of Havas Media France.

In February 2008, he was promoted to the position of Chairman and Managing Director of Havas Media France, a position he held until the end of 2015.

In February 2009, he was elected to a two-year term as President of the Union of Media Consulting and Purchasing (UDECAM), an organization representing all French media agencies.

Following the success of the integrated organization of Havas Media France, he was named Managing Director of the Havas Media Group global network.

In April 2016, he was appointed President of Vivendi Content and Studioplus, a position he also held until April 2018.

In March 2017, Dominique Delport was appointed Global Managing Director and Chief Client Officer of the Havas Group, a position he held until April 2018.

In April 2018, he joined Vice Media, where he serves as President of International Operations and Chief Revenue Officer.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

Vivendi group (in France)

- Vivendi Content SAS, President
- Studio+, Chairman
- Studio+ France, Chairman
- Vivendi Entertainment, Chairman
- Havas, Global Managing Director and Chief Client Officer
- Havas Media Africa, Chairman and Member of the Executive Board
- MFG R&D SA, Chairman of the Management Board
- Havas Productions SNC, Manager
- Havas Media France, Chairman and Chief Executive Officer
- Udecam, Chairman

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

Vivendi group (outside France)

- Arena Media Communications, Co-Manager
- Havas Media Belgium, Director
- Ze Cake Group Ltd., Chairman
- Ze Ais Group Ltd., Chairman
- Havas Sports Limited, Chairman
- Arena Blm Ltd, Chairman
- Arena Quantum Ltd, Chairman
- Cake Group Ltd, Chairman
- Elisa Interactive Ltd, Chairman
- Cake Media Ltd, Chairman
- Media Planning Ltd, Chairman
- Ais Group Ltd, Chairman
- Arena Blm Holdings Ltd (United Kingdom), Chairman
- BLM Cliverd Ltd, Director
- Forward 1 UK Ltd, Director
- BLM Two Ltd, Director
- BLM Azure Ltd, Director
- BLM Red Ltd (United Kingdom), Director
- Forward Holding Spain, Sole Director
- S.L.U. (Spain), Sole Director
- Forward Média Peru, Director
- SAC, Director

VÉRONIQUE DRIOT-ARGENTIN

Member of the Supervisory Board – employee of the company

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Véronique Driot-Argentin joined Compagnie Générale des Eaux in 1989 where she began her career in the press services group of the Corporate Communications department. In 1991, she joined the Île-de-France Regional Water Authority and then, in 1994, moved to the Human Resources department of Générale des Eaux as special assistant to the Group Head of Human Resources working in employee relations, a position she continues to hold at Vivendi.

In 2011, she began working with Vivendi's Head of Training and has been a Training Manager in the Human Resources department since 2016.

Véronique Driot-Argentin has been the CFTC trade union delegate since 2006.

She sat on the Employment Tribunal in Paris from 2008 to 2015.

Since 2014, she has been a town councilor in Villecresnes (Val-de-Marne département) and Vice President of the Social Housing and Action Management Committee.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

Vivendi group (in France)

- Group Works Council, member
- IDSE, member of the bureau
- CFTC, trade union delegate

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Vivendi's Single Staff Delegation (DUP), Secretary

ALIZA JABÈS

Independent member of the Supervisory Board

French citizen.

NUXE Group – 127, rue d'Aguesseau – 92100 Boulogne-Billancourt – France

EXPERTISE AND EXPERIENCE

Aliza Jabès is a graduate of the Institut d'Études Politiques de Paris. She holds an MBA from New York University (NYU).

She began her career as a financial analyst for Eli Lilly in the USA. At the start of the 1990s, she decided to go into business and took over NUXE, at the time a tiny cosmetics laboratory in Paris, with the goal of building a wide-reaching natural beauty brand. In the space of just a few years, NUXE became a leading global cosmetics group. It also has a strong position in the well-being industry, with 60 deluxe spa centers in France and abroad.

In 2007 and 2011, NUXE's strategy in innovation and industrial property was recognized and rewarded twice by the French National Institute of Industrial Property (INPI).

Aliza Jabès has regularly won awards and honors for her exceptional career.

In 2011, she received the prestigious Entrepreneur of the Year from EY. In 2012, Cosmetic Executive Women (CEW) gave her the Achiever Award for her exceptional career in the cosmetics industry, and in 2014 she won the Trophée Femmes en Or in the "Women in Business" category, which rewarded her for her creativity and entrepreneurial spirit.

After being promoted to the rank of *Chevalier* in 2008, she was named *Officier de la Légion d'Honneur* in January 2020. In 2015, she was also named *Officier de l'Ordre National du Mérite.*

POSITIONS CURRENTLY HELD

NUXE Group (in France)

- NUXE International SAS, Chairwoman

NUXE Group (outside France)

- NUXE Hong Kong Limited, Managing Director
- NUXE GmbH (Germany), Manager
- NUXE Polska sp.Zoo (Poland), Chairwoman
- NUXE Ireland DAC, Director
- NUXE UK Ltd, Managing Director
- NUXE Istanbul Kozmetik Ürünleri Ticaret Limited Sirketi (Turkey), Chairwoman
- Laboratoire NUXE Portugal UNIPESSOAL LDA, Manager
- Laboratoire NUXE España S.L., Manager
- NUXE Suisse SA, Director
- NUXE Belgium SA, Director
- Laboratoire NUXE Italia S.r.l., Director

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Fédération des entreprises de la beauté (FEBEA), Director
- Pharmaceutical Council of the French Syndicate of Cosmetic Products (SFCP), Chairwoman
- Commission for the award of the French "Palace" status prize, Member

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

CATHIA LAWSON-HALL

Independent member of the Supervisory Board and Chairwoman of the Audit Committee

French citizen.

Société Générale – 17, cours Valmy – 92800 Paris-La Défense 7 – France

EXPERTISE AND EXPERIENCE

Cathia Lawson-Hall holds a post-graduate degree (DEA) in Finance from Paris Dauphine University in France. She is in charge of the overall relationship and strategic consulting with governments, large corporates and financial institutions in Africa at Société Générale. Cathia Lawson-Hall is also Head of the Financial Institutions Group for Africa at Société Générale.

Previously she was Managing Director, Co-Head of Debt Capital Markets for a number of large corporates in France, Belgium and Luxembourg. Cathia Lawson-Hall joined Société Générale in 1999 as a sales-side credit analyst covering the telecommunications and media sectors before moving into financial consulting. She has over 20 years' experience in corporate and investment banking.

POSITIONS CURRENTLY HELD

- Société Générale Côte d'Ivoire, Director
- Société Générale Bénin, Director

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Société Générale, Head of Coverage and Investment Banking for Africa

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

SANDRINE LE BIHAN

Member of the Supervisory Board, representing employee shareholders

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Sandrine Le Bihan, a trained accountant, joined Compagnie Générale des Eaux in 1992 as a manager in the Securities department.

In 2003, she became Group Company Directory and Database Manager within Vivendi's Legal department. She works in corporate and securities laws, including employee shareholder schemes.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

Vivendi group (in France)
- "Vivendi Groupe Épargne" collective investment fund, Chairwoman and Member of the Supervisory Board
- "Opus Vivendi" collective investment fund, Member of the Supervisory Board representing the fund's unit holders
- Group Works Council, member
- Vivendi Employee Representative Committee (*Comité social et économique*), standing member and Secretary

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Vivendi Works Council, Deputy Secretary and Treasurer
- IDSE, Member of the bureau
- Vivendi's Single Staff Delegation (DUP), Representative and Treasurer

MICHÈLE REISER

Independent member of the Supervisory Board

French citizen.

MRC – 6, place Saint-Germain-des-Prés – 75006 Paris – France

EXPERTISE AND EXPERIENCE

Michèle Reiser is a philosopher by profession. In 1975, she started a weekly literary show for young people on French TV channel FR3, which she hosted for eight years. She also had a literary column in *Le Monde de l'Éducation* and later worked regularly at *Ex Libris*.

As a filmmaker, producer and TV film author, she produced documentaries, profiles and major stories on key themes broadcast on France 2, France 3, France 5, Canal+ and Arte between 1983 and 2005, including:

- social issues – *Les Trois Mousquetaires à Shanghai* and *La Vie en rollers;*
- politics – she produced the *Un Maire, une Ville collection* with Alain Juppé in Bordeaux and Jean-Claude Gaudin in Marseille;
- psychiatric issues – *Le Cinéma de notre anxiété, Un homme sous haute surveillance* and *Epilepsies;*
- romantic traditions – *Les Amoureux de Shanghai, L'Amour au Brésil* and *Les Amoureux du Printemps de Prague;*
- child and adolescent development – *Premiers émois, Vis ta vie, ou Les parents ça sert à rien* and *La vérité sort de la bouche des enfants;* and
- profiles – *Reiser, Juppé* and *François Truffaut, correspondance à une voix.*

She also directed musical and theater shows as well as operas, including *Le Barbier de Séville* with Ruggero Raimondi.

She founded Les Films du Pharaon and served as its Director from 1998 to 2005.

In January 2005, she was appointed a member of France's Audiovisual Council by the French President and presided over the Audiovisual Production, Free Private Channels, Advertising and Cinema and Music working groups over her six-year term.

From 2008 to 2012, she founded and presided over the Commission on the image of women in the media. At the end of each year, the Commission published a report emphasizing that although women have visibility, they are still confined to a particular role and that men are still the only ones whose knowledge is considered legitimate. This observation brought to light the notion of an "expert", which was the subject of the second report presented in December 2011 during a symposium at the French National Assembly titled *"Les expertes, bilan d'une année d'autorégulation"* (Experts: Results of One Year of Self-Regulation). The Commission was awarded permanent status by the Prime Minister in 2011.

In 2010, she co-presided over the work of the Commission on associations' access to audiovisual media, which produced a report that was submitted to the Prime Minister in January 2011.

She was a member of the Gender Equality Observatory from 2010 to 2012.

In 2013, Michèle Reiser founded a consultancy firm, MRC.

She has chaired the jury of the Gulli Book Prize since 2014.

In 2015, she created the Paris-Mezzo classical music festival, which became the Festival de Paris in 2017.

She published two novels with Albin Michel: *Dans le creux de ta main* in 2008, and *Jusqu'au bout du festin* in 2010, which won the *Prix de la révélation littéraire* in 2010 from Aufeminin.com.

Michèle Reiser was named *Officier de l'Ordre National du Mérite* in 2004 and was promoted to the rank of *Chevalier de l'Ordre de la Légion d'honneur* in 2010.

POSITIONS CURRENTLY HELD (IN FRANCE)

- Radio France, Member of the Board of Directors
- Radio France, Member of the Strategic Committee

OTHER POSITIONS AND OFFICES

- MRC, Manager

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

KATIE STANTON

Independent member of the Supervisory Board

American citizen.

Color Genomics – 831 Mitten Road, Burlingame CA 94010 – United States

EXPERTISE AND EXPERIENCE

Katie Stanton is a graduate of Rhodes College (1991) and holds a Master's degree from the School of International Public Affairs (SIPA) at Columbia University.

She is the Founder and General Partner of Moxxie Ventures, a new venture capital fund based in San Francisco.

Prior to Moxxie, Ms. Stanton held numerous executive operating positions at Twitter, Google, Yahoo, and Color.

In addition to working in Silicon Valley, she served at the White House and the State Department (under President Obama) and began her career as a banker at JP Morgan Chase.

In addition to sitting on the Supervisory Board of Vivendi, she previously served on the Board of Directors of Time Inc.

Katie Stanton is also a founding partner of #Angels.

POSITIONS CURRENTLY HELD (OUTSIDE FRANCE)

- Moxxie Ventures, Founder and General Partner
- Color Genomics, Chief Marketing Officer

OTHER POSITIONS AND OFFICES

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Twitter, Global Media Vice President
- Time Inc, Director

VINCENT BOLLORÉ

Non-voting member

French citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Vincent Bolloré holds a Master's degree in Law and is the Chairman and Chief Executive Officer of Financière de l'Odet SE. He was Chairman of Vivendi's Supervisory Board from June 2014 through April 2018.

In 1970, he began his career as a representative at Banque de l'Union Européenne before joining Compagnie Financière Edmond de Rothschild in 1976.

In 1981, he became Chairman and Chief Executive Officer of the Bolloré Group and its paper business. Under Vincent Bolloré's management, the group became one of the world's 500 largest companies. As a listed company, the Bolloré Group holds a strong position in each of its businesses, which are organized into three divisions: Transport and Logistics, Communication and Media, and Electricity Storage. The Bolloré Group also manages a long-term investment portfolio.

POSITIONS CURRENTLY HELD

Bolloré Group (in France)

- Bolloré Participations SE, Chairman and Chief Executive Officer
- Financière de l'Odet SE (*), Chairman and Chief Executive Officer
- Blue Solutions (*), Chairman of the Board of Directors (separate management)
- Somabol, Chairman
- Omnium Bolloré, Chief Executive Officer and Director
- Financière V, Chief Executive Officer and Director
- Financière Moncey (*), Director
- Société Industrielle et Financière de l'Artois (*), Permanent representative of Bolloré Participations SE on the Board of Directors
- Compagnie du Cambodge (*), Permanent representative of Bolloré Participations SE on the Supervisory Board

Bolloré Group (outside France)

- Nord-Sumatra Investissements, Chairman and Deputy Director
- Financière du Champ de Mars, Chairman and Deputy Director
- BB Groupe SA, Chairman of the Board of Directors
- Plantations des Terres Rouges, Director

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Fred & Farid Group, Permanent representative of Bolloré SE

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

- SAFA Cameroun (*), Permanent representative of Bolloré Participations SE on the Board of Directors
- Société des Caoutchoucs de Grand Bereby (SOGB) (*), Vice Chairman
- Bereby Finances, Vice Chairman
- Socfinaf (*) (formerly Intercultures), Director
- Liberian Agricultural Company (LAC), Director
- Plantations Nord-Sumatra Ltd, Director
- Socfin (*) (formerly Socfinal), Director
- Socfinasia (*), Director
- Socfindo, Director
- Socfin KCD, Director
- Bereby Finances, Permanent representative of Bolloré Participations on the Board of Directors
- Société Camerounaise de Palmeraies (Socapalm) (*), Permanent representative of Bolloré Participations SE on the Board of Directors
- Société des Caoutchoucs de Grand Bereby (SOGB) (*), Permanent representative of Bolloré Participations SE on the Board of Directors
- Brabanta, Permanent representative of Bolloré Participations SE on the Board of Directors
- SOGB, Vice Chairman
- COVIPHAMA, Director
- Plantations Socfinaf Ghana, Director
- Socfin Agricultural Company, Director
- Socfinco FR, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

Vivendi group (in France)

- Vivendi (*), Chairman of the Supervisory Board
- Canal+ Group, Chairman and Member of the Supervisory Board
- Studiocanal, Member of the Supervisory Board

Bolloré Group (in France)

- Bolloré SA (*), Chairman and Chief Executive Officer
- Société Anonyme Forestière et Agricole (SAFA), Permanent representative of Bolloré Participations on the Board of Directors

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Generali, Vice Chairman
- Socfinco, Director
- Palmeraies du Cameroun (Palmcam), Permanent representative of Bolloré Participations on the Board of Directors
- Brabanta, Co-Manager
- Centrages, Director
- Bolloré Transport & Logistics Congo, Permanent representative of Bolloré Participations on the Board of Directors

1

(*) Listed company.

Information about the nominee for the Supervisory Board submitted for the approval of the General Shareholders' Meeting to be held on April 20, 2020

LAURENT DASSAULT

French citizen.

Groupe Industriel Marcel Dassault SA (GIMD) – 9, rond-point des Champs-Élysées Marcel Dassault – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Laurent Dassault graduated from École Supérieure Libre des Sciences Commerciales Appliquées de Paris and also holds a business law degree from Paris II-Assas University. After his college education, he trained with the French Air Force. In 1978, he served as an intelligence officer with the Jaguar squadron 3/3 Ardennes at the Nancy-Ochey air base. He became a captain in the reserves in 1986.

In 1991, after 13 years in banking, Laurent Dassault joined Dassault Investissements (part of the group founded by his grandfather Marcel Dassault), in charge of indirect compensation related to military aeronautical contracts.

Tasked with diversifying the group's investments, he took a particular interest in expanding its holdings in art and vineyards, successfully increasing the group's value. Profoundly forward-looking and business oriented, Laurent Dassault enjoys creating, innovating and building. He is also very involved in many charitable and humanitarian organizations.

Laurent Dassault currently sits on the boards of numerous companies, mainly in the industry, finance, arts and philanthropy sectors.

He is also the co-manager of Artcurial Développement. As a major art collector, he is particularly involved in the art world on a personal level. Each year, for example, he organizes the Marcel Duchamp prize, in partnership with the Pompidou Center, the Modern Art Museum of Paris and the FIAC, and with the backing of Lazard Frères Gestion. This prize was created to support French artists and help them reach the international stage.

In 1994, Laurent Dassault became manager of Château Dassault, a Saint-Émilion Grand Cru Classé, and he is now Chairman of Dassault Wine Estates.

Corporate philanthropy and charitable work occupy an important place in Laurent Dassault's life and work.

In late 2013, he joined the *Association pour la Mémoire des Enfants Cachés et des Justes*, of which he is Treasurer. This association's main aim is to create a historic trail in Chambon-sur-Lignon in France, commemorating the town's role in protecting fugitive Jews during World War 2. Laurent Dassault is personally involved with the project through the design and creation of a Memorial garden.

Laurent Dassault became a *Chevalier de la Légion d'honneur* in France in 2003 and *Officer de l'Ordre de la Couronne* in Belgium in 2006. France then named him *Officier des Arts et des Lettres* in 2008, *Chevalier des Palmes Académiques* in 2010, *Officier de la Légion d'Honneur* in 2016 and *Officier dans l'Ordre du Mérite Agricole* in 2018.

POSITIONS CURRENTLY HELD

Dassault group (in France)

- Groupe Industriel Marcel Dassault SA (GIMD), Member of the Supervisory Board and Deputy Chief Executive Officer
- Dassault Wine Estates, Chairman
- Dassault Investissements, Manager
- Immobilière Dassault SA (*), Chairman of the Supervisory Board
- Rond-Point Immobilier, Member of the Supervisory Board
- Sogitec Industries SA, Director
- Arcturial Développement, Co-Manager
- Artcurial SA, Director
- Arqana (Artcurial), Advisor to the Management Board

Dassault group (outside France)

- Dassault Belgique Aviation (Belgium), Director
- Midway Aircraft Corporation (subsidiary of Falcon Jet) (USA), Chairman
- Sitam America Corp. (USA), Director

OTHER POSITIONS AND OFFICES HELD (IN FRANCE)

- Laurent Dassault Rond-Point (SCI), Managing Partner
- Laurent Dassault Rond-Point II (SAS), Chairman
- 21 Central Partners (Benetton group), Member of the Supervisory Board
- Société Financière Louis Potel & Chabot, Non-voting Director
- SCI Les Hautes Bruyères, Partner
- Sagard Private Equity Partners SAS, Member of the Advisory Committee
- Pechel Industrie SAS, Member of the Steering Committee
- Comité des Champs-Elysées, Director
- FLCP & Associés, Member of the Supervisory Board
- Amis du Fond Régional Art Contemporain Aquitaine, Chairman
- Amis du Musée (Centre Pompidou), Director
- Association pour la Diffusion Internationale de l'Art Français (ADIAF), Director
- Amis du Musée d'Orsay et de L'Orangerie, Vice-Chairman and Director
- Fond pour Paris, Director
- Association pour la Mémoire des Enfants Cachés et des Justes, Member of the Board of Directors and Treasurer
- Amis de la Fondation Serge Dassault, Chairman
- Organisation pour la Prévention et la Cécité (OPC), Director
- Association des Anciens Honneurs Héréditaires, Director

OTHER POSITIONS AND OFFICES HELD (OUTSIDE FRANCE)

- Kudelski SA (*) (Switzerland), Director and Member of the Strategy Committee
- Skidata (Nagra Kudelski Group), Director and Member of the Strategy Committee
- La Maison (Cicurel group) (Luxembourg), Member of the Supervisory Board
- Catalyst Investments II LP, Chairman of the Advisory Board
- Lepercq, de Neuflize & Co. Inc (USA), Director
- Real Estate SCA SICAR (Luxembourg), Chairman of the Investors Committee
- Warwyck Bank (Mauritius), Director
- Geosatis (Secure Electronic Monitoring solution) (Switzerland), Director
- CNP (Compagnie Nationale à portefeuille) (Belgium), Director
- Power Corporation of Canada, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- The Related Party and Conduct Review Committee of Power Corporation of Canada, Member

(*) Listed company.

1.1.1.3. Family Relationships

There is a family relationship between the Chairman and a member of the Supervisory Board: Yannick Bolloré is Cyrille Bolloré's brother. In addition, they are both sons of Vincent Bolloré, the non-voting member of the Supervisory Board. To the company's knowledge, there are no other family ties between any members of the Supervisory Board.

There is a family relationship between two members of the Supervisory Board and a member of the Management Board: Yannick and Cyrille Bolloré are cousins of Cédric de Bailliencourt. To the company's knowledge, there are no other family relationships between the Supervisory Board members and the Management Board members.

1.1.1.4. Absence of Conflicts of Interest

Each Supervisory Board member is fully committed to respecting Vivendi's interests and promoting value creation for all stakeholders. To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Supervisory Board or Vivendi and any non-voting member in terms of their personal interests or other responsibilities.

The Supervisory Board's internal rules specify that its members and non-voting members have a duty to inform the Supervisory Board and the lead independent member of any actual or potential conflict of interest they have encountered or might encounter in the future. These rules also provide that the role of the lead independent member is to coordinate, within the Corporate Governance, Nominations and Remuneration Committee, procedures for identifying, managing and preventing any actual or potential conflicts of interest within the Supervisory Board.

When the Supervisory Board discusses any matter relating, directly or indirectly, to one of its members, the member concerned may be asked to leave the Supervisory Board meeting during the voting and deliberations. For matters relating to the Chairman of the Supervisory Board, the Vice Chairman is temporarily responsible for chairing the meeting. For matters that may concern the non-voting member, where necessary they are asked to leave the Supervisory Board meeting during the related discussions.

Any business relationships between the Bolloré Group and certain Vivendi subsidiaries are ordinary business relationships entered into on arm's length terms and do not cause any conflicts of interest between Vivendi and Yannick, Cyrille and Vincent Bolloré. For a description and quantification of these business relationships, please see Note 22.3 "Other Related-Party Transactions" in the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2019, presented in Chapter 4 of this Annual Report – Universal Registration Document.

Additionally, in accordance with Article L. 225-87 of the French Commercial Code, as amended by Law no. 2019-486 of May 22, 2019 (the "Pacte law"), at its meeting on November 14, 2019, the Supervisory Board adopted a formal procedure for regularly assessing whether routine agreements entered into on arm's length terms actually meet these two qualifying criteria. A description of this procedure and its implementation is set out in Section 1.2.10 of this chapter.

1.1.1.5. Absence of Any Conviction for Fraud, Liability Associated with a Business Failure or Public Incrimination and/or Sanction

Over the past five years, to the company's knowledge:

- no member of the Supervisory Board has been convicted of a fraudulent offense;
- no member of the Supervisory Board has been involved in any bankruptcies, receiverships or liquidations while serving on an administrative, management or supervisory body;
- no official public incrimination or sanction has been brought against or imposed on any member of the Supervisory Board; and
- no member of the Supervisory Board has been disqualified by a court from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the affairs of any issuer.

1.1.1.6. Agreements between the Company and Members of the Supervisory Board – Service Agreements

No service agreement has been entered into between a Supervisory Board member and the company or any one of its subsidiaries under which that member would receive benefits.

1.1.1.7. Loans and Guarantees Granted to Members of the Supervisory Board

The company has not granted any loans or issued any guarantees to any member of the Supervisory Board.

1.1.1.8. Internal Regulations and Jurisdiction of the Supervisory Board

Authority and Functions of the Supervisory Board pursuant to French Law and the Company's By-Laws

The Chairman and Vice Chairman of the Supervisory Board, elected for a period not exceeding their terms as members of the Supervisory Board, are responsible for convening the Supervisory Board as often as is required in the interest of the company and for chairing its debates.

Upon the proposal of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board appoints the members of the Management Board and sets the policy and criteria for determining, allocating and granting their compensation elements. The members may be removed at any time.

The Supervisory Board reviews and determines the company's strategic plans. It authorizes the Management Board to implement substantial acquisitions, sales, internal restructuring transactions and other transactions that could have an impact on the group's financial structure, including strategic partnership agreements. It also reviews the company's corporate social responsibility (CSR) policy.

The Supervisory Board oversees the Management Board's management of the company in compliance with the law and the company's by-laws.

It may proceed with any verification or control checks it deems appropriate and is provided with all documents it deems useful to the fulfillment of its purpose and functions.

Internal Regulations

The Internal Regulations of the Supervisory Board is a purely internal document intended to supplement the company's by-laws by setting out the Supervisory Board's operational procedures and the rights and duties of its members. It is not enforceable against third parties and may not be invoked by them against members of the Supervisory Board.

Functions and Powers of the Supervisory Board under the Internal Regulations

Based upon the recommendations of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board issues opinions on the proposed candidacies of Vivendi's Corporate Officers for positions as Directors or members of the supervisory boards in other entities.

The following transactions require the prior approval of the Supervisory Board:

- disposals or sales of all or a portion of investments in companies, where any individual transaction exceeds €300 million;
- issues of securities that, directly or indirectly, give rights to the share capital of the company or issues of convertible bonds in excess of €100 million;
- issues of non-convertible bonds in excess of €500 million, except in respect of transactions for the purpose of renewing debt obligations on more favorable terms than those initially granted to the company;
- share repurchase programs proposed at the Ordinary Shareholders' Meeting, and financing transactions that are material or that may substantially alter the financial structure of the company, with the exception of financing to optimize the company's debt structure;
- the grant of sureties, endorsements and guarantees by the Management Board in favor of third parties, provided that each individual obligation does not exceed €300 million and that together all obligations do not exceed €1 billion. This authorization, which is given to the Management Board for 12 months, is reviewed every year;
- substantial internal restructuring transactions, transactions falling outside the company's publicly disclosed strategy and strategic partnership agreements;
- the setting up of stock option plans, performance share plans or any other mechanisms with a similar purpose or effect;
- the grant of stock options or performance shares to members of the Management Board, and the determination of the number of shares they must own during their terms of office;
- the submittal of proposals to the General Shareholders' Meeting to amend the company's by-laws, allocate profits and set the dividend amount; and
- the setting of the compensation policy and its components for the members of the Management Board, and the drafting of the sections of the corporate governance report and resolutions that relate to such compensation policy to be submitted to the General Shareholders' Meeting.

1.1.1.9. Role and Responsibilities of the Lead Independent Member of the Supervisory Board

Upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board may designate a lead independent member from among the members qualified as independent by the Supervisory Board.

The lead independent member carries out this role for the term of his or her office as a member of the Supervisory Board, unless the Board decides to terminate the role or the lead independent member no longer qualifies as an independent member, for whatever reason.

The lead independent member is responsible for:

- assessing the Board's operating procedures: the lead independent member is responsible for overseeing the assessment process, in association with the General Counsel, and for reporting on said assessment to the Board, in association with the Corporate Governance, Nominations and Remuneration Committee;
- preventing conflicts of interest: the lead independent member coordinates the oversight work carried out by the Corporate Governance, Nominations and Remuneration Committee aimed at identifying, examining and preventing any potential conflicts of interest (and managing any existing conflicts of interest) within the Supervisory Board and/or with the non-voting members of the Supervisory Board; informs the Chairman of any such conflicts of interest and reports to the Board on the work undertaken; and
- ensuring the conditions necessary for the Board's smooth operation: the lead independent member ensures compliance with the internal rules of the Supervisory Board and with the recommendations set out in the AFEP-MEDEF Code. He or she may make any suggestion or recommendation he or she deems useful. He or she ensures that Board members are able to fulfill their duties in the best possible manner and in the interests of all shareholders and that they receive sufficient information to fulfill such duties.

1.1.1.10. Role and Responsibilities of the Non-Voting Member of the Supervisory Board

Pursuant to Article 10-6 of Vivendi's by-laws, the Supervisory Board may appoint one or two non-voting members, enabling the company to benefit from specific experience in precise, and often highly specialized, domains. Non-voting members participate in an advisory capacity at Supervisory Board meetings. They can express their opinions fully independently and make an important contribution to the Board's work.

At its April 15, 2019 meeting, the Supervisory Board, acting on the recommendation of the Chairman of the Corporate Governance, Nominations and Remuneration Committee, decided to appoint Vincent Bolloré as a non-voting member of the Board for a four-year term. Mr. Bolloré had been a voting member of the Supervisory Board up until the General Shareholders' Meeting held on that same date (April 15, 2019), when his term expired. Vincent Bolloré does not receive any compensation for his role as a non-voting Board member.

Vincent Bolloré's expertise and experience covers the full range of skills required within the Supervisory Board, thereby providing Vivendi with the necessary 360° vision to successfully pursue over the long term the project it launched in 2014 to become an integrated multinational company focused on the content, media and communication businesses.

Following his appointment, the company ensured that the non-voting Board member was fully aware of the applicable regulations relating to market abuse, and specifically the rules concerning non-disclosure of inside information. The Supervisory Board also strengthened its procedure for managing conflicts of interest, which now provides that the non-voting member may not take part in any discussions on issues giving rise to any actual or potential current or future conflicts of interest. See Section 1.1.1.4 of this chapter for further details on this procedure.

Since his appointment, the non-voting member has been regularly consulted by the Supervisory Board, notably due to his experience and expertise in relation to the group and its businesses.

1.1.1.11. Supervisory Board Information and Decisions

Members of the Supervisory Board receive all the information necessary to perform their duties. Before any meeting, they may request any further documents they consider useful. Members of the Supervisory Board have the right to obtain information under the procedures set forth below.

Information Provided Prior to Meetings of the Supervisory Board
The Chairman of the Supervisory Board, with the assistance of the General Counsel, must send appropriate information to the other members of the Supervisory Board, depending on the items on the agenda.

Information Provided to the Supervisory Board on a Regular Basis
In addition to the regular information provided to the Supervisory Board by the Management Board regarding the company's operations and significant events, as well as on Vivendi's financial position, cash flow and obligations, the Management Board provides a quarterly report to the Supervisory Board on its activities and the group's operations.

Requests for information from members of the Supervisory Board relating to specific matters are sent to the Chairman and General Counsel who, along with the Chairman of the Management Board, are responsible for responding to such requests as soon as reasonably practicable. To supplement the information provided to them, members of the Supervisory Board are entitled to meet with the Management Board and the senior managers of the company, with or without the presence of members of the Management Board, after notice has been given to the Chairman of the Supervisory Board.

Collective Nature of the Supervisory Board's Decisions and Confidentiality of Information
The Supervisory Board acts as a body with collective responsibility. Its decisions are the responsibility of all of its members. Members of the Supervisory Board and any person attending meetings of the Supervisory Board are bound by strict confidentiality obligations with respect to any company information they receive in the context of meetings of the Supervisory Board and any of its committees, or confidential information presented by the Chairman of the Supervisory Board or Management Board and identified as such.

If the Supervisory Board is aware of specific confidential information that, if made public, could have a material impact on the share price of the company or the companies under its control, within the meaning of Article L. 233-3 of the French Commercial Code, members of the Supervisory Board must refrain both from disclosing such information to any third party and from dealing in the company's securities until such information has been made public.

Pursuant to Article 11.3 of the AFEP-MEDEF Code, the Supervisory Board meets at least once a year without any of the Management Board members being present. In addition, whenever members express the need, and depending on the agenda, the Supervisory Board is entitled to meet without the presence of its Chairman.

1.1.1.12. Activities of the Supervisory Board in 2019

In 2019, the Supervisory Board met seven times, with an average attendance rate of 96.2%.

It considered the following matters, among others:

- the review of the operational progress of the group's main business activities;
- the group's internal and external growth prospects, main strategic initiatives and opportunities;
- the regular review of acquisition and disposal projects;
- the plan to sell part of Universal Music Group's share capital;
- acquisition of 100% of the share capital of Editis;
- Canal+ Group's acquisition of M7;
- Canal+ Group's acquisition of the broadcasting rights for the Champions' League;
- various business development projects for Canal+ Group (the plan to set up a distribution sub-license partnership with beIN Sports and the distribution agreement with Walt Disney Company France);
- the acquisition of the entire share capital of the Endemol Shine Group by Banijay Group Holding (31.4%-owned by Vivendi);
- the monitoring of changes in the governance of Telecom Italia;
- Vivendi's conversion into a European company;
- synergies and cross-business initiatives within the group;
- the assessment of the quality and structure of the group's balance sheet;
- the review and approval of the proposals and work of the Audit Committee, as applicable;
- the review of the consolidated and statutory financial statements for fiscal year 2018, the 2019 budget, and information contained in the 2019 half-year consolidated financial statements approved by the Management Board;
- the group's cash position;
- the renewal of the EMTN program and the increase in its amount from €3 billion to €5 billion;
- the launch and implementation of a new share repurchase program;
- the review of related-party agreements approved during previous periods remaining in force in 2018;
- the approval of the procedure for assessing routine agreements entered into on arm's length terms;
- the approval of the corporate governance report;
- the review of the quarterly business reports prepared by the Management Board;
- the review and approval of the proposals and work of the Corporate Governance, Nominations and Remuneration Committee, as applicable;
- the composition of the Supervisory Board and its committees;
- the appointment of a non-voting member of the Supervisory Board;

- authorization of an employment contract for the advisor to the Chairman of the Management Board;
- authorization of amendments to the employment contracts of certain Vivendi executives;
- the review of succession plans within the group;
- the assessment of the performance of the Supervisory Board and its committees;
- the compensation of the Chairman of the Supervisory Board;
- the setting of the compensation of the Chairman and members of the Management Board;
- the grant of performance shares to members of the Management Board;
- changes to the calculation methods for determining entitlements accrued at December 31, 2019 under the supplemental defined-benefit pension plan for the Chairman and members of the Management Board;
- the review of the company's equal opportunities, gender parity and diversity policy;
- the employee shareholding policy and status;
- the share capital increases reserved for employees in 2019;
- the employee shareholding plan scheduled for launch in 2020;
- the review and approval of the proposals and work of the CSR Committee, as applicable;
- the review of the company's corporate social responsibility (CSR) policy;
- the approval of the draft resolutions relating to the compensation of the members of the Supervisory Board and the Management Board, submitted to the General Shareholders' Meeting held on April 15, 2019;
- the review of the resolutions approved by the Management Board and submitted to the General Shareholders' Meeting held on April 15, 2019; and
- a review of the legal investigations and proceedings in progress, notably the dispute between Vivendi and Mediaset.

1.1.1.13. Assessment of the Supervisory Board's Performance

On a regular basis, and at least once every three years, the Supervisory Board undertakes a formal assessment of its performance alongside the Corporate Governance, Nominations and Remuneration Committee. Each year, as part of this assessment, the Corporate Governance, Nominations and Remuneration Committee also reviews the situation of each Supervisory Board member in terms of their individual contribution to the Board's work, the balance of skills on the Board and the prevention of any current or future actual or potential conflicts of interest.

At its meeting held on February 13, 2020, the Supervisory Board conducted an assessment of its performance based on a questionnaire issued to each member of the Supervisory Board and through individual interviews led by Vivendi's General Counsel and supervised by the lead independent member. The review highlighted that the Supervisory Board members:

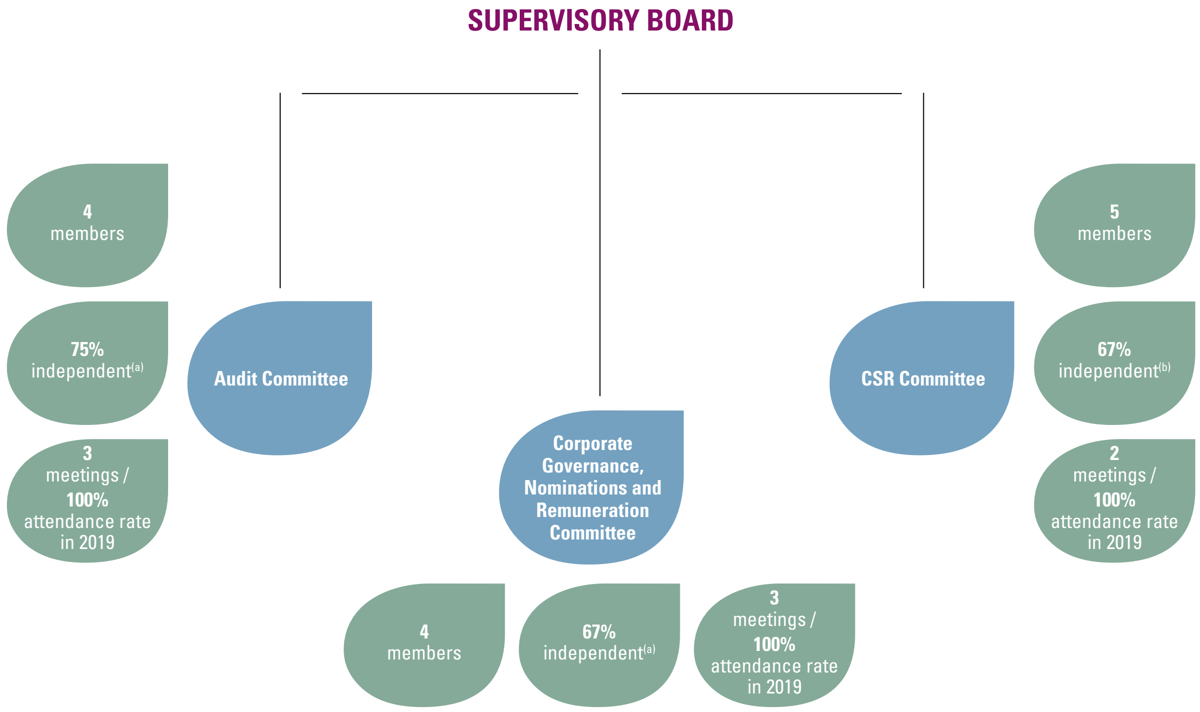
- were satisfied with the size of the Board and its composition in terms of age, nationality and diversity of profiles and skills, but certain members felt that the Supervisory Board could benefit from the appointment of a new member;
- were satisfied with the length of notice given for Board meetings, the way in which Board meetings are conducted, the consideration given to their requests, and the allocation of work between the Board and its Committees;
- felt that they received sufficient information to fulfill their role;
- were of the view that the Board dealt with issues and subjects within its remit and that it had a satisfactory level of involvement in the company's major decisions, particularly concerning financial and strategic issues, as well as matters relating to non-financial information, which is an important new domain; and
- noted that the Supervisory Board is mindful of social and environmental issues and has expressed its intention to take these issues into account to an even greater extent.

Following the assessment, the Supervisory Board felt that it would be beneficial to reinforce its expertise in business development and strategy by appointing a new independent Board member. If a new independent member is appointed, the proportion of independent Supervisory Board members would increase to 60% from the current rate of 56%.

1.1.1.14. Committees of the Supervisory Board

Organization and Operating Procedures of the Committees

The Supervisory Board has established three specialized committees and decided on their composition and functions, namely: (i) the Audit Committee, (ii) the Corporate Governance, Nominations and Remuneration Committee, and (iii) the CSR Committee. The members of these committees are indicated in the respective Composition sections below. The functions of the committees may not include delegated powers granted to the Supervisory Board by law or pursuant to the company's by-laws, or reduce or limit the powers of the Management Board. Within the scope of the powers granted to it, each committee issues proposals, recommendations or advice, as required.



(a) Excludes the member representing employees.

(b) Excludes the member representing employee shareholders and the member representing employees.

The Supervisory Board has appointed a Chairman for each committee. The three Committees of the Supervisory Board are comprised of Supervisory Board members, appointed by the Supervisory Board. The members are appointed on a personal basis and cannot be represented by a delegate. Each committee determines the frequency of its meetings, which are held at the registered office of the company or in any other place that may be agreed by the Chairman of the committee. Committee meetings can also be held using videoconferencing or other telecommunications means.

The Chairman of each committee sets the agenda for meetings after consultation with the Chairman of the Supervisory Board. Minutes of each committee meeting are taken under the authority of the Chairman of the relevant committee, and are sent to the members of the committee and to all other members of the Supervisory Board. Information about the committees' work is included below.

Each committee may request from the Management Board any document it deems necessary to fulfill its role and carry out its functions. The committee may carry out or commission surveys to provide information for the Supervisory Board's discussions, and may request external consulting expertise as required.

The Chairman of each committee may invite all members of the Supervisory Board to attend a committee meeting. However, only committee members can take part in its deliberations. Each committee may decide to invite any individual of its choice to its meetings, as needed.

In addition to permanent committees, the Supervisory Board may establish internal committees comprised of all or some of its members, each for a limited term for transactions or assignments that are exceptional in terms of their importance or nature.

Audit Committee

Composition

The Audit Committee is currently composed of four members, three of whom are independent and all of whom have finance or accounting expertise. Its members are: Cathia Lawson-Hall (Chairwoman), Cyrille Bolloré, Michèle Reiser and Katie Stanton.

Activity

Following their appointment, members of the committee are informed as required of the accounting, financial and operational standards used within the company and the group.

In 2019, the Audit Committee met three times, in the presence of the company's Statutory Auditors, with an attendance rate of 100%. The Audit Committee received information from, among other sources, the company's Statutory Auditors, the Chief Financial Officer, the General Counsel, the Head of Legal Affairs, the Senior Vice President of Consolidation and Financial Reporting, the Senior Vice President of Financing and Treasury, the Senior Vice President of Planning and Group Controller, the Senior Vice President of Taxes, and the Senior Vice President of Audit and Risks.

Its work notably consisted of a review of:

- the financial statements for fiscal year 2018, the 2019 half-year financial statements and the Statutory Auditors' reports;
- the 2019 budget;
- the group's financial policy and financial position;
- asset impairment tests;
- the group's financial management (investment, debt and foreign exchange);

- the process for monitoring changes in accounting standards;
- the internal audit of the headquarters and subsidiaries, and internal control procedures within the group;
- the analysis of risks and associated key audits;
- the report of the Supervisory Board on corporate governance;
- tax risks and changes in France's tax laws and regulations;
- the insurance program;
- the non-audit services provided by the Statutory Auditors and their fees;
- the implementation and deployment of the compliance program relating to anti-corruption measures, the duty of care and personal data protection;
- the risk map and the 2020 audit plan;
- the CSR risk map;
- the procedure for assessing routine agreements entered into on arm's length terms; and
- a review of the legal investigations and proceedings in progress, notably the dispute between Vivendi and Mediaset.

Corporate Governance, Nominations and Remuneration Committee

Composition

The Corporate Governance, Nominations and Remuneration Committee currently comprises four members, two of whom are independent, i.e., a majority of its members are independent **(1)**. Its members are Philippe Bénacin (Chairman), Cyrille Bolloré, Paulo Cardoso and Aliza Jabès.

Activity

In 2019, the Corporate Governance, Nominations and Remuneration Committee met three times, with an attendance rate of 100%.

Its work primarily focused on the following matters:

- the compensation of the Chairman of the Supervisory Board;
- the fixed and variable compensation of members of the Management Board and its Chairman;
- the 2018 bonuses paid in 2019;
- the expenses of the Corporate Officers;
- the compensation policy for 2019;
- changes to the calculation methods for determining entitlements accrued at December 31, 2019 under the supplemental defined-benefit pension plan for the Chairman and members of the Management Board;
- Vivendi's conversion into a European Company;
- the main changes introduced by French Law no. 2019-486 of May 22, 2019 (the "Pacte law");
- the review of the draft resolutions approved by the Management Board and the Supervisory Board and submitted to the General Shareholders' Meeting held on April 15, 2019;
- the analysis of the results of the votes at the April 15, 2019 General Shareholders' Meeting concerning the compensation of the Chairman and members of the Management Board;
- the implementation of an annual performance share plan in 2019;
- the implementation of a share capital increase reserved for employees in 2019;
- the main terms and conditions of the employee shareholding plan scheduled for launch in 2020;
- the composition of the Supervisory Board and its committees;
- the appointment of a non-voting member of the Supervisory Board;
- authorization of an employment contract for the advisor to the Chairman of the Management Board;
- authorization of amendments to the employment contracts of certain Vivendi executives;
- the review of the independence of the Supervisory Board members;
- the review of the succession plans within the group and the retention of key employees;
- the review of the company's equal opportunities, gender parity and diversity policy; and
- the assessment of the performance of the Supervisory Board and its committees.

Corporate Social Responsibility (CSR) Committee

Composition

The CSR Committee is currently composed of five members, two of whom are independent. Its members are Paulo Cardoso (Chairman), Véronique Driot-Argentin, Cathia Lawson-Hall, Sandrine Le Bihan and Michèle Reiser.

Activity

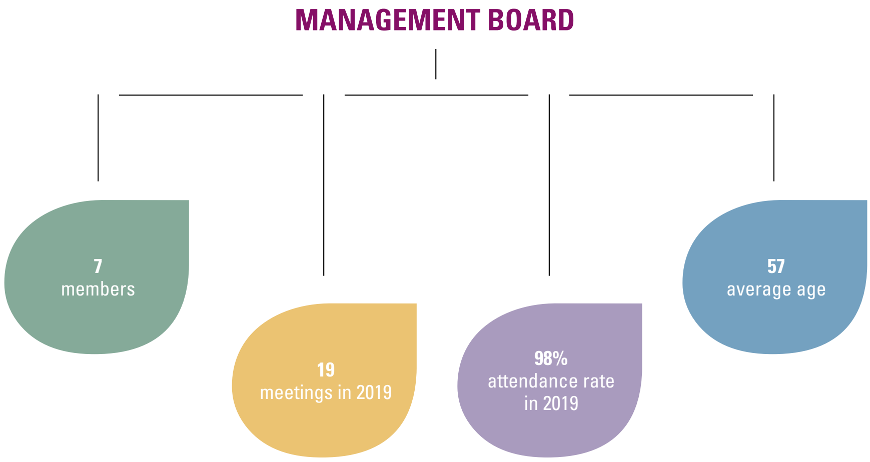
In 2019, the CSR Committee met twice, with an attendance rate of 100%.

Its work primarily focused on the following matters:

- the non-financial performance statement;
- the Diversity Committee;
- the group's partnerships; and
- the group's social and environmental work.

(1) The member representing employees.

1.2. Management Board



1.2.1. GENERAL PROVISIONS

Pursuant to Article 12 of Vivendi's by-laws, the Management Board may be composed of a minimum of two and a maximum of seven members. Members of the Management Board are appointed by the Supervisory Board to serve four-year terms. The terms of office of members of the Management Board expire no later than at the close of the General Shareholders' Meeting held to approve the financial statements for the fiscal year during which the member reaches the age of 68. However, the Supervisory Board may extend that member's term, on one or more occasions, for a period not exceeding two years in total (Article 12 of Vivendi's by-laws).

Pursuant to Article 14 of Vivendi's by-laws, each member of the Management Board may choose to attend meetings by videoconferencing or telecommunication means.

As of 2015, each member of the Management Board acts as an advisor to one or more members of the Supervisory Board. This system fosters greater dialog and exchange between Supervisory Board and Management Board members.

1.2.2. COMPOSITION OF THE MANAGEMENT BOARD

Current Composition of the Management Board

Members of the Management Board are appointed by the Supervisory Board upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. The Supervisory Board ensures that the membership of the Management Board enables it to implement the group's strategy in the best interests of all shareholders and other stakeholders. Management Board members may hold a wide range of positions within the Vivendi group or its core shareholder.

The Management Board currently has seven members, whose terms of office are due to expire on June 23, 2022 **(1)**. For detailed information about the Management Board members, please see below under "Main Activities of the Current Members of the Management Board".

When Vivendi was fully consolidated in the financial statements of Bolloré, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, decided that it was in the interests of all Vivendi shareholders for the Management Board to benefit from the additional experience of two representatives of the Bolloré Group, in charge of inter-group coordination in relation to accounting standards and financial communications, respectively. Since their appointment, the remit of these representatives has been extended to include more of the Vivendi group's operational aspects:

- Gilles Alix has become more extensively involved in the business development of New Initiatives, particularly in Africa, and also helped finalize the agreement announced on December 31, 2019 between Vivendi and a consortium led by Tencent concerning the consortium's project to acquire 10% of Universal Music Group; and
- Cedric de Bailliencourt now also handles non-financial aspects as part of his work on coordinating inter-group investor relations and financial communication. He has also become more extensively involved in Vivendi's strategic financial projects, as illustrated by his role in the sale of the company's residual interest in Ubisoft and in managing Vivendi's main bank financing arrangements.

In addition, some Management Board members may hold operational positions within the group, notably at Gameloft, Groupe Vivendi Africa and Vivendi Village.

Changes in the composition of the Management Board

The Supervisory Board **(2)** and the Vivendi group in general view gender parity and diversity within executive teams as vitally important.

The number of Management Board members is currently at the maximum level allowed by law and Vivendi's by-laws and therefore no new members can be appointed. However, at its meeting on February 13, 2020, based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided that if any Management Board member leaves before the end of their current term, it will appoint one woman member to the Management Board by the end of 2020 and another in 2021.

(1) Term renewed for a four-year period as from June 24, 2018 as decided by the Supervisory Board on May 17, 2018.
(2) The Supervisory Board is currently comprised of 11 members, including six women (see Section 1.1.1.2 of this chapter).

Management Board Members

Name	Primary position	Age	Date of initial appointment and most recent re-election	Number of positions held in listed companies outside the group (*)	Individual attendance rate of Management Board members	Number of shares held directly or through the PEG (**)
Arnaud de Puyfontaine	Chairman of the Management Board	55	**04/23/2018** 06/24/2014	1	100%	278,598
	Member of the Management Board		**04/23/2018** 11/26/2013			
Gilles Alix	Member of the Management Board and Senior Vice President responsible for inter-group coordination	61	**04/23/2018** 09/01/2017	0	100%	3,705
Cédric de Bailliencourt	Member of the Management Board and Senior Vice President responsible for investor relations and inter-group financial communications	50	**04/23/2018** 09/01/2017	1	100%	4,436
Frédéric Crépin	Member of the Management Board, Group General Counsel and Group Chief Compliance Officer	50	**04/23/2018** 11/10/2015	0	100%	176,913
Simon Gillham	Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi	64	**04/23/2018** 11/10/2015	0	89.5%	160,545
Hervé Philippe	Member of the Management Board and Chief Financial Officer	61	**04/23/2018** 06/24/2014	0	100%	82,541
Stéphane Roussel	Member of the Management Board and Chief Operating Officer and Chairman and Chief Executive Officer of Gameloft	58	**04/23/2018** 06/24/2014	0	100%	258,526

(*) Number of positions held in listed companies outside the group's scope of consolidation. For a detailed list of current and previous positions, please see the section entitled "Main Activities of the Current Members of the Management Board" below.

(**) Units held in the Group Savings Plan (PEG) are valued based on Vivendi's share price at the close of business on December 31, 2019, i.e., €25.82.

Main Activities of the Current Members of the Management Board

ARNAUD DE PUYFONTAINE

Chairman of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Arnaud de Puyfontaine is a graduate of ESCP (1988), Multimedia Institute (1992) and Harvard Business School (2000).

He started his career as a consultant at Arthur Andersen and then in 1989 worked as a project manager at Rhône-Poulenc Pharma in Indonesia.

In 1990, he joined *Le Figaro* as Deputy Director.

In 1995, as a member of the founding team of the Emap group in France, he headed *Télé Poche* and *Studio Magazine*, managed the acquisition of *Télé Star* and *Télé Star Jeux*, and launched the Emap Star Division, before becoming Chief Executive Officer of Emap France in 1998.

In 1999, he was appointed Chairman and Chief Executive Officer of Emap France, and, in 2000, joined the Executive Board of Emap plc. He led several M&A deals, and concomitantly, from 2000 to 2005, served as Chairman of EMW, the Emap/Wanadoo digital subsidiary.

In August 2006, he was appointed Chairman and Chief Executive Officer of Editions Mondadori France. In June 2007, he became General Manager of all digital business for the Mondadori group.

In April 2009, Arnaud de Puyfontaine joined the US media group Hearst as Chief Executive Officer of its UK subsidiary, Hearst UK.

In 2011, on behalf of the Hearst group, he led the acquisition from the Lagardère group of 102 magazines published abroad, and, in June 2011, was appointed Executive Vice President of Hearst Magazines International. In August 2013, he was appointed Managing Director of Western Europe. He has also been Chairman of ESCP Europe Alumni.

From January to June 2014, Arnaud de Puyfontaine was a member of the Vivendi Management Board and Senior Executive Vice President in charge of its media and content operations. Since June 24, 2014, he has been Chairman of the Management Board.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Universal Music France (SAS), Chairman of the Supervisory Board
- Canal+ Group, Member of the Supervisory Board,
- Havas, Director
- Antinea 6, Chairman of the Board of Directors
- Editis Holding, Chairman of the Board of Directors

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Innit, Member of the Advisory Committee
- French-American Foundation, Honorary Chairman

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

- Telecom Italia SpA (*) (Italy), Director and Member of the Strategic Committee

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Studiocanal, Member of the Supervisory Board
- Canal+ Group, Chairman of the Supervisory Board
- Canal+ Group, Vice Chairman of the Supervisory Board
- Banijay Group (SAS), Permanent representative of Vivendi on the Supervisory Committee
- Kepler, Independent Director
- Melty group, Director
- French-American Foundation, Chairman
- ESCP Europe Alumni, Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia SpA (*) (Italy), Executive Chairman, Director and Vice Chairman of the Board of Directors
- GVT Participaçoes SA (Brazil), Chairman of the Board of Directors
- The National Magazine Company Limited (United Kingdom), Director
- Hearst-Rodale UK Limited (United Kingdom), Director
- Handbag.com Limited (United Kingdom), Director
- Hearst Magazines UK 2012-1 (United Kingdom), Director
- F.E.P. (UK) Limited (United Kingdom), Director
- COMAG (Condé Nast Magazine Distributors Limited) (United Kingdom), Director
- PPA (Professional Publishers Association) (United Kingdom), Director
- Compagnie Internationale de Presse et de Publicité (Monaco), Director
- Hearst Magazines, S.L. (Spain), Director
- Hearst Magazines Italia S.p.A (Italy), Director
- Iceberg lux, Member of the Advisory Committee
- Gloo Networks plc. (*) (United Kingdom), Non-Executive Chairman
- Schibsted Media group, Independent Director

(*) Listed company.

GILLES ALIX

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Gilles Alix is a graduate of EM Lyon (École Supérieure de Commerce de Lyon) and is a certified public accountant. He has been the Chief Executive Officer of the Bolloré Group since 2006.

In 1982, he began his auditing career at BEFEC. In 1987, he joined the Bolloré Group as Chief Financial Officer of the film division based in Brittany. His functions were then extended to all industrial divisions, after which he was appointed Director of Management Control of the group in 1994.

From 1997, Gilles Alix held various positions in the transport and logistics division of the group, notably with SAGA and DELMAS, where he served as Chairman from 1999 to 2006.

Gilles Alix was appointed to the Vivendi Management Board on September 1, 2017.

He is a *Chevalier de La Légion d'honneur* and a *Chevalier de l'Ordre National du Mérite*.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Vivendi Group Africa (SAS), Chairman

Bolloré Group (in France)

- BlueElec (SAS), Chief Executive Officer
- Société Autolib' (SAS), Chairman
- Blue Project (SAS), Chairman and Member of the Management Committee
- Société Bordelaise Africaine (SAS), Chairman
- Blue Sun (SAS), Chief Executive Officer
- Compagnie des Tramways de Rouen, Director
- Bolloré Africa Logistics, Director
- Bolloré Logistics (SE), Director
- Sofibol, Member of the Supervisory Board
- Bolloré SE (*), Permanent representative of Bolloré Participations on the Board of Directors
- Bolloré Energy, Permanent representative of Bolloré (SE) on the Board of Directors
- Financière de Cézembre, Permanent representative of Bolloré (SE) on the Board of Directors
- MP 42, Permanent representative of Bolloré (SE) on the Board of Directors
- Société Française Donges-Metz, Permanent representative of Bolloré (SE) on the Board of Directors
- Socotab, Permanent representative of MP 42 on the Board of Directors

Bolloré Group (outside France)

- African Investment Company, Chairman of the Board of Directors
- Participaciones y Gestion Financiera SA, Chairman of the Board of Directors
- Pargefi Helios Iberica Luxembourg, Chairman of the Board of Directors
- Bolloré Transport & Logistics Gabon (formerly Bolloré Africa Logistics Gabon), Director
- Blue Solutions Canada Inc. (formerly Bathium Canada Inc.), Director
- Empresa de Manutencion y Consignation Maritima SA, Director
- Internacional de Desarrollo Portuarios SA, Director
- Movimientos Porturios Internacionales SA, Director
- Operativa Internacional Porturia SA, Director
- Participaciones e Inversiones Porturias SA, Director
- Participaciones Ibero Internacionales SA, Director
- PDI, Director
- Progosa Investment, Director
- P.T.R. Finances SA, Director
- Sorebol SA, Director
- SNO Investments Ltd, Director
- Pargefi Helios Iberica Luxembourg, Director
- Sorebol UK Ltd, Director
- Douala International Terminal, Permanent representative of Socopao SA on the Board of Directors
- Bolloré Transport & Logistics Senegal (formerly Bolloré Africa Logistics Senegal), Permanent representative of Société de Participations Africaines on the Board of Directors
- Conakry Terminal, Permanent representative of Société de Participations Africaines on the Board of Directors
- Bolloré Transport & Logistics Congo (formerly Bolloré Africa Logistics Congo), Permanent representative of Société d'Exploitation Portuaire Africaine on the Board of Directors
- Bolloré Transport & Logistics Cameroun (formerly Bolloré Africa logistics Cameroun), Permanent representative of SDV Mining Antrak Africa on the Board of Directors
- Congo Terminal, Permanent representative of SDV Mining Antrak Africa on the Board of Directors
- La Forestière Équatoriale, Permanent representative of Société Bordelaise Africaine on the Board of Directors
- Camrail, Permanent representative of SCCF on the Board of Directors
- JSA Holding B.V., Managing Director
- Blue Congo, Chairman of the Management Committee

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Fred & Farid Group (SAS)

POSITION AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Havas Media France (SA), Director
- Havas, Permanent representative of Financière de Sainte-Marine on the Board of Directors
- Bluealliance (SAS), Chairman
- Blue Sun (SAS), Chairman
- Bluecub (SAS), Chairman
- Bluely (SAS), Chairman
- Bluelib (SAS), Chairman
- Bluestorage, Chairman
- Whaller (SAS), Director – Bolloré Logistics (SAS), Director
- Blue Project, Member of the Management Committee
- Havas Media Africa (SAS), Member of the Executive Board
- Blue Solutions, Chief Executive Officer
- Bolloré Transport & Logistics Corporate, Chief Executive Officer
- Bluebus, Director
- Camrail, Director
- W&Cie, Permanent representative of Bolloré
- CD Africa, Member of the Strategic Committee

(*) Listed company.

CÉDRIC DE BAILLIENCOURT

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Cédric de Bailliencourt is a graduate of Bordeaux Institut d'Études Politiques. He holds a Master's degree in Political and Social Communications from Paris-Sorbonne I University.

He has served as the Bolloré Group's Chief Financial Officer since 2008, as Vice Chairman of Bolloré and, since 2002, as Vice Chairman and Chief Executive Officer of Financière de l'Odet. He joined the Bolloré Group in 1996 as Chairman of Bolloré Participations.

Cédric de Bailliencourt is a member of Vallourec's Supervisory Board and a permanent representative of Compagnie du Cambodge on the Supervisory Board of Banque Hottinguer.

Mr. de Bailliencourt was appointed to the Vivendi Management Board on September 1, 2017.

POSITIONS CURRENTLY HELD

Bolloré Group (in France)

- Financière de l'Odet SE (*), Vice Chairman and Director
- Bolloré SE (*), Vice Chairman and Director
- Compagnie du Cambodge (*), Vice Chairman and member of the Supervisory Board
- Compagnie des Tramways de Rouen, Chairman of the Board of Directors
- Financière Moncey (*), Chairman of the Board of Directors
- Société des Chemins de Fer et Tramways du Var et du Gard, Chairman of the Board of Directors
- Société Industrielle et Financière de l'Artois (*), Chairman of the Board of Directors
- Compagnie des Glénans, Chairman
- Compagnie de Tréguennec, Chairman
- Compagnie de Guénolé, Chairman
- Compagnie de Guilvinec, Chairman
- Compagnie de Pleuven, Chairman
- Financière de Kerdevot, Chairman
- Financière V, Chairman
- Financière de Beg Meil, Chairman
- Financière d'Ouessant, Chairman
- Financière du Perguet, Chairman
- Financière de Pont-Aven, Chairman
- Financière d'Iroise, Chairman
- Imperial Mediterranean, Chairman
- Compagnie de Pont-l'Abbé, Chairman
- Financière de Quimperlé, Chairman
- Compagnie de Concarneau, Chairman
- Compagnie de l'Argol, Chairman
- Compagnie de Loctudy (SAS), Chairman
- Compagnie de Sauzon (SAS), Chairman
- Socarfi, Manager
- Compagnie de Malestroit, Manager
- Bolloré Participations SE, Director
- Omnium Bolloré, Director
- Sofibol, Member of the Supervisory Board
- Socotab, Permanent representative of Bolloré SE on the Board of Directors

Bolloré Group (outside France)

- Redlands Farm Holding, Chairman
- Plantations des Terres Rouges, Chairman of the Board of Directors
- PTR Finances, Chairman of the Board of Directors
- SFA, Chairman of the Board of Directors
- African Investment Company, Director
- Financière du Champ de Mars, Director
- La Forestière Équatoriale (*), Director
- BB Groupe, Director
- PTR Finances, Director
- Sorebol, Director
- Technifin, Director
- Pargefi Helios Iberica Luxembourg, Director
- Participaciones y gestion financiera SA, Permanent representative of Pargefi Helios Iberica Luxembourg SA on the Board of Directors
- Nord-Sumatra Investissements, Permanent representative of Bolloré Participations SE on the Board of Directors

OTHER POSITIONS AND OFFICES HELD (IN FRANCE)

- Vallourec (*), Member of the Supervisory Board
- Banque Hottinguer (formerly Banque Jean-Philippe Hottinguer & Cie), Permanent representative of Compagnie du Cambodge on the Board of Directors

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

- Socfinde, Permanent representative of Bolloré Participations SE on the Board of Directors
- Terrasia, Permanent representative of Bolloré Participations SE on the Board of Directors
- Socfin (formerly Socfinal) (*), Permanent representative of Bolloré Participations SE on the Board of Directors
- Induservices SA., Permanent representative of Bolloré Participations SE on the Board of Directors

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Compagnie de Cornouaille, Chairman
- Financière de l'Odet (*), Chief Executive Officer
- Compagnie du Cambodge (*), Chairman of the Management Board
- Blueboat (formerly Compagnie de Bénodet), Chairman
- Financière de Sainte-Marine, Chairman
- SCI Lombertie, Co-Manager
- Socfinaf (formerly Intercultures) (*), Permanent representative of Bolloré Participations on the Board of Directors
- Musée National de la Marine, Director

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Socfinasia (*), Permanent representative of Bolloré Participations SE on the Board of Directors

(*) Listed company.

FRÉDÉRIC CRÉPIN

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Frédéric Crépin is a graduate of Institut d'Études Politiques de Paris (Sciences-Po), and holds a Master's degree in European business law from Université Panthéon-Assas (Paris II), a Master's degree in labor and employment law from Université Paris Ouest Nanterre La Défense (Paris X Nanterre), and an LLM degree (Master of Laws) from New York University School of Law.

Admitted to the bars of both Paris and New York, Frédéric Crépin began his career working as an attorney at several law firms. He was an associate at Siméon & Associés in Paris from 1995 to 1998 and at Weil Gotshal & Manges LLP in New York from 1999 to 2000.

From July 2000 to August 2005, Frédéric Crépin served as a Special Advisor to the General Counsel and as a member of the Legal department of Vivendi Universal before being appointed Senior Vice President and Head of the Legal department of Vivendi in August 2005. In June 2014, he was named General Counsel of the Vivendi group. In September 2015, he became General Counsel of Canal+ Group. In October 2018, he was appointed Group Chief Compliance Officer.

He was appointed to the Vivendi Management Board on November 10, 2015.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Canal+ Group, Member of the Supervisory Board
- Universal Music France (SAS), Member of the Supervisory Board
- Gameloft, Director
- Dailymotion, Director
- Canal Olympia, Director
- L'Olympia (SAS), Director
- SIG 116 (SAS), Chairman
- SIG 120 (SAS), Chairman

Vivendi group (outside France)

- Vivendi Holding I LLC (United States), Director
- Vivendi Exchangeco Inc. (Canada), Vice Chairman

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Studiocanal, Member of the Supervisory Board
- SIG 73, Chairman and Chief Executive Officer and Director
- SIG 108 (SAS), Chairman
- SIG 114 (SAS), Chairman
- SIG 115 (SAS), Chairman
- SIG 117 (SAS), Chairman
- SIG 119 (SAS), Chairman
- MyBestPro (formerly Wengo), Director
- Société d'Édition de Canal+, Permanent representative of the Canal+ Group on the Board of Directors

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia (*), Director and Member of the Strategy Committee and the Nominations and Remuneration Committee

(*) Listed company.

SIMON GILLHAM

Member of the Management Board

British citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Simon Gillham holds degrees from the Universities of Sussex and Bristol. In 1981, Simon Gillham began his career at Thomson where he was responsible for training. In 1985, he formed his own training and communication company, York Consultants. In 1991, he was appointed Vice President Communications of Thomson Consumer Electronics and subsequently joined the CarnaudMetalbox group in 1994. In early 1999, Simon Gillham became Vice President, Global Communications of the Valeo group before taking on the role of Vice President, Communications at Havas in April 2001. In 2007, he joined Vivendi, serving as Senior Executive Vice President, Communications & CSR.

Simon Gillham is Chairman of Vivendi Village. In this role, he oversees the activities of Vivendi Ticketing, L'Olympia and the Théâtre de l'Œuvre. He is also responsible for LIVE activities, Olympia Production and U-Live at Vivendi Village. He is Chairman of the Copyrights Group in the United Kingdom.

He was appointed to the Vivendi Management Board on November 10, 2015.

He is Chairman of CA Brive Rugby Club.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Canal+ Group, Member of the Supervisory Board
- Universal Music France (SAS), Member of the Supervisory Board
- Dailymotion, Director
- See Tickets (ex Digitick), Director
- Vivendi Village (SAS), Chairman
- L'Olympia (SAS), Chairman
- UBU Productions (SAS), Chairman
- OL Production, Director

Vivendi group (outside France)

- Vivendi Live Limited (United Kingdom), Chairman
- See Group Limited (United Kingdom), Chairman of the Board of Directors
- The Way Ahead Group (United Kingdom), Chairman of the Board of Directors
- UK Ticketing Ltd (United Kingdom), Chairman of the Board of Directors
- The Copyrights Group Limited (United Kingdom), Chairman
- Vivendi Ticketing US LLC (USA), Director
- Paddington and Company Limited (United Kingdom), Director
- Marketreach Licencing Services Limited (United Kingdom), Director
- RBSA (United Kingdom), Director

OTHER POSITIONS AND OFFICES HELD (IN FRANCE)

- CA Brive Rugby Club (CABCL), Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- MyBestPro (formerly Wengo) (SAS), Chairman
- Digitick, Chairman of the Board of Directors
- Studiocanal, Member of the Supervisory Board
- Watchever, Chairman of the Board of Directors
- The Franco-British Chamber of Commerce, Director
- Fnac Darty (*), Permanent representative of Compagnie Financière du 42 avenue de Friedland on the Board of Directors

(*) Listed company.

HERVÉ PHILIPPE

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Hervé Philippe is a graduate of Institut d'Études Politiques de Paris and holds a degree in Economic Sciences. He began his career with Crédit National in 1982 as account manager for business financing in the Île-de-France region.

In 1989, he joined the French market authority, the *Commission des opérations de bourse* (COB), as manager of the French listed company sector. From 1992 to 1998, he served as Head of the Transactions and Financial Information department.

In 1998, he joined the Sagem group, where he held the positions of Director of Legal and Administrative Affairs at Sagem SA (1998-2000), Chief Administrative and Financial Officer at Sfim (1999-2000), and Director of Communication at Sagem SA (2000-2001). In 2001, he took on the role of Chief Financial Officer and became a member of the Sagem SA Management Board in 2003.

Hervé Philippe was appointed Chief Financial Officer of the Havas Group in November 2005 and, in May 2010, was named Deputy Chief Executive Officer until December 31, 2013.

He has served as Vivendi's Chief Financial Officer since January 1, 2014 and as a member of its Management Board since June 24, 2014.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Canal+ Group, Vice Chairman of the Supervisory Board
- Compagnie Financière du 42 avenue de Friedland (SAS), Chairman
- Dailymotion, Director and Member of the Audit Committee
- Universal Music France (SAS), Member of the Supervisory Board
- Antinea 6, Director
- Editis Holding, Member
- Havas, Director
- Banijay Group Holding (SAS), Permanent representative of Vivendi Content on the Supervisory Committee

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Sifraba 2, Director
- CA Brive Rugby Club (CABCL), Director

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

None

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Studiocanal, Member of the Supervisory Board
- Havas, Permanent representative of Financière de Longchamp on the Board of Directors
- Havas Life Paris, Permanent representative of Havas on the Board of Directors
- Havas Media France, Permanent representative of Havas on the Board of Directors
- Providence, Permanent representative of Havas on the Board of Directors
- BETC, Permanent representative of Havas on the Supervisory Board
- OPCI de la Seine et de l'Ourcq, Chairman of the Board of Directors
- LNE, Chairman of the Board of Directors
- HA Pôle Ressources Humaines, Chairman and Chief Executive Officer and Director
- Havas 04, Chairman and member of the Supervisory Board
- Havas 08, Chairman
- Rosapark (formerly Havas 11), Chairman
- Havas 12, Chairman
- Havas 14, Chairman
- Havas 16, Chairman
- Havas Immobilier, Chairman
- Havas Participations, Chairman
- Financière de Longchamp, Chairman
- Havas RH, Chairman
- Havas Worldwide Paris, Director
- W & Cie, Director
- Havas Finances Services, Co-Manager
- Havas Publishing Services, Co-Manager
- Havas IT, Manager
- Havas, Deputy Chief Executive Officer
- Leg, Chairman
- MFG R&D, Vice Chairman and member of the Supervisory Board
- Sifraba, Director
- Jean Bal, Director
- Harvest (*), Director

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia SpA (Italy) (*), Director
- GVT Participações S.A. (Brazil), Director
- Maroc Telecom, Member of the Supervisory Board
- GR.PO SA (Belgium), Director
- HR Gardens SA (Belgium), Director
- HR Gardens Belgium SA (Belgium), Director
- EMDS Group SA (Belgium), Director
- Banner Hills Systems Sprl (Belgium), Manager
- Field Research Corporation (United States), Chairman
- Havas Creative Inc. (United States), Senior Vice President and Director
- Havas North America Inc. (United States), Executive Vice-President and Director
- Data Communique Inc. (United States), Director
- Havas Middle East FZ LLC (United Arab Emirates), Director
- Havas Management Portugal Unipessoal Lda (Portugal), Manager
- Havas Worldwide LLC (United States), Manager
- Washington Printing LLC (United States), Manager
- Havas Worldwide Brussels (Belgium), Permanent representative of Havas on the Board of Directors

(*) Listed company.

STÉPHANE ROUSSEL

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Stéphane Roussel is a graduate of École des Psychologues Praticiens de Paris.

Stéphane Roussel began his career working for the Xerox group from 1985 to 1997.

From 1997 to 2004, he held positions within the Carrefour group. He was first appointed Director of Human Resources for hypermarkets in France, before becoming Director of Human Resources Development for international business and then Director of Human Resources France for the entire Carrefour group.

From 2004 to 2009, he served as SFR's Vice President of Human Resources. From 2009 to 2012, Stéphane Roussel held the position of Executive Vice President of Human Resources at Vivendi before being appointed Chairman and Chief Executive Officer of SFR in June 2012, a position he held until May 2013, at which time he joined Vivendi's General Management.

Stéphane Roussel was appointed to the Vivendi Management Board on June 24, 2014. Since November 2015, he has been Vivendi's Chief Operating Officer, after serving as its Senior Executive Vice President, Development and Organization since October 2014.

In June 2016, he was appointed Chairman and Chief Executive Officer of Gameloft SE.

POSITIONS CURRENTLY HELD

Vivendi group (in France)

- Gameloft SE, Chairman and Chief Executive Officer
- Canal+ Group, Member of the Supervisory Board
- Dailymotion, Director
- Universal Music France (SAS), Member of the Supervisory Board
- Banijay Group (SAS), Member of the Supervisory Committee

OTHER POSITIONS AND OFFICES HELD (IN FRANCE)

- Wetechcare, Chairman
- Le Cercle de l'Excellence RH, Chairman
- Les entreprises pour la Cité, Director
- La Charte de la Diversité, Spokesman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Group Vivendi Africa (SAS), Chairman
- Banijay Group (SAS), Member of the Supervisory Committee
- Studiocanal, Member of the Supervisory Board
- Numericable-SFR, Permanent representative of Compagnie Financière du 42 avenue de Friedland on the Board of Directors
- Fondation SFR, Member of the Board of Directors
- Digitick S.A., Chairman of the Board of Directors
- Arpejeh, President
- Fnac Darty (*), Permanent representative of Vivendi on the Board of Directors

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia SpA (Italy) (*), Director
- GVT Participações S.A. (Brazil), Director
- Group Vivendi Africa Bénin (SAS), Chairman

(*) Listed company.

1.2.3. FAMILY RELATIONSHIPS

Cédric de Bailliencourt, a member of the Management Board, is a cousin of Yannick Bolloré, Chairman of the Supervisory Board, and of Cyrille Bolloré, a member of the Supervisory Board (see Section 1.1.1.3 of this chapter).

To the company's knowledge, no other family relationships exist between any of the members of the Management Board, or between any of them and any member of the Supervisory Board.

1.2.4. ABSENCE OF CONFLICTS OF INTEREST

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Management Board with regard to their personal interests or other responsibilities. Cédric de Bailliencourt and Gilles Alix, Vice Chairman of the Board of Directors of Bolloré SE and Chief Executive Officer of the Bolloré Group, respectively, abstain from taking part in Management Board meeting deliberations relating to transactions that could occur with the Bolloré Group.

Management Board members are obliged to inform the Group Chief Compliance Officer of any actual or potential conflict of interest they have encountered or might encounter in the future.

1.2.5. ABSENCE OF ANY CONVICTION FOR FRAUD, LIABILITY ASSOCIATED WITH A BUSINESS FAILURE OR PUBLIC INCRIMINATION AND/OR SANCTION

Over the past five years, to the company's knowledge, no member of the Management Board has been convicted of a fraudulent offense, no official public incrimination or sanction has been brought against or imposed on any member of the Management Board, no member of the Management Board has been involved in any bankruptcies, receiverships or liquidations while serving on an administrative, management or supervisory body, or has been disqualified by a court from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the affairs of any issuer.

1.2.6. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD – SERVICE AGREEMENTS

As Corporate Officers, members of the Management Board are bound by an employment contract with the company, with the exception of Arnaud de Puyfontaine, who waived the benefit of his employment contract, in compliance with the recommendations of the AFEP-MEDEF Code, following his appointment as Chairman of the Management Board by the Supervisory Board at its meeting held on June 24, 2014.

No member of the Management Board is party to a service agreement entered into with Vivendi or any of its subsidiaries, pursuant to which that member may be entitled to receive any benefits.

1.2.7. LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any loans or issued any guarantees to any member of the Management Board.

1.2.8. JURISDICTION AND INTERNAL REGULATIONS OF THE MANAGEMENT BOARD

Authority of the Management Board Pursuant to French Law and the Company's By-Laws

With respect to third parties, the Management Board is granted the broadest powers to act in any circumstance on behalf of the company, subject to the scope of the company's corporate purpose and to those situations where such power is expressly granted by law to the Supervisory Board or the Shareholders' Meetings, and to matters that require the prior approval of the Supervisory Board.

Internal Regulations

The Internal Regulations of the Management Board is a purely internal document intended to ensure that the company's Management Board functions properly and adheres to the most recent rules and regulations to promote good corporate governance. It is not enforceable against third parties and may not be invoked by them against members of the Management Board.

1.2.9. FUNCTIONS AND ACTIVITIES OF THE MANAGEMENT BOARD IN 2019

The Management Board is responsible for the day-to-day management of the company, the conduct of its business and the implementation of its strategy. Pursuant to applicable law, the company's by-laws and the Supervisory Board's internal rules, the Management Board must obtain prior authorization from the Supervisory Board for certain transactions and initiatives (see paragraph 1.1.1.8 above).

In carrying out its management duties, the Management Board is supported by several internal committees comprised of operational officers or directors at headquarters and at the group's main subsidiaries.

In 2019, the Management Board met a total of 19 times, with an attendance rate of 98.49%. Its work included examining:

- the group's internal and external growth prospects;
- the principal strategic opportunities and initiatives;
- the activities of the group's main subsidiaries;
- the plan to sell part of Universal Music Group's share capital;
- the acquisition of 100% of the share capital of Editis;
- the advancement of the Telecom Italia project;
- the acquisition of the entire share capital of the Endemol Shine Group by Banijay Group Holding (31.4%-owned by Vivendi);
- Canal+ Group's acquisition of M7;
- Vivendi's conversion into a European Company;
- the assessment of the quality and structure of the group's balance sheet;
- the review and approval of the statutory and consolidated financial statements for fiscal year 2018, the 2019 and 2020 budgets, the 2019 half-year financial statements and the 2019 quarterly revenue information;
- the group's financial position;
- the group's cash position;
- the group's financial communications;
- the renewal of the EMTN program and the increase in its amount;
- the increase and extension of the company's bank revolving credit facility and the setting up of new bilateral credit facilities;

- the launch and implementation of a new share repurchase program;
- the procedure for assessing routine agreements entered into on arm's length terms;
- reviewing the management report and the non-financial performance statement;
- the preparation of quarterly activity reports for the Supervisory Board;
- the work of the group's Internal Audit department;
- the group compensation policy;
- the implementation of an annual performance share plan and a capital increase reserved for group employees in 2019;
- the main terms and conditions of the employee shareholding plan scheduled for launch in 2020;
- the development and retention of key talent;
- gender parity and diversity within the group;
- the CSR risk map and Vivendi's social and environmental challenges;
- the notice to the General Shareholders' Meeting held on April 15, 2019; and
- a review of the legal investigations and proceedings in progress, notably the dispute between Vivendi and Mediaset.

1.2.10. INTERNAL COMMITTEES

In order to perform its management functions and duties, the Management Board relies on several internal committees comprised of operational officers or directors at the headquarters and at the group's main subsidiaries.

1.2.10.1. Executive Committee

An Executive Committee, presided over by the Chairman of the Management Board and comprising 17 members, including six women (35%), meets each month with the Management Board members. Its members, each within their fields of expertise, assist the Management Board in implementing strategic activities and contribute to the action plans issued by the headquarters and the principal business units.

Its members are:

- Bernard Bacci, Group Head of Taxes;
- Florent de Cournuaud, Senior Vice President, Management and Business Plan Control;
- Laurence Daniel, Senior Vice President, Mergers and Acquisitions;
- Marie-Annick Darmaillac, Vice President, Corporate Social Responsibility (CSR) and Compliance;
- Jean-Louis Erneux, Vice President, Press Relations and New Media;
- Stéphanie Ferrier, Vice President, Facilities;
- Félicité Herzog, Senior Vice President, Strategy & Innovation;
- Xavier Le Roy, Executive Vice President, Investor Relations and Corporate Development;
- Caroline Le Masne, Senior Vice President, Head of Legal Affairs, Vivendi group;
- Laurent Mairot, Executive Vice President, Special Advisor to the Chairman of the Management Board;
- Ilenia Michelotti, Vice President, Mergers and Acquisitions;
- Mathieu Peyceré, Executive Vice President, Group Human Resources;
- Marc Reichert, Group Financing & Treasury Director;
- Pierre Le Rouzic, Senior Vice President, Group Consolidation and Financial Reporting;
- Bruno Thibaudeau, Senior Vice President, Business Development & Strategy;
- Vincent Vallejo, Senior Vice President, Audit & Special Projects; and
- Frédéric Vallois, Vice President, Internal Communications & Editorial.

1.2.10.2. Management Committees

Every month, as part of a rigorous review process at the end of each month, the executive managers of all group business units (Universal Music Group, Canal+ Group, Havas, Editis, Gameloft, Vivendi Village and Nouvelles Initiatives) are required to present to the Management Board their results for the month, an analysis of their operational and strategic positioning, their financial targets established in the budget and the monitoring of the completion of such financial targets, their action plans, and other key matters of interest.

1.2.10.3. Investment Committee

Composition

The Investment Committee comprises the Chairman and members of the Management Board, key managers at the headquarters and, when appropriate, the Chief Operating Officers and Chief Financial Officers of the business units.

Powers

The Investment Committee reviews all investment and disposal transactions. This procedure applies to all transactions, whatever the amount, including the acquisition or disposal of equity interests and the launch of new businesses, and to any other financial commitment such as the purchase of rights or real estate agreements.

Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively.

Activity in 2019

The Investment Committee meets twice a month. The examination of any transaction relies on the work and presentations made beforehand by the Finance department.

1.2.10.4. Compliance Committee

As part of the group's compliance program, the Compliance Committee is responsible for risk identification and prevention measures and procedures, as required by French Law No. 2016-1691 of December 9, 2016 (the "Sapin II Act"), French Law No. 2017-399 of March 27, 2017 on the duty of care, and EU General Data Protection Regulation No. 2016/679 ("GDPR"). In the exercise of its duties, it works closely with the Risk Committee.

Composition

The Compliance Committee comprises at least five members: the Vice President for Corporate Social Responsibility & Compliance, the Head of Legal Affairs, the Chief Data Officer, the Commitment and CSR Promotion Manager, the Vice President Integrated Report & Compliance Projects, and the Group Chief Compliance Officer, who chairs the Committee.

Powers

The Compliance Committee meets at least twice a year. Its role is to make recommendations to the Management Board, contribute to its decisions and issue opinions, notably in relation to the implementation, deployment and monitoring of corruption prevention and detection measures and the personal data protection program.

Activity in 2019

The Compliance Committee met twice in 2019. Its work during the year mainly entailed (i) reviewing the rollout of the eight measures contained in the group's anti-corruption program, including an update on the whistleblowing system after its first year of implementation, (ii) monitoring the work of the Audit Compliance unit, and (iii) reviewing the GDPR indicators reported by the group's entities.

1.2.10.5. Risk Committee

The role of the Risk Committee is to identify and review risk management systems within business units that are likely to have an influence on the achievement of the group's objectives.

Composition

The Risk Committee is chaired by the Chairman of Vivendi's Management Board and has the following permanent members: the Chief Operating Officer, the Chief Financial Officer, the General Counsel, the Chairman of Vivendi Village and Senior Executive Vice President, Communications for Vivendi, the Senior Vice President responsible for inter-group coordination, the Senior Vice President responsible for investor relations and inter-group financial communications, the Senior Vice President, Audit and Risks, the Vice President, CSR and Compliance, the Head of Legal Affairs and the Head of Insurance. Business unit representatives are invited to Committee meetings depending on the agenda.

Powers

The role of the Vivendi Risk Committee is to make recommendations to the Management Board in the following areas:

- the identification and assessment of the risks potentially arising from activities carried out within the group, such as regulatory risks, social and environmental risks, risks related to ethics, competition and conflicts of interest, and risks related to the security of information systems;
- the examination of the adequacy of the risk coverage and the level of residual risk;
- the review of insurable risks and the insurance program; and
- the review of risk factors and forward-looking statements in the documents issued by the group, in liaison with the Compliance Committee.

A report on the work of the Risk Committee is put before the Audit Committee of Vivendi's Supervisory Board.

All the documents submitted to the Risk Committee were brought to the attention of the Statutory Auditors. The Statutory Auditors also receive, at the meetings of the Audit Committee, a summary of the work of the Risk Committee.

Activity in 2019

The Risk Committee met twice in 2019. Its work during the year mainly entailed reviewing and monitoring (i) the risks identified during the group's risk mapping processes, (ii) the Sapin 2 compliance program, (iii) the headquarters' business continuity plan, (iv) the work carried out by the Audit Compliance unit, and (v) the security of the group's "Live" activities.

1.2.10.6. Financial Information and Communication Procedures Committee

This Committee is responsible for the review and validation of financial information before its release.

Composition

The Committee is presided over by the Group General Counsel. Its members are appointed by the Chairman of the Management Board. At a minimum, the Committee is made up of the Vivendi executives holding the following positions:

- Group General Counsel;
- Chief Financial Officer;
- Senior Vice President responsible for investor relations and inter-group financial communications;
- Senior Vice President, Communications;
- Senior Vice President, Consolidation and Financial Reporting;
- Senior Vice President, Financing and Treasury;
- Senior Vice President, Audit & Risks;
- Senior Vice President, Head of Legal Affairs; and
- Executive Vice President, Investor Relations and Corporate Development.

Members of the Committee may appoint additional members who are managers from the above-mentioned departments, or alternates. The Committee currently comprises 15 regular attendees.

Powers

The Committee assists the Chairman of the Management Board and the group's Chief Financial Officer in ensuring that Vivendi fulfills its disclosure requirements with respect to investors, the public and regulatory and market authorities, specifically the AMF and Euronext Paris in France.

In pursuing its duties and objectives, the Committee ensures that Vivendi has established adequate controls and procedures so that:

- any financial information that must be disclosed to investors, the public or regulatory authorities is reported within the deadlines set forth by applicable laws and regulations;
- all corporate communications are subject to appropriate verification pursuant to the procedures set up by the Committee;
- all information requiring disclosure to investors or appearing in the documents recorded or filed with any regulatory authority is communicated to the company's senior management, including the Chairman of the Management Board and the group's Chief Financial Officer, prior to disclosure so that decisions regarding such information can be made in a timely manner;
- assessments of Vivendi's procedures, and those of its business units, for controlling information as well as internal control procedures, are monitored under the supervision of the Chairman of the Management Board and the group's Chief Financial Officer;

the Chairman of the Management Board and the group's Chief Financial Officer are advised of any major procedural issues of which the Committee should be informed, and which are likely to affect Vivendi's procedures for controlling information as well as its internal control procedures. The Committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The Committee monitors the implementation of changes approved by the Chairman of the Management Board and the group's Chief Financial Officer; and

- more generally, the Chairman of the Management Board and the group's Chief Financial Officer are able to effectively receive any information they might request.

Activity in 2019

The Committee meets at the request of the Chairman of the Management Board, the Chief Financial Officer, the Chairman of the Committee or one of its members. Meetings are held following each meeting of the Audit Committee and are coordinated with the schedule for disclosing financial information on the group's results. In 2019, the Committee met five times. Its proceedings primarily consisted of:

- examining the annual and half-year financial statement certification letters signed by the Chairman and Chief Financial Officer of each of the group's business units;
- reviewing the financial information published in the annual and half-year financial statements and the quarterly revenue statements and the information published in the Annual Report – Universal Registration Document; and
- reviewing the business report and the non-financial performance statement.

The Committee reports on its work to the Chairman of the Management Board and informs the Audit Committee, as necessary.

1.2.10.7. Special Committee Responsible for Regularly Assessing Routine Agreements Entered into on Arm's Length Terms

This Special Committee was formed following the Supervisory Board's decision on November 14, 2019 to set up a formal procedure for regularly assessing whether the group's agreements relating to routine operations entered into on arm's length terms actually meet these two qualifying criteria.

The Special Committee reports on its assessments to the Audit Committee, which then presents a summary to the Supervisory Board. The Supervisory Board will verify on a yearly basis whether the procedure is still appropriate and will make any necessary updates.

Under this procedure, which was introduced in accordance with Article L. 225-87 of the French Commercial Code, as amended by French Law no. 2019-486 of May 22, 2019 (the "Pacte law"):

- the two cumulative qualifying criteria (i.e., whether agreements are routine and are entered into on arm's length terms), will be assessed by the relevant teams within each operating entity, depending on the type of services covered by the agreement(s);
- the decision whether or not to qualify agreements as routine and entered into on arm's length terms must be taken when the agreements are signed, with the assistance, where required, of teams from the Group General Counsel's department and the Legal Affairs department; and
- to be classified as routine, agreements must relate to the following types of subjects: administrative assistance or management services, treasury management or lending/borrowing transactions, tax consolidation agreements, invoicing in connection with divestments or acquisitions and invoicing relating to routine activities of operating entities.

The procedure takes into account the analysis of related-party and routine agreements issued by the French Institute of Statutory Auditors in February 2014 and has been relayed to the legal affairs and finance departments of all the group's main operating entities.

Composition

Chaired by the Group's General Counsel and Chief Compliance Officer, the Special Committee is made up of the following members: the Group Senior Vice President, Head of Legal Affairs; the Vice President for Corporate Social Responsibility & Compliance; the Senior Vice President of Planning and Group Controller; the Senior Vice President, Taxes; the Senior Vice President, Consolidation and Financial Reporting; the Senior Vice President, Finance and Treasury; and the Senior Vice President, Corporate and Securities Law.

The Special Committee's members may seek advice from any other members of the group or from external parties. As specified in Article L. 225-87 of the French Commercial Code, and in accordance with the above-mentioned procedure, any person who is directly or indirectly concerned by one of these agreements is not permitted to take part in its assessment.

Powers

The Special Committee's role is to carry out a regular assessment – prior to the approval of the group's annual and half-yearly financial statements – of whether agreements relating to routine operations and entered into on arm's length terms actually meet the two applicable qualification criteria. For the purpose of its assessments, the Special Committee takes into account the financial flows generated by the performance of the agreements as well as the type of agreements concerned and the contracting parties.

It notably takes into consideration the information that the group already requires its entities to report twice a year concerning related-party agreements.

Activity

The Special Committee met for the first time in February 2020, prior to the publication of the 2019 annual financial statements. It did not identify any agreements that did not meet the criteria for qualifying as routine agreements entered into on arm's length terms and which should therefore have been submitted for approval to the Supervisory Board in accordance with Article L. 225-86 of the French Commercial Code.

The intra-group transactions carried out between Vivendi subsidiaries and subsidiaries of the Bolloré Group – which fully consolidates Vivendi in its financial statements – involve routine commercial relations and mainly cover:

- income from communication services provided by Havas to the Bolloré Group; and
- expenses related to transport services provided by the Bolloré Group for UMG and Canal+ Group; rental payments, notably for Havas in France and CanalOlympia in Africa; and air transport services rendered as part of the economic interest grouping, of which Vivendi and the Bolloré Group are members.

The Special Committee decided that these intra-group transactions do not give rise to any conflicts of interest. For a description and quantification of these business relationships, please see Note 22.3 "Other Related-Party Transactions" in the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2019, presented in Chapter 4 of this Annual Report – Universal Registration Document.

1

Section 2
Compensation of Vivendi's Corporate Officers*

This section constitutes an integral part of the corporate governance report drawn up in accordance with Article L.225-68 of the French Commercial Code (Code de commerce), which was reviewed by the Supervisory Board at its meeting held on February 13, 2020.

This same section takes into account the provisions of French Government Order no. 2019-1234 of November 27, 2019, as well as decree no. 2019-1235 of the same date, issued in application of Article 198 of French Act no. 2019-486 of May 22, 2019 (the "Pacte law"), which introduced reforms to the legal regime governing the compensation of corporate officers.

2.1. Compensation Policy for 2020 for Vivendi's Corporate Officers

Section 2.1 sets out the compensation policy applicable to Vivendi's Corporate Officers, which will be submitted for approval at the April 20, 2020 General Shareholders' Meeting, in accordance with Article L.225-82-2 of the French Commercial Code. This policy is submitted for shareholder approval every year and whenever any significant amendments are made to it. If the 2020 policy is not approved, the previously-approved policy will continue to apply. Pursuant to the same article, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board may decide to temporarily not apply the compensation policy for corporate officers if exceptional circumstances arise, provided that such non-application is (i) in the company's best interests and (ii) necessary to guarantee the company's sustainability and/or viability. Any use of this possibility by the Supervisory Board must be disclosed as provided for in sub-section 10 of Article L.225-37-3 I of the French Commercial Code.

In accordance with Article L.225-100 II. of the French Commercial Code, the information referred to in Article L.225-37-3 I. of said Code – which is set out in the corporate governance report – will be submitted in a resolution to the April 20, 2020 General Shareholders' Meeting. If this information is not approved, a revised policy will be put to the vote at the next General Shareholders' Meeting, and payment of the compensation allocated to the members of the Supervisory Board for 2020 will be suspended until the revised policy is approved.

Pursuant to Article L.225-100 III of the French Commercial Code, payment in 2020 of the variable portion of the compensation of the Chairman and the members of the Management Board in respect of 2019 is subject to approval at the General Shareholders' Meeting of April 20, 2020 **(1)**.

2.1.1. COMPENSATION POLICY FOR THE CHAIRMAN AND MEMBERS OF THE SUPERVISORY BOARD

2.1.1.1. General information

Since 2017, the compensation policy for the Chairman and members of the Supervisory Board has been put to the vote each year at the General Shareholders' Meeting. The policy is drawn up by the Supervisory Board, based on the recommendations of the Corporate Governance, Nominations and Remuneration Committee and on the procedures described below. As part of the process for drawing up this policy, the terms and conditions of the compensation and employment of the company's employees are reviewed annually, notably taking into account the ratio between the compensation of the Chairman of the Supervisory Board and the average and median salaries paid within the company (see Section 2.6 of this chapter).

In accordance with Article 7-2 of the company's by-laws, each Supervisory Board member is required to own a minimum of 1,000 Vivendi shares throughout his or her term of office **(2)**. This holding requirement forms part of an overall strategy of fostering loyalty among Supervisory Board members and closely aligning their interests with those of the company and the other shareholders over the long term.

If, during a given year, a new Chairman or member of the Supervisory Board is elected, or an existing Chairman or member is re-elected, the compensation policy in force at that time applies to them with immediate effect.

If major amendments are made to the compensation policy for the Chairman and members of the Supervisory Board, their implementation is subject to approval at the following General Shareholders' Meeting.

* For the purposes of this report, the term "corporate officer(s)" refers to the Chairman and members of Vivendi's Supervisory Board and the Chairman and members of Vivendi's Management Board.

(1) Payment of their variable compensation in respect of 2018 – which was subject to approval at the April 15, 2019 General Shareholders' Meeting – was made after that Meeting, in accordance with the version of Article L.225-100 of the French Commercial Code in force at that date.

(2) Excluding the member representing employee shareholders and the member representing employees.

2.1.1.2. Compensation of the Chairman of the Supervisory Board

Since Vivendi became a *société anonyme* with a Management Board and Supervisory Board in 2005, the Chairman of the Supervisory Board's compensation has taken into account his degree of involvement in preparing and leading Board meetings and defining and developing the group's strategy, as well as his role in analyzing proposed acquisitions of controlling or minority interests. His compensation is set by the Supervisory Board, without the Chairman attending the meeting concerned, based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee. The Chairman of the Supervisory Board receives remuneration for his role as Chairman of the Board, which is allocated in accordance with Article L.225-83 of the French Commercial Code (formerly called "attendance fees") and is deducted from his total compensation.

At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to keep the Chairman of the Supervisory Board's compensation for 2020 at €400,000, from which the amount of his remuneration as Chairman of the Board (€60,000) (formerly called "attendance fees") is deducted. His total compensation has remained unchanged since 2014. The Chairman's total compensation is paid on a half-yearly basis, in arrears.

2.1.1.3. Compensation of Members of the Supervisory Board

In accordance with Article L.225-83 of the French Commercial Code, the remuneration allocated to members of the Supervisory Board is based on actual attendance at meetings of the Board and its Committees and on the number of meetings held. The aggregate amount of this remuneration is €1.5 million, unchanged since it was first set at the April 24, 2008 General Shareholders' Meeting. This way of allocating Board members' remuneration encourages attendance at meetings and involvement in the work of the Board and its Committees and helps align their interests with those of the company and its shareholders. The remuneration allocated to the members of the Supervisory Board is paid on a half-yearly basis, in arrears.

At its meeting held on June 24, 2014, the Supervisory Board decided that the total amount of remuneration paid to its members would be allocated as follows: each member of the Supervisory Board receives a fixed annual amount of €60,000; each member of the Audit Committee receives an annual amount of €40,000 (€55,000 for its Chairman); each member of the Corporate Governance, Nominations and Remuneration Committee receives an annual amount of €30,000 (€45,000 for its Chairman); and each member of the CSR Committee receives an annual amount of €20,000 (€30,000 for its Chairman). The amount allocated to each Supervisory member in accordance with these rules is calculated in proportion to their time spent as a member of the Board in any given year.

The aggregate gross amount (before tax and amounts withheld at source) of the remuneration paid to all of the Supervisory Board members for 2019 was €1,085,000. This amount is itemized in Section 2.2.1.2 below.

In addition to the above remuneration, Supervisory Board members may receive other compensation from the company for special assignments or services.

Members of the Supervisory Board who hold an executive corporate officer's position in a related company within the meaning of Article L.225-197-2 of the French Commercial Code or who have an employment contract with Vivendi SE or a related company may be granted performance shares under the conditions set out in Article L.225-197-1 of the French Commercial Code.

Appointed in accordance with Articles L. 225-71 and L. 225-79-2 of the French Commercial Code, respectively, the employee shareholder representative (who is a member of the Supervisory Board) and the employee representative hold permanent employment contracts with the company pursuant to which they receive compensation commensurate with their positions in the company (salary, incentive plans and performance shares, as applicable). In accordance with the company-level collective agreement in force within Vivendi, their employment contracts may be terminated subject to (i) three months' notice as from the notification date of resignation or dismissal (other than in the event of gross or willful misconduct) and (ii) the conditions provided for in the French Labor Code *(Code du travail)*.

2.1.1.4. Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Seventeenth resolution: Approval of the compensation policy for the Chairman and members of the Supervisory Board for 2020

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, which describes the compensation policy for corporate officers, in accordance with Article L.225-82-2 II. of the French Commercial Code, the General Shareholders' Meeting approves the compensation policy for the Chairman and members of the Supervisory Board for 2020, as set out in Chapter 3, Sections 2.1 and 2.1.1, of the 2019 Annual Report – Universal Registration Document.

2.1.2. COMPENSATION POLICY FOR THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD

2.1.2.1. General information

Since 2017, the compensation policy for the Chairman and members of the Management Board has been put to the vote each year at the General Shareholders' Meeting. The policy is drawn up by the Supervisory Board, based on the recommendations of the Corporate Governance, Nominations and Remuneration Committee and on the procedures described below. As part of the process for drawing up this policy, the terms and conditions of the compensation and employment of the company's employees are reviewed annually, notably taking into account the ratio between the compensation of the Chairman and members of the Management Board and the average and median salaries paid within the company (see Section 2.6 of this chapter).

If, during a given year, a new Chairman or member of the Management Board is elected, or an existing Chairman or member is re-elected, the compensation policy in force at that time applies to them with immediate effect. The compensation components of new Management Board members (except when replacing the Chairman or a previous member) are set based on their position and level of responsibility, in accordance with the principles and criteria applicable for determining and allocating compensation set out in this section.

Should any major amendments be made to the compensation policy for the Chairman and members of the Management Board, their implementation is subject to approval at the following General Shareholders' Meeting.

Improvements made to the policy for 2020

At its meetings held on May 23, 2019 and February 13, 2020, the Supervisory Board, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, reviewed and reinforced certain aspects of the compensation policy applicable to the Chairman and members of the Management Board for 2020. The amendments made – which took into consideration the feedback from discussions with several of

Vivendi's investor shareholders, notably following the General Shareholders' Meeting of April 15, 2019 – included:

- for the assessment of short-term compensation (variable portion): increase in the weighting of environmental, social and governance (ESG) criteria from 5% to 12% with a new objective of reducing the carbon footprint of Vivendi's operations; and
- for the more long-term components of compensation (performance share grants): each grant may no longer exceed 150% of the fixed portion of each Management Board member's compensation.

These amendments, which have strengthened Vivendi's compensation policy for 2020, supplement those made in 2019, which were as follows:

- determining differentiated financial criteria for the assessment of short-term compensation (variable portion) and long-term compensation (performance share grants);
- for performance share grants, removing the possibility of offsetting the results of each of the two indicators (internal and external) against each other;
- removing the option given to beneficiaries who leave the company to maintain all their rights to performance shares during the three-year vesting period;
- the right for the Supervisory Board to reduce, as applicable, the vesting rate of performance shares in light of specific circumstances that would not be reflected in the achievement level of the criteria set for the internal indicator; and
- increasing the minimum achievement level of performance objectives conditioning the payment of severance compensation to the Chairman of the Management Board.

The purpose of the policy is to more effectively align corporate officers' compensation with shareholder interests, in both the short- and long-term, which in turn contributes to the company's strategy and its long-term well-being. With this in mind, the three main focuses are:

- the quantitative balance of compensation, with particular attention paid to variable and long-term portions in line with the group's development and growth;
- the quality and relevance of the criteria used to determine the annual variable portion. These criteria are based on financial and non-financial objectives proposed by the Corporate Governance, Nominations and Remuneration Committee and set by the Supervisory Board, which notably take into account environmental, social and governance (ESG) issues; and
- the group's long-term development, through performance shares grants that are subject to an internal indicator based on criteria linked to the group's medium-term financial performance, and to an external indicator based on criteria aimed at bringing management interests closer in line with those of shareholders.

The policy will apply when determining the compensation of the executive management of major subsidiaries, with different weightings and criteria that are adapted to their business operations.

2.1.2.2. Compensation Components of Members of the Management Board

Fixed Portion

Each year, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board sets the compensation of the members of the Management Board based on the level of responsibility of each member and taking into account benchmarking studies carried out by independent firms on the practices applied by a panel of French and international companies that are comparable with Vivendi **(1)** or that operate in the same business sectors **(2)**.

The companies in this panel all operate in the digital content creation or distribution sectors (media, telecommunications, advertising or data management), have an operating presence on at least three continents with a decentralized structure, and generate revenue that is comparable to Vivendi's. The panel also takes into account other factors such as the diversity and complexity of each company's businesses, or their sensitivity to demand.

Annual Variable Compensation

The annual variable compensation of the Management Board members is based on precise, measurable and appropriate financial and non-financial criteria. In order to provide dynamic support to the group's efforts, the weighting assigned to the criteria used in calculating the annual variable portion of compensation is set by the Corporate Governance, Nominations and Remuneration Committee, and reflects the importance of and progress made in strategic efforts.

Financial criteria

Financial criteria are based on the financial indicators that the Corporate Governance, Nominations and Remuneration Committee has deemed most relevant for assessing the financial performance of the group and its major subsidiaries, whose businesses are based on a very similar economic model: the sale of content and services. These indicators are as follows:

- Group EBITA, which is an indicator of the operating performance of the Group's activities, and therefore their underlying trends; and
- cash flow from operations after interest and tax (group CFAIT), which provides a measure of the cash flow generated from actual operating activities.

These indicators give an accurate measurement of the performance and income recorded by each business unit, in line with Vivendi's value creation and overall strategy.

Non-financial criteria

The applicable non-financial criteria are based on the strategic assignments allocated to Vivendi's executive corporate officers. They are set in line with the group's overall strategy and the action plans defined for each business unit.

They allow for the assessment of the ability of officers to implement and complete planned disposals or acquisitions, undertake the necessary strategic realignments in an increasingly competitive environment, and identify new directions with regard to content and services offerings.

(1) Direct competitors: Lagardère, Publicis, RELX Group (United Kingdom), Thomson Reuter (Canada) and WPP (United Kingdom).

(2) Competitors in the telecommunications and data management sector: Atos Veon (Netherlands), BT (United Kingdom), Capgemini, CGI (Canada), SAP (Germany) and Telenor (Norway).

Criteria for 2020

At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set the following objectives and weightings:

- financial criteria (60% weighting):
  - 35%: group EBITA **(1)**, and
  - 25%: cash flow from operations after interest and tax (group CFAIT);
- non-financial criteria (40% weighting):
  - 8%: strategic and financial partnership for developing UMG's business:
    - build up business relations with Tencent in China (4%),
    - enter into one or more agreements for other parties to acquire interests representing over 10% of UMG's share capital, based on a total enterprise value of €30 billion (4%),
  - 7%: significant progress as regards the situation in Italy:
    - Telecom Italia: make shareholder relations more stable and increase financial ratios (4%),
    - Mediaset: end the legal dispute in 2020 either through a court decision or an out-of-court settlement (3%),
  - 7%: continue to encourage cross-business operations and develop revenue and cost synergies:
    - successfully integrate Editis by setting up several intra-group projects (4%),
    - continue to put in place new intra-group projects (3%),
  - 6%: reduce the group's exposure to risk (legal and tax disputes):
    - successfully end the group's main legal disputes **(2)** (3%),
    - successfully end the group's main tax disputes (3%), and
  - 12%: implement measures addressing ESG issues.

Measures addressing ESG issues cover the following areas:

- Environmental (5%): reducing Vivendi's carbon footprint, based on indicators related to standard electricity use and CO_2 emissions as a proportion of the group's revenue.
- Social (4%): promoting talent and diversity, based on indicators related to:
  - (i) the portion of revenue generated by local content at UMG, (ii) the portion of local program financing at Canal+ Group, and (iii) the portion of creative positions held by women at Havas; and
  - increasing gender diversity within the group's management bodies and among other top management positions.
- Governance (3%): deploying the compliance program, based on indicators related to employee anti-corruption training, personal data protection measures, and the roll out of risk mapping processes in accordance with France's Sapin II Act.

Weighting of the variable portion (unchanged from 2019)

For 2020, the variable portion is equal to 80% of fixed compensation if the objectives are achieved, with a maximum of 100% if the objectives are substantially exceeded. In all circumstances, and for each of the objectives (financial and non-financial), if the threshold of 50% is not reached, the weighting of that objective in calculating the variable portion of compensation will be zero.

2

The table below shows the final amounts allocated with respect to each criterion, depending on the achievement rates for that criterion.

		Performance achievement rate				
		< Threshold (50%)	≥ Threshold (50%) < Target (80%)	Target (80%)	> Target (80%) < Maximum (100%)	≥ Maximum (100%)
Criteria weighting	**FINANCIAL CRITERIA**					
	Group EBITA	0%	0% – 28%	28%	28% – 35%	35%
	Group CFAIT	0%	0% – 20%	20%	20% – 25%	25%
	Total financial criteria	**0%**	**0% – 48%**	**48%**	**48% – 60%**	**60%**
	NON-FINANCIAL CRITERIA					
	Strategic and financial partnership for developing UMG's business	0%	0% – 6.5%	6.5%	6.5% – 8%	8%
	Significant progress as regards the situation in Italy	0%	0% – 5.5%	5.5%	5.5% – 7%	7%
	Continue to encourage cross-business operations and develop revenue and cost synergies	0%	0% – 5.5%	5.5%	5.5% – 7%	7%
	Reduce the group's exposure to risk (legal and tax disputes)	0%	0% – 5%	5%	5% – 6%	6%
	Implement measures addressing ESG issues	0%	0% – 9.5%	9.5%	9.5% – 12%	12%
	Total non-financial criteria	**0%**	**0% – 32%**	**32%**	**32% – 40%**	**40%**
	TOTAL	**0%**	**0% – 80%**	**80%**	**80% – 100%**	**100%**

(1) Different criterion to that applied for more long-term components (performance share grant in 2020) – Adjusted net income per share.

(2) Excludes the Mediaset dispute.

Extraordinary Compensation

No payment of extraordinary compensation or special award of performance shares has been authorized for 2020.

Performance share grants

Purpose

Annual compensation is supplemented by deferred compensation that reflects the company's longer-term challenge, to bring the interests of management in line with those of shareholders, in the form of performance share grants, which vest subject to an internal indicator made up of several criteria separate from those that apply to variable compensation (short-term portion), and subject to an external indicator. The two indicators, internal and external, apply to executive corporate officers as well as to all employee beneficiaries.

The number of rights granted each year is dependent on the position and level of responsibility of each member of the Management Board. The fair value of the rights is calculated in accordance with IFRS 2, which takes into account the opening price on the date on which the rights were granted, the period of acquisition, the expected dividend yield and the holding period. The value of each allocation may not exceed 150% of the fixed portion of each Management Board member's compensation.

On the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approves the criteria for the final grant of performance shares and sets the limits (threshold, target and maximum) for calculating the level of performance to be achieved, thus determining whether the shares vest in full or in part.

For the performance shares granted in February 2020, vesting is subject to the following conditions:

- the internal indicator (70% weighting) is linked to the group's adjusted net income per share (1) (50%) and Cash flow from operations after interest and tax (CFAIT) (20%) between January 1, 2020 and December 31, 2022; and
- the external indicator (30% weighting) is based on the change in Vivendi's share price relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) between January 1, 2020 and December 31, 2022.

Achievement of these objectives is assessed over a three-year period.

Weighting	Indicators
70	**Internal indicator: financial objectives**
50	Adjusted net income per share
20	Cash flow from operations after interest and tax (group CFAIT)
30	**External indicator: average stock market indices performance (a)**
20	STOXX® Europe Media index
10	CAC 40

(a) Reinvested dividends.

Calculation

As from the 2019 performance share grant, the number of performance shares that will vest after the three-year vesting period, subject to the presence of the beneficiary in the group, is determined as follows (without any possibility of offsetting the results of each of the two indicators (internal and external) against each other):

- all of the shares will vest if the achievement rate for each indicator (internal and external) is 100% or higher;
- no shares will vest if the achievement rate for each indicator (internal and external) is below 50%; and
- if the achievement rate for each indicator (internal and external) is between 50% and 100%, then the number of shares that will vest will be calculated proportionately.

No shares will vest if the achievement rate for each of the two indicators (internal and external) is below 50%.

The table below shows the final number of shares that will vest with respect to each indicator and each criterion based on the performance achievement rates.

		Performance achievement rate				
		< Threshold (50%)	≥ Threshold (50%) < Target (100%)	Target (100%)	> Target (100%) < Maximum	≥ Maximum
Criteria weighting	**INTERNAL INDICATOR (a)**					
	Adjusted net income per share	0%	0% – 50%	50%	50% – 100% (*)	100% (*)
	Group CFAIT	0%	0% – 20%	20%	20% – 40% (*)	40% (*)
	Total internal indicator	**0%**	**0% – 70%**	**70%**	**70%**	**70%**
	EXTERNAL INDICATOR: (b)					
	STOXX® Europe Media index	0%	0% – 20%	20%	20% – 40% (**)	40% (**)
	CAC 40	0%	0% – 10%	10%	10% – 20% (**)	20% (**)
	Total external Indicator	**0%**	**0% – 30%**	**30%**	**30%**	**30%**
	TOTAL (c)	**0%**	**0% – 100%**	**100%**	**100%**	**100%**

(*) The weighting of this criterion will be increased to 200% if the target is substantially exceeded, subject to the overall cap applicable to the internal indicator (70%).

(**) The weighting of this criterion will be increased to 200% if the target is substantially exceeded, subject to the overall cap applicable to the external indicator (30%).

(a) Capped at 70%.

(b) Capped at 30%.

(c) Capped at 100%.

(1) A different criterion to that used for short-term components (variable portion for 2020) – Group EBITA.

See Section 2.3.4 of this chapter for the achievement rates assessed for each indicator for the 2017 plans.

The table below shows the impact in previous years of applying performance criteria and setting the threshold and target applicable to each of these criteria to the vesting rate of performance share plans.

Year of Vesting	2013	2014	2015	2016	2017
Reference period for the assessment of performance criteria	2013-2014	2014-2015	2015-2016-2017	2016-2017-2018	2017-2018-2019
Vesting rate	76%	75%	75%	75%	75%

Vesting conditions for performance shares held by executive corporate officers

Following the assessment of achievement of the performance criteria linked to the plans, performance shares vest at the end of a three-year period (since 2015), subject to the beneficiaries being present in the company during the vesting period. The shares must also be held by the beneficiaries for an additional two-year period (holding period).

As from the 2019 grants, beneficiaries can no longer retain their rights to performance shares if they resign or leave the company at the initiative of the company. However, these rights may be retained proportionately to the beneficiaries' presence within the group during the vesting period, provided that the applicable performance conditions are met at the end of the three-year vesting period **(1)**.

Benefits-in-Kind in Addition to Compensation

Benefits-in-kind granted to the Chairman and members of the Management Board may include the use of a company car (with no chauffeur provided), profit sharing (under Vivendi's collective agreement), a time savings account (CET), employer contribution to excess social security charges and GSC coverage (job-loss insurance for the Chairman of the Management Board who has waived his employment contract).

Signing Bonus – Deferred Compensation

Signing Bonus

When Management Board members are hired externally, the Supervisory Board may, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, award them a signing bonus in cash or in performance shares to compensate for the loss of deferred compensation in their previous functions outside the Vivendi group.

Long-Term Cash Incentive

No long-term cash incentive plan has been granted to members of the Management Board.

Non-Compete Payments

Members of the Management Board are not entitled to non-compete benefits.

Conditional Severance Payment for the Chairman of the Management Board upon Termination of his Position

At its meeting held on February 27, 2015, the Supervisory Board noted that Arnaud de Puyfontaine no longer held an employment contract, which was waived following his appointment as Chairman of the Management Board, nor was he entitled to any termination benefits if he were to be removed from office. Consequently, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Board resolved that if the company were to terminate Arnaud de Puyfontaine's duties, he would be entitled to a severance payment which would be subject to performance conditions as recommended in the AFEP-MEDEF Code. This severance payment would not be payable in the event of willful misconduct *(faute lourde)*, resignation or retirement and would be capped at a gross amount equal to 18 months of his target compensation (on the basis of his most recent fixed compensation and his last annual bonus earned over a full year).

At its meeting held on February 14, 2019, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided:

- to increase the achievement rate of performance criteria set for the severance compensation from 80% to 90%; and
- to remove the possibility of maintaining all rights to performance shares should he leave the company. These rights may be maintained, where applicable, in proportion to his presence in the company during the vesting period, provided that the applicable performance conditions are met at the end of the three-year vesting period.

If the bonus paid during the reference period (the 12-month period preceding notification of departure) is:

- greater than the target bonus, the calculation of the compensation will only take into account the amount of the target bonus; or
- less than the target bonus, the amount of the compensation will, in all circumstances, be capped at two years of the compensation actually received (in compliance with the AFEP-MEDEF Code), and may not exceed 18 months of the target compensation.

This compensation would not be payable if the group's financial results (adjusted net income and cash flow from operations) were less than 90% (compared to 80% previously) of the budget over the two years prior to departure and if Vivendi's stock performance were less than 90% (compared to 80% previously) of the average performance of a composite index (CAC 40 (50%) and EURO STOXX® Media (50%)) over the last 24 months.

The Chairman of the Management Board is not entitled to any other severance payment from any company in the group's scope of consolidation (within the meaning of Article L.233-16 of the French Commercial Code).

Severance Payment for Members of the Management Board

Members of the Management Board who have an employment contract with the company are not entitled to any type of severance payment due to termination of their office. Except for the Chairman of the Management Board, the executive corporate officers are contractually entitled to a severance payment in the event of termination of their employment contract at Vivendi's initiative. These payments are limited to 18 months' salary and consist of a fixed amount and a target variable.

With the exception of the Chairman, the members of the Management Board all hold employment contracts with the company. In accordance with the company-level collective agreement in force within Vivendi, termination of their employment contract is subject to (i) three months' notice as from the notification date of resignation or dismissal (other than in the event of gross or willful misconduct) and (ii) the conditions provided for in the applicable regulations.

(1) For the Chairman of the Management Board, see the section below entitled "Conditional Severance Payment for the Chairman of the Management Board upon Termination of his Position".

The members of the Management Board are not entitled to any other severance payment from any company in the group's scope of consolidation (within the meaning of Article L.233-16 of the French Commercial Code).

Supplemental pension plan

Benefits accrued as of December 31, 2019 under the former supplemental pension plan **(1)**

As is the case for a number of Vivendi's other senior executives, the Chairman and the members of the Management Board are eligible for the defined-benefit supplemental pension plan that was set up in December 2005 and approved at the April 20, 2006 General Shareholders' Meeting.

At its meeting held on November 14, 2019, the Supervisory Board noted that as a result of the new provisions of Article L.137-11 of the French Social Security Code, introduced by Government Order no. 2019-697 of July 3, 2019 on corporate supplemental pension plans, as from December 31, 2019, no further defined benefits can be accrued under this supplemental pension plan.

At that same meeting, acting on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided that the benefits accrued by the Chairman and members of the Management Board under the supplemental pension plan would be calculated at December 31, 2019 based on each beneficiary's seniority at that date and on the following elements:

- reference compensation: annual fixed and variable compensation received in 2019, keeping the dual cap that has applied since the plan was opened (reference compensation capped at 60 times the French social security annual ceiling (€2,431,440 in 2019) and accrued benefits capped at 30% of the reference compensation); and
- revaluation of benefits subject to the limits set in the implementing legislation for the above-mentioned Government Order.

For calculating the benefits accrued at December 31, 2019 under this supplemental pension plan, the other terms of the plan remain unchanged: (i) minimum of three years' seniority with the company, (ii) benefits accrued over no more than 20 years' seniority, based on a sliding scale not exceeding 2.5% per year and progressively decreasing to 1%, (iii) reversionary pension of 60% in the event of the beneficiary's death, (iv) benefits maintained in the event of the beneficiary's departure at the company's initiative after the age of 55, provided he or she does not return to paid work, and (v) loss of benefits if the beneficiary leaves the company, for any reason, before the age of 55.

The calculation of the annuity growth rate for 2019 will remain subject to the following performance criteria, which will be assessed in 2020: no increase if, for a given year, the group's financial results (adjusted net income and cash flow from operations) are less than 80% of the forecast amounts in the budget and if Vivendi's stock performance is less than 80% of the average performance of a composite index (CAC 40 (50%) and Euro STOXX® Media (50%)).

The amendment to this conditional commitment will be submitted for approval at the General Shareholders' Meeting on April 20, 2020, as required under Article L.225-90-1 of the French Commercial Code, as applicable at the date of the Supervisory Board decision, which provides for the application of the procedure set out in Articles L. 225-86 and L. 225-88 of said Code (as currently applicable).

The other disclosures required under Article D.225-29-3 of the French Commercial Code introduced by Decree no. 2019-1235 of November 27, 2019 **(2)**, are provided in Section 2.2.2.3 of this chapter.

Benefits accrued as from January 1, 2020 under the new supplemental pension plan **(3)**

In view of the fact that the benefits accrued under the supplemental pension plan set up in 2005 were frozen as at December 31, 2019, the implementation of a new supplemental pension plan is expected in 2020, for which the Chairman and members of the Management Board as well as a number of the company's other senior executives are eligible.

The main terms of this new supplemental pension plan are as follows: (i) a minimum of three years' seniority with the company, (ii) accrual of benefits on an annual basis of 1.5% **(4)**, (iii) reference compensation used for calculating the pension benefit: fixed and variable compensation received during the year concerned, subject to a dual cap: reference compensation capped at 60 times the French social security annual ceiling (€2,468,160 in 2020) and accrued benefits limited to 25% of the reference compensation, and (iv) 60% reversionary pension in the event of the beneficiary's death. These terms may be changed if required in accordance with the implementing legislation for the above-mentioned Government Order.

At its meeting held on February 13, 2020, the Supervisory Board decided to make the increase in benefit entitlement for the Chairman and members of the Management Board under this new supplemental pension plan contingent on the same criteria as those applicable under the former plan.

In addition, the cumulative amount of benefits accrued under the previous plan and benefits to be accrued under the new plan may not exceed the amount that a beneficiary would have originally received on the exit date under the former plan. In all circumstances, the annual pension annuity may not exceed 25% of 60 times the Social Security annual ceiling (compared with 30% in the previous plan).

This commitment will be submitted for approval at the General Shareholders' Meeting to be held on April 20, 2020 in relation with the vote on the compensation policy for the Chairman and members of the Management Board for 2020, in accordance with the requirements of Article L.225-82-2 of the French Commercial Code.

The information as of December 31, 2020 required under Article D.225-29-3 of the French Commercial Code, introduced by Decree no. 2019-1235 of November 27, 2019, will be provided in Vivendi's next Annual Report – Universal Registration Document.

The Chairman and members of the Management Board are not entitled to any other pension benefits from any company in the group's scope of consolidation (within the meaning of Article L.233-16 of the French Commercial Code).

(1) In accordance with Article L.137-11 of the French Social Security Code.

(2) This information was previously disclosed in accordance with Article D. 225-104-1 introduced by Decree no. 2016-182 of February 23, 2016.

(3) In accordance with Article L.137-11-2 of the French Social Security Code.

(4) Benefits accrue based on seniority, at an annual rate calculated as follows:
– 0% for the tranche ≤ 4 times the Social Security annual ceiling (€164,544 in 2020);
– 3% for the tranche > 4 times but ≤ 8 times the Social Security annual ceiling (€329,088 in 2020); and
– 1.5% for the tranche > 8 times the Social Security annual ceiling.

Compensation for 2020 – Number of performance shares

Chairman of the Management Board

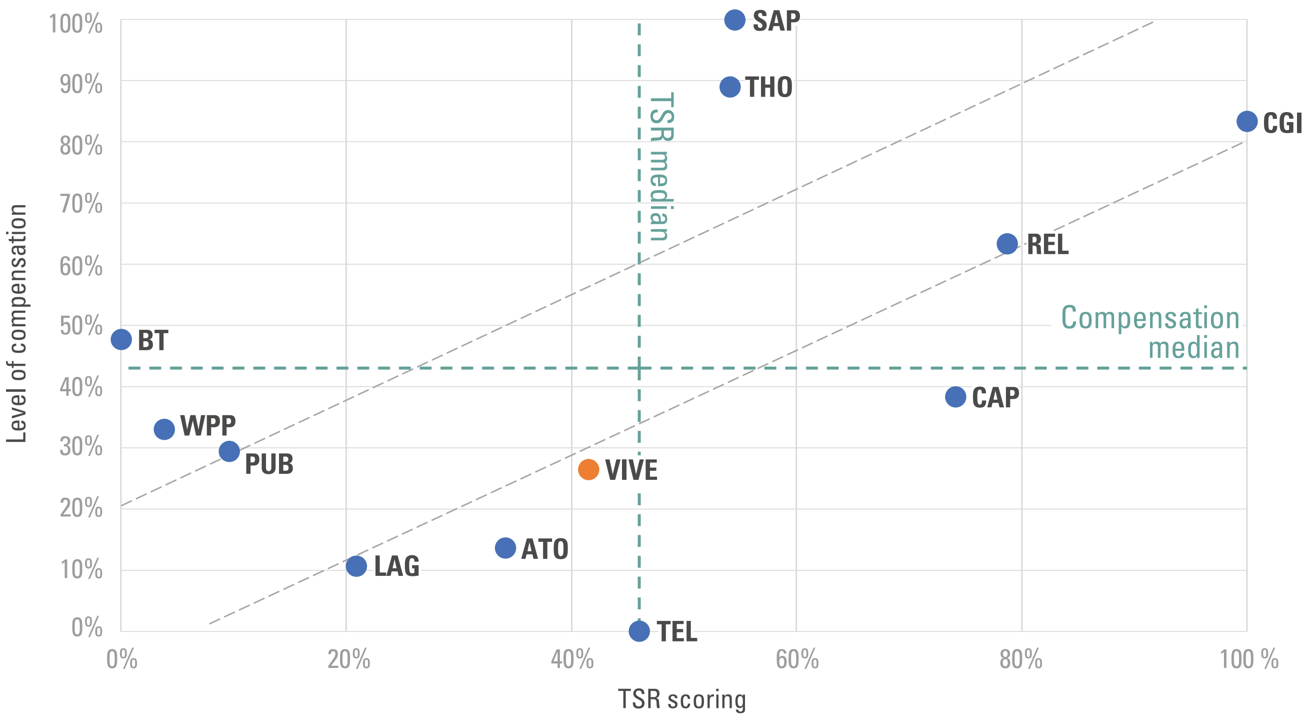
At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set the compensation of the Chairman of the Management Board for 2020 as follows:

- fixed compensation: €1,400,000 (unchanged from 2019); and
- variable compensation: target of 80% of fixed compensation if the objectives are achieved and a maximum of 100% if the objectives are substantially exceeded (1).

At the same meeting, the Supervisory Board granted the Chairman of the Management Board 40,000 performance shares (2), all of which are subject to performance conditions assessed over a period of three years (see "Performance Share Grants" above).

The chart below, based on Total Shareholder Return (TSR), shows Vivendi's position, which is below the median of the panel of companies used in the benchmarking study (3) to set the components of compensation for the Chairman of the Management Board.

2014-2018: ADJUSTED SHARE PRICE



Source: Cabinet Boracay.

(1) In all circumstances, and for each of the objectives (financial and non-financial), if the 50% threshold is not reached, the weighting of that objective in calculating the variable portion of compensation will be zero.

(2) The value of the benefit for each performance share awarded in 2020 is €21.68. This estimated value per share is given for information purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date (in 2023) and the date of sale of the shares (as of 2025).

(3) See "Fixed portion" above.

Members of the Management Board

At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set the following fixed and variable compensation components for 2020 for the Management Board members.

	Fixed compensation (in euros)	Variable compensation (in euros)		Performance shares (1)
		Target	**Maximum**	
Gilles Alix (2)	700,000	80%	100%	20,000
Cédric de Bailliencourt (3)	400,000	80%	100%	-
Frédéric Crépin (3)	800,000	80%	100%	35,000
Simon Gillham (3)	750,000	80%	100%	30,000
Hervé Philippe (3)	940,000	80%	100%	20,000
Stéphane Roussel (3)	1,000,000	80%	100%	40,000

(1) The value of the benefit for each performance share awarded in 2020 is €21.68. This estimated value per share is given for information purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date (in 2023) and the date of sale of the shares (as of 2025).

(2) The compensation components for Gilles Alix (fixed compensation and performance share grants) reflect his increased involvement in Vivendi's business (see Section 1.2.2 of this chapter).

(3) Compensation unchanged compared to 2019.

2.1.2.3. Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Eighteenth resolution: Approval of the compensation policy for the Chairman of the Management Board for 2020

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, which describes the corporate officers' compensation policy, in accordance with Article L.225-82-2 II. of the French Commercial Code, the General Shareholders' Meeting approves the compensation policy for the Chairman of the Management Board for 2020, as described in Chapter 3, Sections 2.1 and 2.2 of the 2019 Annual Report – Universal Registration Document.

Nineteenth resolution: Approval of the compensation policy for members of the Management Board for 2020

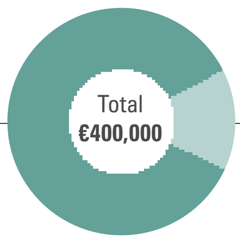
Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, which describes the corporate officers' compensation policy, in accordance with Article L.225-82-2 II. of the French Commercial Code, the General Shareholders' Meeting approves the compensation policy for the members of the Management Board for 2020, as described in Sections 2.1 and 2.1.2 of this chapter of the 2019 Annual Report – Universal Registration Document.

2.2. Components of Compensation and Benefits Paid During or Allocated for 2019 to Vivendi's Corporate Officers

This section describes the implementation for 2019 of the compensation policy applicable to the Chairman and members of the Supervisory Board and to the Chairman and members of the Management Board, which was approved in the fourteenth to sixteenth resolutions of the April 15, 2019 General Shareholders' Meeting.

2.2.1. COMPONENTS OF COMPENSATION OF THE CHAIRMAN AND MEMBERS OF THE SUPERVISORY BOARD

2.2.1.1. Compensation of the Chairman of the Supervisory Board – 2019



The gross compensation of the Chairman of the Supervisory Board amounted to €400,000 for 2019, including €60,000 in Board remuneration (formerly "attendance fees") (unchanged from 2018). At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided not to change the compensation of the Chairman of the Supervisory Board for 2020.

Yannick Bolloré is not eligible for any non-compete or severance payments or any supplemental pension plan either in his position as Chairman of Vivendi's Supervisory Board or his executive role within the Havas group.

Summary table (AMF Recommendations, Tables 1 and 2)

The table below sets out all of the components of the compensation received by Yannick Bolloré within the Vivendi group **(1)**.

- in his capacity as Chairman of the Supervisory Board of Vivendi: for 2018, Yannick Bolloré's compensation (which remained unchanged between 2018 and 2019) amounted to €277,624 as it was calculated proportionately for the period between April 19 and December 31, 2018 based on an annual amount of €400,000;
- in his capacity as Chairman and Chief Executive Officer of Havas: the fixed portion of Yannick Bolloré's compensation remained unchanged between 2018 and 2019 (€1,050,000). The variable portion, which is capped at 100% of the fixed portion, is contingent on achieving performance conditions based on financial criteria (60% weighting) and non-financial criteria (40% weighting) approved by the Board of Directors of Havas.
  - variable portion paid in 2018 for 2017: nil (0% of the 2017 fixed portion),
  - variable compensation paid in 2019 for 2018: €370,000 (35% of the 2018 fixed portion),
  - variable portion payable in 2020 for 2019: €600,000 (57% of the 2019 fixed portion).

In his capacity as Chairman and Chief Executive Officer of Havas, Yannick Bolloré was also awarded 18,000 Vivendi performance shares in 2018 and 2019, under the same terms and conditions as the group's other employees and executive corporate officers (see Note 19.1, "Plans granted by Vivendi" in the notes to the consolidated financial statements for the year ended December 31, 2019 in Chapter 4 of this Annual Report – Universal Registration Document).

Summary table of gross compensation paid (before tax and social security contributions) and the value of performance shares granted to the Chairman of the Supervisory Board during 2019 (AMF Recommendations, Table 1)

(in euros)	2018	2019
Gross compensation paid (*)	(1) 1,336,617	(2) 1,828,993
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (3)	357,300	348,660
Total	**1,693,917**	**2,117,653**

n/a: not applicable.

(*) The Chairman of the Supervisory Board's compensation is paid on a half-yearly basis in arrears.

(1) Includes (i) €277,624 paid proportionately (based on an annual amount of €400,000) for the time that Yannick Bolloré served as Chairman of Vivendi's Supervisory Board and (ii) €1,058,993 for his duties as Chairman and Chief Executive Officer of Havas (including €8,993 of benefits-in-kind).

(2) Includes (i) €400,000 paid for Yannick Bolloré's duties as Chairman of Vivendi's Supervisory Board and (ii) €1,428,993 for his duties as Chairman and Chief Executive Officer of Havas (including €8,993 of benefits-in-kind).

(3) The book value is calculated based on the number of performance shares. The value per performance share used for this table corresponds to the value recognized in the financial statements in accordance with IFRS 2 (see Note 19 to the consolidated financial statements in Chapter 4 for a description of the measurement of equity-settled instruments). This per-share value is €19.85 for the February 2018 plan and €19.37 for the February 2019 plan.

(1) Compensation components paid or granted by companies controlled by Vivendi within the meaning of Article L.233-16 of the French Commercial Code.

2.2.1.2. Board remuneration allocated in accordance with Article L.225-83 of the French Commercial Code

Individual breakdown of the aggregate Board remuneration allocated to members of the Supervisory Board (in euros – rounded)

Members of the Supervisory Board	Amounts paid for 2018 (*)	Amounts paid or granted for 2019	Individual attendance rate at Supervisory Board and Committee meetings in 2019			
			Supervisory Board	Audit Committee	Corporate Governance, Nominations and Remuneration Committee	CSR Committee
Yannick Bolloré, Chairman (a) (1)	80,000	60,000	100%	-	-	-
Philippe Bénacin, Vice Chairman	105,000	97,500	85.7%	-	100%	-
Tarak Ben Ammar (b)	92,500	20,000	0%	100%	-	-
Cyrille Bolloré (c)	n/a	92,500	100%	100%	100%	-
Vincent Bolloré (d)	110,000	37,500	100%	100%	100%	-
Paulo Cardoso	120,000	120,000	100%	-	100%	100%
Dominique Delport (e)	65,000	60,000	100%	-	-	-
Véronique Driot-Argentin (2)	80,000	80,000	100%	-	-	100%
Aliza Jabès	80,000	82,500	85.7%	-	100%	-
Cathia Lawson-Hall	135,000	135,000	100%	100%	-	100%
Sandrine Le Bihan	80,000	80,000	100%	-	-	100%
Virginie Morgon (f)	7,500	n/a	n/a	-	-	-
Michèle Reiser (g)	85,000	120,000	100%	100%	-	100%
Katie Stanton	100,000	100,000	100%	100%	-	-
Total	**1,140,000**	**1,085,000**				

n/a: not applicable.

(*) The remuneration allocated to the Supervisory Board's members is paid on a half-yearly basis in arrears.

(a) Chairman of the Supervisory Board since April 19, 2018 and member of the Audit Committee and Corporate Governance, Nominations and Remuneration Committee until April 19, 2018.

(b) Member of the Supervisory Board and the Audit Committee until April 15, 2019.

(c) Member of the Supervisory Board, the Audit Committee and the Corporate Governance, Nominations and Remuneration Committee since April 15, 2019.

(d) Chairman of the Supervisory Board until April 19, 2018, and member of the Supervisory Board and member of the Audit Committee and Corporate Governance, Nominations and Remuneration Committee between April 19, 2018 and April 15, 2019.

(e) Member of the Corporate Governance, Nominations and Remuneration Committee until March 26, 2018.

(f) Member of the Supervisory Board until April 19, 2018.

(g) Member of the Supervisory Board since April 19, 2018.

(1) A breakdown of the total compensation of the Chairman of the Supervisory Board is provided in the summary tables on compensation in Section 2.2.2.1. of this chapter.

(2) In 2019, as a Vivendi employee, Véronique Driot-Argentin received €74,894 in gross compensation and €6,869 in profit sharing.

2.2.2. COMPONENTS OF THE COMPENSATION OF THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD

2.2.2.1. Status and compensation of the Chairman of the Management Board – 2019

In compliance with the recommendations of the AFEP-MEDEF Code of Corporate Governance, Arnaud de Puyfontaine waived the benefit of his employment contract following his appointment as Chairman of the Management Board by the Supervisory Board at its meeting held on June 24, 2014.

At its meeting held on February 14, 2019, the Supervisory Board set Arnaud de Puyfontaine's fixed and variable compensation and benefits-in-kind for 2019 as follows:

- fixed compensation: €1,400,000 (unchanged from 2018);
- variable compensation: target of 80% of fixed compensation if the objectives are achieved and a maximum of 100% if the objectives are substantially exceeded (1);
- eligibility for performance share grants, which are subject to satisfying conditions set by the Supervisory Board and will vest and be transferable in accordance with the rules of the applicable performance share plan;
- use of a company car;

(1) In all circumstances, and for each of the objectives (financial objectives and priority actions), if the 50% threshold is not reached, the weighting of that objective in calculating the variable portion of compensation will be zero.

- payment of travel and other expenses incurred in the performance of his duties;
- eligibility for the Social Security, AGIRC and ARRCO pension plans, as well as the personal risk insurance plans (health, disability and life insurance) set up for the company's employees, and subject to the same terms and conditions; and
- eligibility for a supplemental pension plan set up in December 2005, as approved at the General Shareholders' Meeting of April 20, 2006. The growth rate for pension annuities is subject to performance criteria, and the benefits accrued under the plan as at December 31, 2019 were calculated in accordance with the criteria amended by the Supervisory Board on November 14, 2019, which will be put to the vote at the General Shareholders' Meeting of April 20, 2020 (see Section 2.1.2 above).

At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the financial objectives and priority actions set out in the table below, to be used to calculate variable compensation for 2019.

Calculation of variable compensation for 2019

Weighting (in points)			**2019 objectives** (in millions of euros) **(*)**				
Objectives met	**Maximum**	**Indicators**	**Threshold 50%**	**Target 80%**	**Maximum 100%**	**Achieved in 2019 (**)**	**Points obtained**
48	**60**	**Group financial objectives**					**57**
32	40	Group EBIT	1,403	1,477	1,551	1,525	37
16	20	Cash flow from operations after interest and tax (group CFAIT)	515	542	569	816	20
32	**40**	**Priority actions of the Vivendi Management team**	**Achievement rate**				**33**
9	11	Setting up a strategic and financial partnership for developing UMG's business	Signing of an agreement with Tencent for it to acquire 10% of UMG's share capital based on a total enterprise value of €30 billion				11
7	9	Significant progress regarding the situation in Italy	Positive outcome for Telecom Italia; impending progress on the Mediaset situation				6
7	9	Pursue growth opportunities and revenue and cost synergies	Successful initial phase of identifying projects with Editis and synergies effectively pursued throughout the group				6
5	6	Reduce the group's exposure to risk (legal and tax disputes, excluding Mediaset)	Successful measures for legal and tax disputes				6
4	5	Implement measures incorporating ESG issues	Consolidation of CSR measures: promoting cultural diversity, supporting and protecting young people, encouraging knowledge sharing, reconciling the use of personal data with data protection				4
80	**100**	**Total (financial objectives and priority actions)**					**90**

(*) At constant exchange rates.

(**) Achieved, adjusted for certain non-recurring items.

At its meeting held on February 13, 2020, based on the points obtained for each of the above criteria, the Supervisory Board set the reference variable compensation for the Chairman of the Management Board for 2019 at 90% of his fixed compensation. The amount of variable compensation due to the Chairman of the Management Board for 2019, which will be paid in 2020, subject to approval at the General Shareholders' Meeting on April 20, 2020 (tenth resolution), therefore totals €1,260,000 before taxes and social security contributions.

On February 14, 2019, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board granted 40,000 performance shares (1) to Arnaud de Puyfontaine. The vesting of these performance shares is subject to the achievement of performance conditions based on two indicators – one internal and one external. The internal indicator has a 70% weighting and corresponds to (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%) between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's share price between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%).

(1) The value of the benefit for each performance share awarded in 2019 is €19.37. This estimated value per share is given for information purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date (in 2022) and the date of sale of the shares (as of 2024).

2.2.2.2. Status and compensation of members of the Management Board – 2019

With the exception of the Chairman, the members of the Management Board hold employment contracts. At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement of the financial objectives and priority actions (1) used to calculate the variable portion of compensation for members of the Management Board (target of 80%, maximum of 100%) for 2019. Based on the points obtained for each criterion, the variable compensation of the Management Board members for 2019 was set at 90% of their fixed compensation (see table above – Calculation of variable compensation for 2019).

The amount of variable compensation due to each Management Board member for 2019, subject to approval at the General Shareholders' Meeting of April 20, 2020 (eleventh to sixteenth resolutions), is provided below:

Fixed and variable compensation of Management Board members for 2019 – Number of performance shares granted in 2019

		Variable compensation (in euros)			
	Fixed compensation (in euros)	**Target**	**Achieved**	**Variable (*)** (in euros)	**Performance shares (1)**
Gilles Alix	600,000	80%	90%	540,000	-
Cédric de Bailliencourt	400,000	80%	90%	360,000	-
Frédéric Crépin	800,000	80%	90%	720,000	35,000
Simon Gillham	750,000	80%	90%	675,000	30,000
Hervé Philippe	940,000	80%	90%	846,000	20,000
Stéphane Roussel	1,000,000	80%	90%	900,000	40,000

(*) Payment subject to approval at the General Shareholders' Meeting of April 20, 2020 (eleventh to sixteenth resolutions).

(1) The value of the benefit for each performance share awarded in 2019 is €19.37. This estimated value per share is given for information purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date (in 2022) and the date of sale of the shares (as of 2024).

2.2.2.3. Disclosures required under Article D.225-29-3 of the French Commercial Code, introduced by Decree no. 2019-1235 of November 27, 2019 (2)

Benefits accrued as of December 31, 2019 under the defined-benefit supplemental pension plan set up in 2005 and approved at the April 20, 2006 General Shareholders' Meeting

	Seniority within the group as of December 31, 2019 (in years)	**Annuity growth rate in 2019 (1)** (in %)	**Annuity accrued for 2019 (1)** (in euros)	**Amount of annuity as of December 31, 2019** (before tax and social security contributions – in euros)
Arnaud de Puyfontaine	6	1.25	30,393	334,323
Gilles Alix	13	1.25	9,844	219,375
Cédric de Bailliencourt	3	2.50	13,750	52,500
Frédéric Crépin	20	1.00	14,000	420,000
Simon Gillham	19	1.00	13,125	380,625
Hervé Philippe	15	1.25	20,563	411,250
Stéphane Roussel	16	1.00	22,000	572,000

(1) Based on total seniority within the group as of December 31, 2019: 1 to 5 years: 2.5%; 6 to 15 years: 1.25%; 16 to 20 years: 1%; over 20 years: 0%.

(1) In all circumstances, and for each objective, if the 50% threshold is not reached, the weighting of that objective in calculating the variable portion of compensation will be zero.

(2) Formerly, Article D. 225-104-1 of the French Commercial Code introduced by Decree no. 2016-182 of February 23, 2016.

Calculation of the annuity growth rate for the supplemental defined-benefit pension plan – 2019

At its meeting held on February 13, 2020, the Supervisory Board noted that one of the criteria determining the annuity growth rate had been met. As the objectives were exceeded, the rate for 2019 was approved.

	2019		
Financial criteria (in millions of euros)	**Objectives**	**Achieved**	**Achievement rate**
Adjusted net income	1,103	1,741	158%
Operating cash flow	944	903	96%
Average stock market indices performance **(1)**	+25.3%	+23.7%	94%

(1) Composite index – CAC 40 (50% weighting) and STOXX® Europe Media (50% weighting), reinvested dividends.

The provision set aside in 2019 for members of the Management Board under this pension plan totaled €9.3 million.

2.2.3. HIGHEST COMPENSATION PAID WITHIN THE GROUP

In 2019, the compensation of Vivendi's five highest-paid employees in France totaled €8.70 million, including benefits-in-kind.

In 2019, the total compensation for the five highest-paid employees in the group as a whole was €60.53 million, including benefits-in-kind. None of the Management Board members were among these five highest-paid employees.

2.3. Performance Shares Granted to the Chairman and Members of the Management Board

In 2019, performance share grants consisted of 1.647 million shares, corresponding to 0.139% of the company's share capital. Performance shares granted to members of the Management Board are presented in the table below. They represent 0.014% of the share capital and 10.31% of the overall grant.

The total number of shares granted each year to all beneficiaries pursuant to the authorization given by the General Shareholders' Meeting of April 19, 2018 (twenty-seventh resolution) cannot exceed 0.33% of the share capital on the grant date, and 0.035% for members of the Management Board.

2.3.1. PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD IN 2019: PLAN 2019-02-1 OF FEBRUARY 14, 2019 (AMF RECOMMENDATIONS, TABLE 6)

	Number of rights to shares granted during the year	**Value of rights under the method used for the consolidated financial statements** (in euros) **(a)**	**Vesting date of the rights**	**Date of availability of shares**	**Performance conditions (b)**
Arnaud de Puyfontaine	40,000	774,800	02/15/2022	02/16/2024	Yes
Gilles Alix	-	-	-	-	-
Cédric de Bailliencourt	-	-	-	-	-
Frédéric Crépin	35,000	677,950	02/15/2022	02/16/2024	Yes
Simon Gillham	30,000	581,100	02/15/2022	02/16/2024	Yes
Hervé Philippe	20,000	387,400	02/15/2022	02/16/2024	Yes
Stéphane Roussel	40,000	774,800	02/15/2022	02/16/2024	Yes
Total	**165,000**	**3,196,050**	**n/a**	**n/a**	**n/a**

n/a: not applicable.

(a) The value per performance share, calculated pursuant to IFRS 2, was €19.37.

Vesting of the performance shares granted in 2019 will be reviewed in 2022, in accordance with the applicable plan rules. These shares will not be available until 2024.

(b) Assessed over three years.

2.3.2. HISTORY OF PERFORMANCE SHARES GRANTED (AMF RECOMMENDATIONS, TABLE 8)

	2019	2018	2017	2016	2015 (adjusted)	2014 (adjusted)
Date of the General Shareholders' Meeting approving the share grant	AGM 04/19/2018	AGM 04/19/2018	AGM 04/21/2016	AGM 04/21/2016	AGM 06/24/2014	AGM 04/21/2011
Date of the Supervisory Board meeting	02/14/2019	05/17/2018	02/23/2017	05/11/2016	02/27/2015	02/21/2014
Grant date	02/14/2019	05/17/2018	02/23/2017	05/11/2016	02/27/2015	02/21/2014
Maximum number of shares that may be granted pursuant to the authorization of the General Shareholders' Meeting	13,062,341	13,000,447	12,870,878	13,686,208	13,516,006	13,396,099
Maximum number of shares that may be granted during the year based on grants already made	4,310,572	4,290,147	4,247,389	4,516,448	4,460,282	4,420,712
Total number of shares granted	1,600,830	1,631,750	1,547,750	1,320,440	1,565,880	400,796
Number of rights canceled due to the departure of beneficiaries	24,760	7,500	19,500	22,030	55,020	0
Number of Shares Granted to Members of the Management Board						
Arnaud de Puyfontaine, Chairman	40,000	50,000	(d) 50,000	(c) 95,000	(b) 70,000	(a) 105,497
Gilles Alix	-	-	n/a	n/a	n/a	n/a
Cédric de Bailliencourt	-	-	n/a	n/a	n/a	n/a
Frédéric Crépin	35,000	35,000	(d) 40,000	(c) 50,000	n/a	n/a
Simon Gillham	30,000	30,000	(d) 30,000	(c) 50,000	n/a	n/a
Hervé Philippe	20,000	20,000	(d) 40,000	(c) 50,000	(b) 50,000	0
Stéphane Roussel	40,000	40,000	(d) 40,000	(c) 50,000	(b) 50,000	0
Vesting date	02/15/2022	05/18/2021	02/24/2020	05/13/2019	02/28/2018	02/22/2016
Date of availability	02/16/2024	05/19/2023	02/25/2022	05/14/2021	03/02/2020	02/23/2018

n/a: not applicable.

(a) As the achievement rate for the performance criteria was 75%, the number of shares that vested in 2016 was 79,123.

(b) As the achievement rate for the performance criteria was 75% for 2015, 2016 and 2017, the number of shares that vested on February 28, 2018 was 52,500 and 37,500, respectively.

(c) As the achievement rate for the performance criteria was 75% for 2016, 2017 and 2018, the number of shares that vested on May 13, 2019 was 71,250 and 37,500, respectively.

(d) As the achievement rate for the performance criteria was 75% for 2017, 2018 and 2019, the number of shares that vested on February 24, 2020 was 37,500, 30,000, 22,500, 30,000 and 30,000, respectively (see Section 2.3.4 of this chapter).

2.3.3. PERFORMANCE SHARES THAT BECAME AVAILABLE IN 2019, FOR MEMBERS OF THE MANAGEMENT BOARD DURING THEIR TERM OF OFFICE (AMF RECOMMENDATIONS, TABLE 7)

No Vivendi performance shares became available during 2019 for the Chairman or members of the Management Board.

2.3.4. ASSESSMENT OF PERFORMANCE CRITERIA FOR 2017, 2018 AND 2019 FOR SHARES THAT WILL VEST IN 2020 UNDER THE 2017 PERFORMANCE SHARE PLAN – PLAN 02-2017-1

At its meeting held on February 13, 2020, based on a review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the achievement rates of the objectives for 2017, 2018 and 2019 (cumulative) relating to the performance shares granted to the members of the Management Board by the Supervisory Board on February 23, 2017. The Supervisory Board noted that all of the applicable criteria had been met (see table below), with a maximum rate of 100%. However, as the negative impact of the situation in Italy is not reflected in the group's financial results, the Supervisory Board decided that only 75% of the performance shares originally granted under the 2017 plan would vest. Consequently, 50,000 rights to performance shares granted to members of the Management Board in 2017 were canceled.

	2017-2019 Objectives						
Weighting	**Indicators**	**Threshold**	**Target**	**Maximum**	**Achieved Vivendi**	**% weighting**	**Rate**
70	**Internal indicator: financial objectives (1)**						
35	Adjusted net income per share	1,340	1,489	1,640	1,488	100%	35%
35	Cash flow from operations after interest and tax (group CFAIT)	980	1,087	1,195	1,036	76%	27%
Total internal indicator							**62%**
30	**External indicator: average stock market indices performance (2)**	**Threshold**	**Achieved indices**	**Maximum**	**Achieved Vivendi**	**% weighting**	**Rate**
20	Stoxx® Europe Media	13.4%	19.11%	24.8%	52.41%	200%	40%
10	CAC 40	24.7%	35.29%	45.9%	52.41%	200%	20%
Total external Indicator							**60%**
Total rate achieved (after accounting for the negative impact of the situation in Italy)							**75%**

(1) Achieved (excluding Editis), adjusted for certain non-recurring items.

(2) Reinvested dividends.

2.3.5. STOCK OPTION GRANTS TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any stock options since 2013.

2.3.6. STOCK OPTION EXERCISES IN 2019 BY CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 5)

In 2019, Stéphane Roussel exercised 39,784 stock options at a price of €16.06 (2009/04 Plan) and 79,840 options at a price of €15.80 (2010/04 Plan).

Frédéric Crépin exercised 34,907 stock options at a price of €16.06 (2009/04 Plan), 14,922 options at a price of €15.80 (2010/04 Plan), 276 options at a price of €17.19 (2011/04 Plan), 1,461 options at a price of €11.76 (2012/04 Plan) and 873 options at a price of €13.88 (2012/09 Plan).

2.3.7. REQUIREMENTS FOR CORPORATE OFFICERS TO HOLD SHARES RECEIVED UPON EXERCISE OF STOCK OPTIONS AND VESTING OF PERFORMANCE SHARES

At its meeting held on March 6, 2007, pursuant to Articles L.225-185 and L.225-197-1 of the French Commercial Code, the Supervisory Board approved rules for members of the Management Board in relation to holding shares received on exercised stock options and vested performance shares granted since 2007.

Members of the Management Board must hold, in a registered account and until the end of their term of office, a number of shares received from the exercise of stock options and the grant of performance shares since the 2007 plan was adopted. These must be equal to at least 20% of the net capital gain recorded each year (if a gain is recorded) from exercise of the stock options or sale of the performance shares.

2.3.8. CONDITIONS SPECIFIC TO VIVENDI

At its meeting held on February 27, 2015, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to amend the rules on the obligation for corporate officers and other senior executives of the group to hold Vivendi shares.

Under these new rules, within a maximum of five years after they take up their positions:

- the Chairman and the members of the Management Board must hold, in a registered account, a number of shares equal to one year of their gross fixed compensation and target bonus for as long as they are with the group; and
- other group-level executive managers and the senior executives of each operating subsidiary must hold, in a registered account, a number of shares equal to six months of their gross fixed compensation and target bonus, for as long as they are with the group.

2.3.9. LARGEST PERFORMANCE SHARE GRANTS AND STOCK OPTION EXERCISES IN 2019, OTHER THAN TO/BY CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 9)

The ten largest performance share grants to beneficiaries other than corporate officers totaled 227,100 shares, representing 13.79% of the total number of performance shares granted in 2019 and 0.019% of the company's share capital. The ten largest stock option exercises, other than by corporate officers, amounted to a total of 564,879 options exercised at a weighted-average unit price of €15.47.

2.4. Compensation Summary Tables

2.4.1. SUMMARY OF GROSS COMPENSATION PAID (BEFORE TAXES AND SOCIAL SECURITY CONTRIBUTIONS) AND VALUE OF PERFORMANCE SHARES GRANTED TO EACH MEMBER OF THE MANAGEMENT BOARD DURING 2019 (AMF RECOMMENDATIONS, TABLE 1)

(in euros)	2018	2019
Arnaud de Puyfontaine **Chairman of the Management Board**		
Gross compensation paid	2,355,872	2,475,372
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	992,500	774,800
Total	**3,348,372**	**3,250,172**
Gilles Alix (1) **Member of the Management Board and Senior Vice President in charge of inter-group coordination**		
Gross compensation paid (2)	321,915	803,628
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	n/a	n/a
Total	**321,915**	**803,628**
Cédric de Bailliencourt (1) **Member of the Management Board and Senior Vice President in charge of investor relations and inter-group financial communications**		
Gross compensation paid (3)	257,756	563,430
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	n/a	n/a
Total	**257,756**	**563,430**
Frédéric Crépin **Member of the Management Board and Group General Counsel**		
Gross compensation paid	1,441,989	1,476,371
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	694,750	677,950
Total	**2,136,739**	**2,154,321**
Simon Gillham **Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi**		
Gross compensation paid	1,282,395	1,334,656
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	595,500	581,100
Total	**1,877,895**	**1,915,756**
Hervé Philippe **Member of the Management Board and Chief Financial Officer**		
Gross compensation paid	1,696,433	1,670,861
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	397,000	387,400
Total	**2,093,433**	**2,058,261**

(in euros)	2018	2019
Stéphane Roussel **Member of the Management Board and Chief Operating Officer**		
Gross compensation paid	2,268,806	2,264,879
Book value of stock options granted	n/a	n/a
Book value of performance shares granted (a)	794,000	774,800
Total	**3,062,806**	**3,039,679**

n/a: not applicable.

(1) Member of the Management Board since September 1, 2017.

(2) Proportionate amount of the variable compensation based on a rate of 50%: €62,500 paid in 2018 for 2017; €187,500 paid in 2019 for 2018.

(3) Proportionate amount of the variable compensation based on a rate of 50%: €50,000 paid in 2018 for 2017; €150,000 paid in 2019 for 2018.

(a) The book value is calculated based on the number of performance shares. The value per performance share used for this table corresponds to the value recognized in the financial statements in accordance with IFRS 2 (see Note 19 to the consolidated financial statements in Chapter 4 for a description of the measurement of equity-settled instruments). This per-share value is €19.85 for the February 2018 plan and €19.37 for the February 2019 plan.

2

2.4.2. SUMMARY TABLE OF COMPENSATION (BEFORE TAXES AND SOCIAL SECURITY CONTRIBUTIONS) OF MEMBERS OF THE MANAGEMENT BOARD DURING 2018 AND 2019 (AMF RECOMMENDATIONS, TABLE 2)

	2018		2019	
(in euros)	Amounts paid	Amounts allocated	Amounts paid	Amounts allocated
Arnaud de Puyfontaine, Chairman of the Management Board				
Fixed compensation	(1) 1,400,000	(1) 1,400,000	1,400,000	1,400,000
Variable compensation for 2017	(2) 540,000	-	-	-
Variable compensation for 2018	-	(1) 1,050,000	(1) 1,050,000	-
Variable compensation for 2019	-	-	-	1,260,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	(3) 857	(3) 857	n/a	n/a
Benefits-in-kind (*)	25,015	25,015	25,372	25,372
One-time payment (1)	(4) 390,000	(4) 390,000	n/a	n/a
Total	**2,355,872**	**2,865,872**	**2,475,372**	**2,685,372**
Gilles Alix, Member of the Management Board (5)				
Fixed compensation	(6) 250,000	(6) 250,000	600,000	600,000
Variable compensation for 2017	(7) 62,500	-	-	-
Variable compensation for 2018	-	(8) 187,500	(8) 187,500	-
Variable compensation for 2019	-	-	-	540,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	n/a	n/a	n/a	n/a
Benefits-in-kind (**)	9,415	9,415	16,128	16,128
Total	**321,915**	**446,915**	**803,628**	**1,156,128**
Cédric de Bailliencourt, Member of the Management Board (5)				
Fixed compensation	(9) 200,000	(9) 200,000	400,000	400,000
Variable compensation for 2017	(7) 50,000	-	-	-
Variable compensation for 2018	-	(8) 150,000	(8) 150,000	-
Variable compensation for 2019	-	-	-	360,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	n/a	n/a	n/a	n/a
Benefits-in-kind (**)	7,756	7,756	13,430	13,430
Total	**257,756**	**357,756**	**563,430**	**773,430**
Frédéric Crépin, Member of the Management Board				
Fixed compensation	800,000	800,000	800,000	800,000
Variable compensation for 2017	562,500	-	-	-
Variable compensation for 2018	-	600,000	600,000	-
Variable compensation for 2019	-	-	-	720,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	(11) 38,429	(11) 38,429	(10) 35,000	(10) 35,000
Benefits-in-kind (**)	41,060	41,060	41,371	41,371
Total	**1,441,989**	**1,479,489**	**1,476,371**	**1,596,371**
Simon Gillham, Member of the Management Board				
Fixed compensation	750,000	750,000	750,000	750,000
Variable compensation for 2017	506,250	-	-	-
Variable compensation for 2018	-	562,500	562,500	-
Variable compensation for 2019	-	-	-	675,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	(3) 4,286	(3) 4,286	n/a	n/a
Benefits-in-kind (**)	21,859	21,859	22,156	22,156
Total	**1,282,395**	**1,338,645**	**1,334,656**	**1,447,156**

	2018		2019	
(in euros)	Amounts paid	Amounts allocated	Amounts paid	Amounts allocated
Hervé Philippe, Member of the Management Board				
Fixed compensation	940,000	940,000	940,000	940,000
Variable compensation for 2017	705,000	-	-	-
Variable compensation for 2018	-	705,000	705,000	-
Variable compensation for 2019	-	-	-	846,000
Other compensation	n/a	n/a	n/a	n/a
Board remuneration (formerly "attendance fees")	(3) 3,429	(3) 3,429	n/a	n/a
Benefits-in-kind (**)	48,004	48,004	25,861	25,861
Total	**1,696,433**	**1,696,433**	**1,670,861**	**1,811,861**
Stéphane Roussel, Member of the Management Board				
Fixed compensation	1,000,000	1,000,000	1,000,000	1,000,000
Variable compensation for 2017	750,000	-	-	-
Variable compensation for 2018	-	750,000	750,000	-
Variable compensation for 2019	-	-	-	900,000
Other compensation	(12) 450,000	(12) 450,000	(12) 450,000	(12) 390,000
Board remuneration (formerly "attendance fees")	(11) 39,286	(11) 39,286	(10) 35,000	(10) 35,000
Benefits-in-kind (**)	29,520	29,520	29,879	29,879
Total	**2,268,806**	**2,268,806**	**2,264,879**	**2,354,879**

n/a: not applicable.

(1) Fixed compensation for 2018 increased to €1,400,000 without applying the 60% proportionate calculation for Arnaud de Puyfontaine's fixed and variable compensation for 2018 following termination of his executive duties at Telecom Italia and due to the fact that in 2018 he was not paid any variable compensation by Telecom Italia for 2017 (see Section 2.2.2.1 of Chapter 2 of the 2018 Annual Report – Registration Document).

(2) Taking into account Arnaud de Puyfontaine's appointment as Executive Chairman of the Board of Directors of Telecom Italia on June 1, 2017, and on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, on February 15, 2018, the Supervisory Board decided that Arnaud de Puyfontaine's variable compensation for 2017 (payable in 2018) would be calculated on a 60% proportionate basis (of the €900,000 annual amount).

(3) Attendance fees paid by Canal+ Group.

(4) Amount paid following termination, on April 24, 2018, of Arnaud de Puyfontaine's executive duties at Telecom Italia and non-payment in 2018 by Telecom Italia of his variable compensation for 2017 (see Section 2.2.2.1 of this chapter).

(5) Member of the Management Board since September 1, 2017.

(6) Proportionate amount – annual basis: €500,000.

(7) Considering the positions held by Gilles Alix and Cédric de Bailliencourt within Bolloré Group, and on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, on February 15, 2018, the Supervisory Board decided that their variable compensation for 2017 (paid in 2018) would be calculated on a 50% proportionate basis.

(8) Considering the positions held by Gilles Alix and Cédric de Bailliencourt within Bolloré Group, and on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, on February 15, 2018, the Supervisory Board decided that their fixed and variable compensation for 2018 would be calculated on a 50% proportionate basis (see Section 2.2.2.1 of Chapter 2 of the 2018 Annual Report – Registration Document).

(9) Proportionate amount – annual basis: €400,000.

(10) Attendance fees paid by Gameloft SE.

(11) Attendance fees paid by Gameloft SE and Canal+ Group.

(12) Compensation paid by Gameloft SE.

(*) Benefits-in-kind include the use of a company car (without a chauffeur) and GSC coverage (job-loss insurance for corporate officers).

(**) Benefits-in-kind include, as applicable, the use of a company car (with no chauffeur), profit sharing, employer contribution to excess social security charges, and partial liquidation of the time savings account (CET).

2.4.3. SUMMARY OF COMMITMENTS GIVEN TO THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD (AMF RECOMMENDATIONS, TABLE 11)

	Employment contract		Eligibility for supplemental pension plan (1)		Compensation or other benefits due or that may become due at the end of a term in office		Non-compete payment	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud de Puyfontaine Chairman of the Management Board		(2) X	X		(3) X			X
Gilles Alix Member of the Management Board	X		X			X		X
Cédric de Bailliencourt Member of the Management Board	X		X			X		X
Frédéric Crépin Member of the Management Board	X		X			X		X
Simon Gillham Member of the Management Board	X		X			X		X
Hervé Philippe Member of the Management Board	X		X			X		X
Stéphane Roussel Member of the Management Board	X		X			X		X

(1) Subject to plan terms and conditions and to the criteria governing the annual annuity growth rate (see Sections 2.1.2.2 and 2.2.2.3).

(2) Arnaud de Puyfontaine waived the benefit of his employment contract following his appointment as Chairman of the Management Board by the Supervisory Board on June 24, 2014.

(3) Commitment approved at the General Shareholders' Meetings held on April 17, 2015 and April 15, 2019.

2.5. Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code

2.5.1. YANNICK BOLLORÉ – CHAIRMAN OF THE SUPERVISORY BOARD (NINTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€340,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the members of the Supervisory Board and its Chairman for 2019, as approved by the Supervisory Board at its February 14, 2019 meeting and by the General Shareholders' Meeting of April 15, 2019 (fourteenth resolution).
2019 variable compensation	n/a	The Chairman of the Supervisory Board does not receive any variable compensation.
2018 variable compensation	n/a	The Chairman of the Supervisory Board did not receive any variable compensation for 2018.
Deferred variable compensation	n/a	The Chairman of the Supervisory Board does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	The Chairman of the Supervisory Board does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	The Chairman of the Supervisory Board does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013. In addition, pursuant to French law, the Chairman of the Supervisory Board is not eligible for stock option grants.
Performance shares	n/a	Pursuant to French law, due to his corporate office, the Chairman of the Supervisory Board is not eligible for performance share grants.
Board remuneration (formerly "attendance fees")	€60,000	Fixed amount.
Benefits-in-kind	n/a	The Chairman of the Supervisory Board does not receive any benefits-in-kind.

Deferred compensation	Amount	Description
Severance payment	n/a	The Chairman of the Supervisory Board is not entitled to receive any severance payment in respect of his corporate office.
Non-compete payment	n/a	The Chairman of the Supervisory Board is not entitled to receive any non-compete payment.
Supplemental pension plan	n/a	The Chairman of the Supervisory Board is not eligible for Vivendi's supplemental defined-benefit pension plan.

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Ninth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Yannick Bolloré, Chairman of the Supervisory Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Yannick Bolloré in his capacity as Chairman of the Supervisory Board, as set out in Chapter 3, Section 2.5.1 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.2. ARNAUD DE PUYFONTAINE – CHAIRMAN OF THE MANAGEMENT BOARD (TENTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€1,400,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the Chairman of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (fifteenth resolution).
2019 variable compensation	€1,260,000	At its meeting held on February 13, 2020, based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the reference amount of the Chairman of the Management Board's variable compensation for 2019. His variable compensation represented 90% of his fixed compensation (see Section 2.2.2.1 of this chapter).
2018 variable compensation	€1,050,000	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (seventh resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	The Chairman of the Management Board does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	The Chairman of the Management Board does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	The Chairman of the Management Board does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	€774,800 (book value)	Grant of 40,000 performance shares by the Supervisory Board on February 14, 2019 as proposed by the Corporate Governance, Nominations and Remuneration Committee. The vesting of these performance shares is subject to the achievement of performance conditions assessed over a period of three consecutive years (2019-2021). These conditions are based on two indicators – one internal and one external. The internal indicator has a 70% weighting and is based on (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%), between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's stock performance between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) (see Section 2.2.2.1 of this chapter).
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Arnaud de Puyfontaine does not receive any remuneration for his role as Chairman of the Management Board.
Benefits-in-kind	€25,372	Company car (with no chauffeur), job-loss insurance (GSC) and employer contribution to excess social security charges.

Deferred compensation	Amount	Description
Severance payment	None	Conditional commitment in the event of termination at the initiative of the company, subject to performance conditions (see Section 2.2.2.1 of this chapter).
Non-compete payment	None	The Chairman of the Management Board is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, the Chairman of the Management Board is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved at the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Arnaud de Puyfontaine must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 1.25% subject to performance criteria. Potential annuity accrued in 2019: €30,393 (see Section 2.2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Tenth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Arnaud de Puyfontaine, Chairman of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Arnaud de Puyfontaine in his capacity as Chairman of the Management Board, as set out in Chapter 3, Section 2.5.2 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.3. GILLES ALIX – MEMBER OF THE MANAGEMENT BOARD (ELEVENTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€600,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 on the recommendation of the Corporate Governance, Nominations and Remuneration Committee in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€540,000	At its meeting held on February 13, 2020, based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the amount of Gilles Alix's variable compensation for 2019. His variable compensation for 2019 represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€187,500	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (eighth resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Gilles Alix does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	Gilles Alix does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Gilles Alix does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	n/a	Gilles Alix was not granted any performance shares in 2019.
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Gilles Alix does not receive any remuneration in his capacity as member of the Management Board.
Benefits-in-kind	€16,128	No company car; profit sharing (under Vivendi SE's collective agreement) and employer contribution to excess social security charges.

2

Deferred compensation	Amount	Description
Severance payment	None	Gilles Alix is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Gilles Alix is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Gilles Alix is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved at the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Gilles Alix must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 1.25% subject to performance criteria. Potential annuity accrued in 2019: €9,844 (see Section 2.2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Eleventh resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Gilles Alix, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Gilles Alix in his capacity as a member of the Management Board, as set out in Chapter 3, Section 2.5.3 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.4. CÉDRIC DE BAILLIENCOURT – MEMBER OF THE MANAGEMENT BOARD (TWELFTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€400,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€360,000	At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the amount of Cédric de Bailliencourt's variable compensation for 2019. His variable compensation for 2019 represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€150,000	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (ninth resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Cédric de Bailliencourt does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	Cédric de Bailliencourt does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Cédric de Bailliencourt does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	n/a	Cédric de Bailliencourt was not granted any performance shares in 2019.
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Cédric de Bailliencourt does not receive any remuneration for his role as a member of the Management Board.
Benefits-in-kind	€13,430	No company car; profit sharing (under Vivendi SE's collective agreement), and employer contribution to excess social security charges.

Deferred compensation	Amount	Description
Severance payment	None	Cédric de Bailliencourt is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Cédric de Bailliencourt is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Cédric de Bailliencourt is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved at the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Cédric de Bailliencourt must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 2.50% subject to performance criteria. Potential annuity accrued in 2019: €13,750 (see Section 2.2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Twelfth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Cédric de Bailliencourt, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Cédric de Bailliencourt as a member of the Management Board, as set out in Chapter 3, Section 2.5.4 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.5. FRÉDÉRIC CRÉPIN – MEMBER OF THE MANAGEMENT BOARD (THIRTEENTH RESOLUTION)

Components of compensation paid during 2019 or allocated for that year	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€800,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€720,000	At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine Frédéric Crépin's variable compensation for 2019. His variable compensation for 2019 represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€600,000	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (tenth resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Frédéric Crépin does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	Frédéric Crépin does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Frédéric Crépin does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	€677,950 (book value)	35,000 performance shares granted by the Supervisory Board on February 14, 2019 as proposed by the Corporate Governance, Nominations and Remuneration Committee. The vesting of these performance shares is subject to the achievement of performance conditions. These conditions are based on two indicators – one internal and one external. The internal indicator has a 70% weighting and is based on (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%), between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's stock performance between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) (see Section 2.2.2.2 of this chapter).
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Frédéric Crépin does not receive any remuneration for his role as a member of the Management Board.
Benefits-in-kind	€41,371	No company car; profit sharing (under Vivendi SE's collective agreement); employer contribution to excess social security charges; and partial liquidation of the time savings account (CET).

Deferred compensation	Amount	Description
Severance payment	None	Frédéric Crépin is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Frédéric Crépin is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Frédéric Crépin is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved by the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Frédéric Crépin must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 1.00% subject to performance criteria. Potential annuity accrued in 2019: €14,000 (see Section 2.2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Thirteenth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Frédéric Crépin, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Frédéric Crépin in his capacity as a member of the Management Board, as set out in Chapter 3, Section 2.5.5 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.6. SIMON GILHAM – MEMBER OF THE MANAGEMENT BOARD (FOURTEENTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€750,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€675,000	At its meeting held on February 13, 2020, based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the amount of Simon Gillham's variable compensation for 2019. His variable compensation for 2019 represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€562,500	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (eleventh resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Simon Gillham does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	Simon Gillham does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Simon Gillham does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	€581,100 (book value)	30,000 performance shares granted by the Supervisory Board on February 14, 2019 as proposed by the Corporate Governance, Nominations and Remuneration Committee. The vesting of these performance shares is subject to the achievement of performance conditions. These conditions are based on two indicators – one internal and one external. The internal indicator has a 70% weighting and is based on (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%), between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's stock performance between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) (see Section 2.2.2.2 of this chapter).
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Simon Gillham does not receive any remuneration for his role as member of the Management Board.
Benefits-in-kind	€22,156	No company car; profit sharing (under Vivendi SE's collective agreement) and employer contribution to excess social security charges.

Deferred compensation	Amount	Description
Severance payment	None	Simon Gillham is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Simon Gillham is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Simon Gillham is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved by the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Simon Gillham must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 1.00% subject to performance criteria. Potential annuity accrued in 2019: €13,125 (see Section 2.2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Fourteenth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Simon Gillham, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Simon Gillham in his capacity as a member of the Management Board, as set out in Chapter 3, Section 2.5.6 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.7. HERVÉ PHILIPPE – MEMBER OF THE MANAGEMENT BOARD (FIFTEENTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€940,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€846,000	At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the amount of Hervé Philippe's variable compensation for 2019. This amount represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€705,000	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (twelfth resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Hervé Philippe does not receive any variable deferred compensation.
Multi-year variable compensation	n/a	Hervé Philippe does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Hervé Philippe does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	€387,400 (book value)	20,000 performance shares granted by the Supervisory Board on February 14, 2019 as proposed by the Corporate Governance, Nominations and Remuneration Committee. The vesting of these performance shares is subject to the achievement of performance conditions. These conditions are based on two indicators – one internal and one external. The internal indicator has a 70% weighting and is based on (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%), between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's stock performance between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) (see Section 2.2.2.2 of this chapter).
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Hervé Philippe does not receive any remuneration for his role as a member of the Management Board.
Benefits-in-kind	€25,861	Company car (with no chauffeur); profit sharing (under Vivendi SE's collective agreement) and employer contribution to excess social security charges.

Deferred compensation	Amount	Description
Severance payment	None	Hervé Philippe is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Hervé Philippe is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Hervé Philippe is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved by the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Hervé Philippe must be present with the company at his retirement date. Annuity growth rate in 2019, based on seniority within the group: 1.25% subject to performance criteria. Potential annuity accrued in 2019: €20,563 (see Section 2.2.2.3 of this chapter)

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Fifteenth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Hervé Philippe, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Hervé Philippe in his capacity as a member of the Management Board, as set out in Chapter 3, Section 2.5.7 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.5.8. STÉPHANE ROUSSEL – MEMBER OF THE MANAGEMENT BOARD (SIXTEENTH RESOLUTION)

Components of compensation paid during or allocated for 2019	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€1,000,000	Gross fixed compensation set by the Supervisory Board on February 14, 2019 based on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in accordance with the principles and criteria applicable for setting the compensation of the members of the Management Board for 2019, as approved by the Supervisory Board on February 14, 2019 and by the General Shareholders' Meeting of April 15, 2019 (sixteenth resolution).
2019 variable compensation	€900,000	At its meeting held on February 13, 2020, on the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rates of the quantitative and qualitative criteria used to determine the amount of Stéphane Roussel's variable compensation for 2019. His variable compensation for 2019 represented 90% of his fixed compensation (see Section 2.2.2.2 of this chapter).
2018 variable compensation	€750,000	Amount paid following approval by the General Shareholders' Meeting of April 15, 2019 (thirteenth resolution), in accordance with Article L.225-100 of the French Commercial Code (as applicable at that date).
Deferred variable compensation	n/a	Stéphane Roussel does not receive any deferred variable compensation.
Multi-year variable compensation	n/a	Stéphane Roussel does not receive any multi-year variable compensation.
Extraordinary compensation	n/a	Stéphane Roussel does not receive any extraordinary compensation.
Stock options	n/a	The company has not granted any stock options since 2013.
Performance shares	€774,800 (book value)	40,000 performance shares granted by the Supervisory Board on February 14, 2019 as proposed by the Corporate Governance, Nominations and Remuneration Committee. The vesting of these performance shares is subject to the achievement of performance conditions. These conditions are based on two indicators – one internal and one external. The internal indicator has a 70% weighting and is based on (i) adjusted net income per share (50%) and (ii) cash flow from operations after interest and tax (group CFAIT) (20%), between January 1, 2019 and December 31, 2021. The external indicator has a 30% weighting and is based on Vivendi's stock performance between January 1, 2019 and December 31, 2021 relative to the STOXX® Europe Media index (20%) and the CAC 40 index (10%) (see Section 2.2.2.2 of this chapter).
Board remuneration (formerly "attendance fees")	n/a	In accordance with Article L.225-83 of the French Commercial Code, Stéphane Roussel does not receive any remuneration for his role as a member of the Management Board.
Benefits-in-kind	€29,879	Company car (with no chauffeur); profit sharing (under Vivendi SE's collective agreement) and employer contribution to excess social security charges.

Deferred compensation	Amount	Description
Severance payment	None	Stéphane Roussel is not entitled to receive any severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Stéphane Roussel is not entitled to receive any non-compete payment.
Supplemental pension plan	None	As is the case for a number of Vivendi's senior executives, Stéphane Roussel is eligible for the supplemental defined-benefit pension plan set up in December 2005 and approved by the General Shareholders' Meeting of April 20, 2006. Dual cap: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Stéphane Roussel must be present with the company at his retirement date. Annuity capped at 25% of the French Social Security annual limit. Annuity growth rate in 2019, based on seniority within the group: 1.00% subject to performance criteria. Potential annuity accrued in 2019: €22,000 (see Section 2.2.3 of this chapter).

n/a: not applicable.

Proposed resolution to be submitted at the General Shareholders' Meeting of April 20, 2020

Sixteenth resolution: Approval of the components of compensation and benefits-in-kind paid during or allocated for 2019 to Stéphane Roussel, member of the Management Board

Having reviewed the corporate governance report drawn up pursuant to Article L.225-68 of the French Commercial Code, in accordance with Article L.225-100 III. of the French Commercial Code, the General Shareholders' Meeting approves the components making up the total compensation and benefits-in-kind paid during or allocated for 2019 to Stéphane Roussel in his capacity as a member of the Management Board, as set out in Chapter 3, Section 2.5.8 of the 2019 Annual Report – Universal Registration Document entitled *"Components of the total compensation and benefits-in-kind paid during or allocated for 2019 to executive corporate officers to be submitted at the General Shareholders' Meeting of April 20, 2020 in accordance with Article L.225-100 III. of the French Commercial Code"*.

2.6. Comparison between the compensation of executive corporate officers and the average and median salaries of employees

The scope of the information presented below covers the salaried employees of Vivendi and is disclosed in accordance with sub-sections 6 and 7 of Article L.225-37-3 I. of the French Commercial Code.

The comparison is based on the fixed and variable compensation and benefits-in-kind paid by Vivendi for offices held during the years referred to, as well as performance shares granted during those same years (book value). (*)

This per-share value is €16.98 for the February 2015 plan, €14.68 for the May 2016 plan, €14.37 for the February 2017 plan, €19.85 for the May 2018 plan, and €19.37 for the February 2019 plan.

The average and median compensation of Vivendi's salaried employees has been calculated on a full-time equivalent basis, which corresponds to a full year of annual compensation. The calculation does not therefore take into account any amounts paid for severance payments, non-compete payments, or pension benefits.

(ratios)	2019	2018	2017	2016	2015
Chairman of the Supervisory Board (1)					
Average compensation	2.57	2.70	2.8	2.82	2.02
Median compensation	4.77	4.88	4.84	4.92	4.34
Chairman of the Management Board					
Average compensation	20.90	22.59	19.93	26.36	17.16
Median compensation	38.72	40.82	34.38	46.07	36.82
Members of the Management Board					
Gilles Alix (2)					
Average compensation	6.37	5.97	6.31	-	-
Median compensation	11.81	10.79	10.88	-	-
Cédric de Bailliencourt (2)					
Average compensation	4.59	4.78	5.05	-	-
Median compensation	8.50	8.63	8.71	-	-
Frédéric Crépin (3)					
Average compensation	13.63	14.16	13.36	15.57	5.66
Median compensation	25.25	25.59	23.05	27.20	12.14
Simon Gillham (3)					
Average compensation	12.32	12.65	11.20	13.70	4.66
Median compensation	22.82	22.85	19.33	23.95	10.01
Hervé Philippe (4)					
Average compensation	13.23	14.11	15.75	18.13	12.38
Median compensation	24.52	25.49	27.16	31.69	26.56
Stéphane Roussel (4)					
Average compensation	16.43	17.37	16.50	18.63	12.42
Median compensation	30.43	31.38	28.46	32.55	26.65

(1) The ratios for 2018 have been calculated based on the compensation paid to the Chairman of the Supervisory Board, on the following proportionate bases: Vincent Bolloré (for the period between January 1 and April 19, 2018) and Yannick Bolloré (for the period between April 19 and December 31, 2018).

(2) Gilles Alix and Cédric de Bailliencourt have been members of the Management Board since September 1, 2017. The ratios for 2018 and 2017 were calculated (i) on an annual basis for their fixed and variable compensation, and (ii) on the basis of an 80% target (as per the compensation policy for 2016) for their 2016 variable compensation, which was not paid in 2017. Neither Gilles Alix nor Cédric de Bailliencourt were granted any performance shares in the three years presented.

(3) Frédéric Crépin and Simon Gillham have been members of the Management Board since November 10, 2015. The ratios for 2015 were calculated (i) on an annual basis for their fixed compensation and (ii) on the basis of a 100% target (as per the compensation policy for 2014) for their 2014 variable compensation, which was not paid in 2015. Neither Frédéric Crépin nor Simon Gillham were granted any performance shares in 2015 in their capacity as members of the Management Board.

(4) Hervé Philippe and Stéphane Roussel have been members of the Management Board since June 24, 2014: the ratios for 2015 were calculated on an annual basis for their variable compensation for 2014.

(*) The book value is calculated based on the number of performance shares. The value per performance share used for this table corresponds to the value recognized in the financial statements in accordance with IFRS 2 (see Note 19 to the consolidated financial statements in Chapter 4 for a description of the measurement of equity-settled instruments).

In accordance with sub-section 7 of Article L.225-37-3 I. of the French Commercial Code, the table below sets out the performance of the company and the average compensation paid to its employees in the past five years, using the same calculation bases as for the preceding table.

Earnings after tax, depreciation, amortization and provisions – which is the only indicator that effectively shows year-on-year changes in the company's performance over the past five years – is shown below in accordance with the same Article.

Year-on-year changes, over the same period, in the following consolidated data for the Vivendi group are shown below for information purposes: adjusted net income, cash flow from operations (CFFO) and cash flow from operations after interest and tax (CFAIT).

	2019	2018	2017	2016	2015
Consolidated data (in millions of euros)					
Adjusted net income	1,741	1,157	1,300	755	697
Cash flow from operations (CFFO)	903	1,126	989	729	892
Cash flow from operations after interest and tax (CFAIT)	567	822	1,346	341	(69)
Parent-company data					
Earnings after tax, depreciation, amortization and provisions (in millions of euros)	1,729.8	951.3	703.1	1,609.5	2,827.0
Average compensation of salaried employees (in euros)	155,520	148,161	142,637	142,011	197,747

2.7. Trading in company securities

Stock Trading Ethics

In compliance with European Market Abuse Regulation No. 596/2014 of April 16, 2014, the recommendations of the AFEP-MEDEF Code and the rules applicable within Vivendi, purchase and sale transactions involving the company's securities are prohibited during the period from the date when a member of the Supervisory Board or Management Board becomes aware of precise information concerning the company's day-to-day business or prospects which, if it were made public, would be likely to have a significant effect on the company's share price, up to the date when this information is made public.

In addition, in accordance with Vivendi's internal rules, such transactions are prohibited for 30 calendar days preceding and including the day of publication of the company's half-yearly and annual financial statements and for a period of 15 calendar days preceding and including the day of publication of Vivendi's quarterly financial information.

Vivendi prepares and distributes a summary schedule setting out the blackout periods during which transactions involving the company's shares are prohibited. This schedule also makes clear that the periods indicated do not preclude the existence of other blackout periods that may apply, due to awareness of specific market information concerning developments in Vivendi's business or prospects which, if made public, would be likely to have a material impact on the company's share price.

At its meeting held on January 24, 2007, Vivendi's Management Board prohibited the use of all hedge transactions on stock options, shares resulting from the exercise of stock options, performance shares, and the company's securities in general, through the hedged purchase or sale of shares or the use of any other option mechanism.

These prohibitions appear in the rules of the stock option and performance share plans, and beneficiaries of these plans are reminded of them in the individual grant letters. This prohibition also appears in the internal rules of the Supervisory Board and Management Board.

2.7.1. TRADING IN SECURITIES BY MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD IN 2019

Pursuant to Article 223-26 of the General Regulations of the AMF *(Autorité des marchés financiers)*, the table below sets out transactions involving the company's securities in 2019 up to the date of this Annual Report – Universal Registration Document that were reported to the company and to the AMF:

	Awards (1)/Purchases (2)/ Repayments (3)			Exercise of stock subscription options			Sales			Subscriptions (Group Savings Plan)		
Name	**Date**	**Quantity**	**Unit price** (in euros)	**Date**	**Quantity**	**Unit price** (in euros)	**Date**	**Quantity**	**Unit price** (in euros)	**Date**	**Quantity**	**Unit price** (in euros)
Compagnie de Cornouaille (Bolloré Group)	06/05/2019	(3) 12,940,000	0.0000									
	06/13/2019	(4) 1,817,867	20.1452									
	06/25/2019	(5) 11,225,000	0.0000									
Financière de Larmor (Bolloré Group)	01/02/2019	(2) 44,389	20.8000									
Yannick Bolloré	06/20/2019	(8) 30,800	n/a							07/17/2019	(6) 82.5721	9.9700
										07/17/2019	(7) 104.2358	21.1060
Cyrille Bolloré	02/14/2020	(2) 4,000	25.2100									
Michèle Reiser	01/11/2019	(2) 1,000	21.84									
Arnaud de Puyfontaine	05/13/2019	(1) (a) 71,250	n/a							07/17/2019	(6) 10,334.4609	9.9700
	02/24/2020	(1) (b) 37,500	n/a							07/17/2019	(7) 104.2358	21.1060
Gilles Alix										07/17/2019	(6) 3,547.7454	9.9700
										07/17/2019	(7) 104.1926	21.1060
Cédric de Bailliencourt										07/17/2019	(6) 4,302.5971	9.9700
										07/17/2019	(7) 104.2358	21.1060
Frédéric Crépin	05/13/2019	(1) (a) 37,500	n/a	(9) 02/15/2019	20,000	16.06	02/15/2019	20,000	24.30	03/27/2019	(14) 40,220.409	12.785
	02/24/2020	(1) (b) 30,000	n/a	(9) 02/22/2019	14,907	16.06	02/22/2019	14,907	24.20	03/27/2019	(15) 114.554	22.458
				(10) 02/28/2019	9,922	15.80	02/28/2019	9,922	25.10	03/27/2019	(16) 150.939	55.354
				(10) 02/28/2019	5,000	15.80	02/28/2019	5,000	25.50	03/27/2019	(17) 135.393	48.929
				(12) 02/28/2019	1,461	11.76	02/28/2019	1,461	25.50	03/27/2019	(18) 113.521	24.896
				(13) 03/05/2019	873	13.88	03/05/2019	873	25.55	07/17/2019	(6) 1,891.5430	9.9700
				(11) 03/05/2019	276	17.19	03/05/2019	276	25.55	07/17/2019	(7) 104.2035	21.1060
Simon Gillham	05/13/2019	(1) (a) 37,500	n/a							07/17/2019	(6) 4,897.4869	9.9700
	02/24/2020	(1) (b) 22,500	n/a							07/17/2019	(7) 104.2358	21.1060
Hervé Philippe	05/13/2019	(1) (a) 37,500	n/a							07/17/2019	(6) 6,901.4949	9.9700
	02/24/2020	(1) (b) 30,000	n/a							07/17/2019	(7) 104.2358	21.1060
Stéphane Roussel	05/13/2019	(1) (a) 37,500	n/a	(9) 02/15/2019	20,000	16.06	02/15/2019	20,000	24.082	07/17/2019	(6) 1,891.4749	9.9700
	02/24/2020	(1) (b) 30,000	n/a	(9) 02/15/2019	19,784	16.06	02/15/2019	19,784	24.0754	07/17/2019	(7) 104.2358	21.1060
				(10) 03/20/2019	79,840	15.80						

n/a: not applicable.

(1) (a) Vesting of performance shares (05-2016-1 Plan).
(b) Vesting of performance shares (02-2017-01 Plan).

(2) Purchased on the market.

(3) Sale of call options purchased on October 7, 2016 (AMF Notice 2016DD452487) representing a maximum of 12.9 million options, to finance, for the same amount, the purchase, before the options' June 25, 2019 expiry date, of approximately 1.8 million additional shares by exercising the remaining call options. This new purchase of shares is in addition to the 319 million shares held by the Bolloré Group (excluding 11 million borrowed shares).

(4) In accordance with the disclosure filed on June 7, 2019 (AMF Notice 2019DD610540), Compagnie de Cornouaille exercised 1,817,867 call options that were due to expire on June 25, 2019, entitling it to purchase a total 1,817,867 Vivendi shares for €36.6 million, corresponding to the amount received from the sale of 11,526,963 call options expiring on June 25, 2019. These new shares are in addition to the 319 million shares held by the Bolloré Group (excluding 11 million borrowed shares).

(5) In accordance with the loan agreement published on October 12, 2016 (AMF Notice 2016DD452484), with an original maturity date of June 25, 2019, restitution of all the 11,225,000 Vivendi shares borrowed.

(6) Groupe Vivendi Relais 2019 mutual fund units (as part of the capital increase reserved for employees and corporate officers of the Vivendi group who are members of the group's Savings Plan).

(7) Opus 19 Levier Vivendi mutual fund units (as part of the capital increase reserved for employees and corporate officers of the Vivendi group who are members of the group's Savings Plan).

(8) Delivery, on June 20, 2019, of 30,800 Vivendi shares, replacing the 70,000 rights to Havas shares granted to him in his capacity as Chairman and Chief Executive Officer of Havas under the Havas performance share plan of March 19, 2015, which Havas's Board of Directors declared as having vested at its meeting held on February 11, 2019.

In connection with Vivendi's takeover of Havas on July 3, 2017, followed by Vivendi's simplified tender offer for the remaining shares in Havas and then its public buyout offer followed by a mandatory squeeze-out, the number of Vivendi shares was calculated based on an exchange ratio of 0.44 of a Vivendi share for 1 Havas share (see the prospectus drawn up jointly by Vivendi and Havas available online at www.vivendi.com and on www.amf-france.org as well as AMF clearing decision no. 217C2760 dated November 28, 2017).

(9) Exercise of stock options (April 2009 plan).

(10) Exercise of stock options (April 2010 plan).

(11) Exercise of stock options (April 2011 plan).

(12) Exercise of stock options (April 2012 plan).

(13) Exercise of stock options (September 2012 plan).

(14) Redemption of Groupe Vivendi Épargne mutual fund units for Frédéric Crépin pursuant to his early redemption request dated March 20, 2019.

(15) Redemption of Opus 15 Levier Vivendi mutual fund units for Frédéric Crépin pursuant to his early redemption request dated March 20, 2019.

(16) Redemption of Opus 16 Levier Vivendi mutual fund units for Frédéric Crépin pursuant to his early redemption request dated March 20, 2019.

(17) Redemption of Opus 17 Levier Vivendi mutual fund units for Frédéric Crépin pursuant to his early redemption request dated March 20, 2019.

(18) Redemption of Opus 18 Levier Vivendi mutual fund units for Frédéric Crépin pursuant to his early redemption request dated March 20, 2019.

Section 3
General Information about the Company

3.1. Corporate and Commercial Name

Pursuant to Article 1 of Vivendi's by-laws, the corporate name of the company (the "Company") is Vivendi SE.

In the thirty-fourth and thirty-fifth resolutions of the April 15, 2019 General Shareholders' Meeting, the company's shareholders approved the conversion of Vivendi into a *société européenne* (a European company) as well as the terms of the conversion plan drawn up by the Management Board on February 11, 2019 and approved by the Supervisory Board on February 14, 2019. At the same Meeting, the shareholders approved the full text of the new by-laws (the "By-laws"), which have governed the company since January 7, 2020, when the conversion was finalized following the company's registration in its new form, after completion of the relevant negotiation procedure relating to employee representation on the Supervisory Board.

3.2. Place of Registration and Registration Number

The company is registered with the Paris Trade and Companies Registry under reference number 343 134 763. Its Siret registration number is 343 134 763 00048 and its APE business identifier code is 6420Z.

3.3. Date of Incorporation and Term

As set forth in Article 1 of the By-laws, the company's term is 99 years beginning on December 18, 1987. The company's term will therefore expire on December 17, 2086, except in the event of extension or early dissolution.

3.4. Registered Office, Legal Form and Laws Applicable to Vivendi's Business

Pursuant to Article 3 of the By-laws, the company's registered and head office is located at 42, avenue de Friedland, 75380 Paris Cedex 08, France.

The company does not have any branches in France or abroad.

Pursuant to Article 1 of the By-laws, Vivendi – which was originally a French limited liability company *(société anonyme)* with a Management Board *(Directoire)* and a Supervisory Board *(Conseil de surveillance)* – is, and has been since January 7, 2020, a European company with a Management Board *(Directoire)* and a Supervisory Board *(Conseil de surveillance)*. The company is registered under French law and is governed by (i) European Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE), (ii) European Council Directive 2001/86/EC of October 8, 2001, (iii) the provisions of the French Commercial Code *(Code de commerce)* relating to companies in general and European companies in particular, and (iv) the By-laws.

3.5. Fiscal Year

Pursuant to Article 19 of the By-laws, the company's fiscal year begins on January 1 and ends on December 31 of each year.

3.6. Access to Legal Documents and Regulated Information

Legal documents relating to the issuer are available for review at the company's registered office. Periodic and ongoing regulated information may be found on the company's website (www.vivendi.com) under "Regulated Information". Information posted on the company's website does not constitute an integral part of this Annual Report-2019 Universal Registration Document, unless incorporated herein by reference.

3.7. Memorandum and By-laws

3.7.1. CORPORATE PURPOSE

Pursuant to Article 2 of the By-laws, the company's main corporate purpose, directly and indirectly, both in France and internationally, is: to provide communication, telecommunication, and interactive services (directly or indirectly) to individuals, businesses or public sector customers; to market products and services related to the foregoing; to engage (whether directly or indirectly), in commercial, industrial, financial, securities and real estate transactions, which (i) are related (directly or indirectly) to the aforementioned purpose or to any other similar or related purpose, or (ii) contribute to the achievement of such purpose; and, more generally, the management and acquisition, either by subscription, purchase, contribution, exchange or through any other means, of shares, bonds and any other securities of companies already existing or yet to be formed, including the possibility of selling such securities.

3.7.2. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE COMPANY'S SHARES AND TO EACH CLASS OF EXISTING SHARES, IF APPLICABLE

Pursuant to Articles 4 and 5 of the By-laws, the company's shares are all of the same class and may be held in either registered or bearer form, unless provided otherwise by applicable laws and regulations.

Pursuant to Article 6 of the By-laws, each share carries a right of ownership to the company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents. Whenever a certain number of shares is necessary to exercise a right, shareholders who do not own said number of shares shall be responsible, if necessary, for grouping the shares corresponding to the required quantity. Subscription rights attached to shares belong to the holder of the usufruct rights *(usufruitier)*.

3.7.3. ACTIONS NECESSARY TO CHANGE THE RIGHTS OF SHAREHOLDERS

Regarding rights attached to the company's shares and changes to the company's share capital, the By-laws do not contain any terms and conditions that are more restrictive than those provided for in applicable laws and regulations.

3.7.4. SHAREHOLDERS' MEETINGS

Pursuant to Article 16 of the By-laws, Shareholders' Meetings are convened and held in accordance with applicable laws and regulations.

Shareholders' Meetings are held at the company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full via videoconference or by another form of remote transmission. If applicable, this decision shall be published in the meeting notice and convening notice.

The Works Council may also appoint two of its members to attend Shareholders' Meetings. The Chairman of the Management Board, or any other authorized person, will notify the Works Council, by any means, of the date and location of any Shareholders' Meeting that has been convened.

Each shareholder, without regard to the number of shares held, is entitled, upon proof of his or her identity and standing as a shareholder, to participate in the Shareholders' Meetings, subject to: (i) the recording of his or her shares on or before midnight (Paris time) on the second business day preceding the Shareholders' Meeting (the "Record Date"), whereby:

- registered shareholders are recorded under their name in the nominative share register on file with the company; or
- bearer shareholders are recorded under the name of their financial intermediary acting as holder of record, in the bearer share register on file with the authorized intermediary;

and (ii) if necessary, the provision of all relevant documents to the company to prove his or her identity as a shareholder in accordance with applicable laws and regulations.

The registration or recording of shares in the bearer share account held by the authorized intermediary is authenticated by a shareholding certificate (*attestation de participation*) delivered by said intermediary in accordance with applicable laws and regulations.

Pursuant to Article 17 of the By-laws, voting rights attached to shares belong to usufruct holders (*usufruitiers*) in Ordinary Shareholders' Meetings and to legal owners of title (*nu-propriétaires*) in Extraordinary or Special Shareholders' Meetings, unless otherwise agreed by both parties and provided that the company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms by mail, either in paper form or, where approved by the Management Board and published in the meeting notice and the convening notice, by remote transmission. Proxy or voting forms sent by mail must be received by the company by 3:00 p.m. (Paris time) on the day prior to the Shareholders' Meeting.

The proxy or voting form may, if necessary, contain the shareholder's electronic signature, authenticated by a reliable and secure process, enabling identification of the shareholder as well as authentication of his or her vote.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board.

In accordance with applicable legal provisions, all shares that have been registered in the name of the same shareholder for at least two years automatically carry double voting rights.

3.7.5. DETERMINATION, ALLOCATION AND DISTRIBUTION OF EARNINGS

Pursuant to Article 20 of the By-laws, Vivendi's statement of earnings summarizes the difference between its income and charges for the fiscal year, less amortization, depreciation and any provisions, and the resulting earnings.

Where applicable, at least 5% of the group's fiscal year's earnings, less any deferred losses, are withheld for allocation to statutory reserves. This ceases to be mandatory when the statutory reserves reach an amount equal to 10% of the share capital, and enters into effect again, if, for any reason, the same statutory reserves fall below this percentage.

The Shareholders' Meeting may set aside such sums as the Management Board deems appropriate for transfer to contingency funds, ordinary or extraordinary reserves, retained earnings, or for distribution.

In accordance with applicable laws and the By-laws, distributable earnings are equal to earnings for the fiscal year, less losses carried forward and allocations to reserves, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, no dividends may be distributed to shareholders if the company's equity is, or would become as a result of such distribution, less than the amount of the share capital plus any reserves that may not be distributed under applicable laws, regulations or the By-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds deducted from available reserves by specifically identifying the reserve line items from which said deductions are to be made.

The manner in which dividends will be paid is determined by Vivendi's General Shareholders' Meeting or, failing that, by the Management Board. Dividends must be paid no later than nine months after the end of the fiscal year, unless extended by court order.

The Shareholders' Meeting has the right to grant each shareholder the option to receive all or part of the annual dividend or interim dividend distributed in the form of cash, shares, or payment in kind.

Dividends which remain unclaimed five years after the date of payment are no longer distributable.

3.7.6. PROVISIONS HAVING THE EFFECT OF DELAYING, DEFERRING OR PREVENTING A CHANGE IN CONTROL

Vivendi's By-laws do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the company.

3.7.7. PROVISIONS GOVERNING THE THRESHOLD ABOVE WHICH SHAREHOLDER OWNERSHIP MUST BE DISCLOSED

Pursuant to Article 5 of the By-laws, the company may, at any time and in accordance with applicable laws and regulations, request that the relevant central depository for financial instruments provide it with information in relation to any of the company's securities that confer a voting right (either immediately or in the future) at Shareholders' Meetings.

Any personal data or information obtained are used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of French Law No. 78-17 of January 6, 1978, owners of securities have the right to access, amend and delete any personal information about themselves. To do so, a request must be submitted to Vivendi's legal department or to the following e-mail address: tpi@vivendi.com.

Failure by shareholders or their intermediaries to disclose such information may, under the conditions provided by applicable laws and regulations, lead to the suspension or forfeiture of dividend or voting rights attached to the shares concerned.

Any person, acting alone or in concert, who becomes the holder (directly or indirectly) of a fraction of the share capital, voting rights or securities giving rights to the share capital of the company which is equivalent to, or in excess of, 0.5%, or a multiple thereof, shall send a notice to the company by registered letter with acknowledgment of receipt. This must be done within 15 calendar days of crossing any of these thresholds. This notice shall specify the aggregate number of shares, voting rights or securities giving future rights to the share capital of the company that said person holds, whether directly or indirectly, alone or in concert.

Any person who fails to comply with this notification requirement is, upon request by one or more shareholders holding at least 0.5% of the company's share capital, subject to penalties in accordance with applicable laws and regulations.

Any person, acting alone or in concert, is also required to inform the company within 15 calendar days if the percentage of share capital or voting rights they hold falls below any of the above-mentioned thresholds.

3.7.8. PROVISIONS GOVERNING CHANGES IN SHARE CAPITAL WHERE SUCH CONDITIONS ARE MORE STRINGENT THAN REQUIRED BY LAW

None.

3.7.9. AMENDMENTS TO THE BY-LAWS SUBMITTED FOR APPROVAL AT THE GENERAL SHAREHOLDERS' MEETING ON APRIL 20, 2020

Pursuant to French Law no. 2019-486 of May 22, 2019 (the "Pacte law"), at the General Shareholders' Meeting to be held on April 20, 2020, the shareholders will be asked to amend Article 8-II. of Vivendi's by-laws, in compliance with new legal requirements, to provide for the appointment of a second member representing employees where the Supervisory Board is comprised of eight members, as opposed to 12 members.

Pursuant to French Law no. 2013-504 of June 14, 2013 on improved job security, the Combined General Shareholders' Meeting of June 24, 2014 approved the appointment of the first member representing employees by the Company's Works Council (now, the Employee Representative Committee *(Comité social et économique)*, which is the body most regularly updated on strategic issues and developments concerning the group. This body is also consulted on the group's major transactions, where applicable.

In accordance with Article L. 225-79-2 III. 4° of the French Commercial Code and following the definitive completion of Vivendi's conversion to a European Company, which occurred on January 7, 2020, following the Company's registration in its new corporate form, the proposed amendment to Article 8-II. of the by-laws provides that the European Company Committee shall appoint this second member representing employees. His or her nomination and appointment will take place within six months from the date of the General Shareholders' Meeting to be held on April 20, 2020.

Old Text	New Text
Article 8 – Members of the Supervisory Board representing employees	**Article 8 – Members of the Supervisory Board representing employees**
I. Members of the Supervisory Board representing employee shareholders (….)	Unchanged
II. Members of the Supervisory Board representing employees	II. Members of the Supervisory Board representing employees
1. The members representing employees are appointed by the Company's Works Council.	~~1. The members representing employees are appointed by the Company's Works Council.~~
2. To the extent that the Company meets the legal and regulatory requirements, the Supervisory Board shall include either one or two employees, as appropriate:	~~2~~ **1.** To the extent that the Company meets the legal and regulatory requirements, the Supervisory Board shall include either one or two employees, as appropriate:
– if, on the date of appointment of members representing employees, the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 hereof, is greater than twelve, two members representing employees shall be appointed.	– if, on the date of appointment of members representing employees, the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 hereof, is greater than ~~twelve~~ **eight,** two members representing employees shall be appointed, **the first member being appointed by Vivendi's Employee Representative Committee *(Comité social et économique)*, and the second being appointed by the European Company Committee**.
In the event that the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 hereof, becomes equal to or less than twelve, the number of members of the Supervisory Board representing employees in accordance with the preceding paragraph shall be reduced to one;	In the event that the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 hereof, becomes equal to or less than twelve eight, the number of members of the Supervisory Board representing employees in accordance with the preceding paragraph shall be reduced to one; **the term of office of the second member shall expire at the conclusion of the meeting of the Management Board noting the inapplicability of the law;**
– if, on the date of appointment of members representing employees, the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 of these by-laws is equal to or less than twelve, only one member representing employees shall be appointed.	– if, on the date of appointment of members representing employees, the number of members of the Supervisory Board elected by the Ordinary Shareholders' Meeting, except those appointed pursuant to section I of Article 8 of these by-laws, is equal to or less than ~~twelve~~ **eight**, only one member representing employees shall be **appointed by Vivendi's Employee Representative Committee *(Comité social et économique)***.
3. As an exception to the obligation under Article 7 paragraph 2 of these by-laws, the members representing employees are not required to be shareholders of the Company.	~~3~~ **2.** As an exception to the obligation under Article 7 paragraph 2 of these by-laws, the members representing employees are not required to be shareholders of the Company.
4. The term of office of members of the Supervisory Board representing employees shall be three years.	~~4~~ **3.** The term of office of members of the Supervisory Board representing employees shall be three years.
The term of office of members of the Supervisory Board representing employees terminates early pursuant to certain legal and regulatory conditions. The position is subject to incompatibility rules provided by law.	Unchanged
In case of the vacancy of a member of the Supervisory Board representing employees, said vacancy shall be filled by a new appointment at the first regular meeting of the Company's Works Council following the acknowledgment by the Supervisory Board of the vacancy.	In case of the vacancy of ~~a~~ **the** seat **of the first** member of the Supervisory Board representing employees, said vacancy shall be filled by a new appointment at the first regular meeting of the ~~Company's Works Council~~ **Employee Representative Committee *(Comité social et économique)*** following the acknowledgment by the Supervisory Board of the vacancy. **In the case of a vacancy of the seat of the second member of the Supervisory Board representing employees, said vacancy shall be filled by a new appointment by the European Company Committee.**
5. In the event that the Company no longer meets the legal and regulatory requirements, the terms of office of members of the Supervisory Board representing employees shall expire at the conclusion of the meeting of the Management Board noting the inapplicability of the law.	~~5~~ **4.** In the event that the Company no longer meets the legal and regulatory requirements, the terms of office of members of the Supervisory Board representing employees shall expire at the conclusion of the meeting of the Management Board noting the inapplicability of the law.

3.8. Share Capital

3.8.1. AMOUNT OF ISSUED SHARE CAPITAL

As of December 31, 2019, the company's share capital amounted to €6,515,169,122.00 divided into 1,184,576,204 shares with a par value of €5.50 each. The number of gross voting rights totaled 1,258,444,909.

All shares may be held in registered or bearer form and are freely transferable. The shares are traded on Euronext Paris (Compartment A) (ISIN code: FR0000127771). LEI n° 969500FU4DRAEVJW7U54.

3.8.2. SHARES NOT REPRESENTING CAPITAL

None.

3.8.3. AUTHORIZED BUT NON-ISSUED SHARE CAPITAL

Details of the delegations of authority and authorizations approved at the General Shareholders' Meetings of April 19, 2018 and April 15, 2019, and those submitted for approval at the General Shareholders' Meeting of April 20, 2020 are shown below.

ISSUES OF SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Source Resolution number	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and marketable securities giving right to the share capital)	30th – 2019	26 months (June 2021)	(a) 750 million, i.e. ≈ 10.44% of the share capital
Capital increase by incorporation of reserves	31st – 2019	26 months (June 2021)	375 million, i.e. ≈ 5.22% of the share capital

ISSUES OF SECURITIES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Source Resolution number	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Contributions in kind to the company	26th – 2018	26 months (June 2020)	(b) 5% of the share capital

ISSUES RESERVED FOR EMPLOYEES OF VIVENDI

Transactions	Source Resolution number	Duration of the authorization (expiry date)	Main Terms
Share capital increase reserved for employees who are members of the Employee Stock Purchase Plan (ESPP)	(c) 32nd – 2019	26 months (June 2021)	(b) Maximum of 1% of the share capital at the date of the General Shareholders' Meeting
	(d) 33rd – 2019	18 months (October 2020)	
Grant of existing or future performance shares	(e) 27th – 2018	38 months (June 2021)	Maximum of 1% of the share capital on the grant date

SHARE REPURCHASE

Transactions	Source Resolution number	Duration of the authorization (expiry date)	Main Terms
Share repurchase program	(f) **6th – 2020**	**18 months (Oct. 2021)**	**10% of the share capital Maximum purchase price per share: 26 euros (118.5 million shares)**
	(g) 27th – 2019	18 months (Oct. 2020)	10% of the share capital Maximum purchase price per share: 25 euros (130.9 million shares)
Public share buyback offer (OPRA)	(f) **28th – 2020**	**12 months (April 2021)**	**30% of the share capital Maximum purchase price per share: 26 euros (355.4 million shares)**
	(h) 29th – 2019	12 months (April 2020)	25% of the share capital Maximum purchase price per share: 25 euros (326.6 million shares)
Share cancellations/Share repurchase program	**27th – 2020**	**18 months (Oct. 2021)**	**10% of the share capital overa 24-month period**
	(i) 28th – 2019	18 months (Oct. 2020)	10% of the share capital over a 24-month period
Share cancellations/OPRA	(f) **28th – 2020**	**12 months (April 2021)**	**30% of the share capital Maximum purchase price per share: 26 euros (355.4 million shares)**
	(h) 29th – 2019	12 months (April 2020)	25% of the share capital

(a) Aggregate maximum amount for capital increases, all transactions included.

(b) This amount is applied to the maximum aggregate amount of €750 million, set in the thirtieth resolution of the 2019 General Shareholders' Meeting.

(c) Used for 0.23% of the share capital in July 2019.

(d) Used for 0.18% of the share capital in July 2019.

(e) Used for 0.12% of the share capital in May 2018, for 0.13% of the share capital in February 2019, and for 0.14% of the share capital in February 2020.

(f) The number of shares repurchased for cancellation under the sixth resolution, if any, will be deducted from the maximum amount set in the twenty-eighth resolution.

(g) Used for 8.85% of the share capital between May 28, 2019 and February 29, 2020.

(h) Not used.

(i) Used for 9.35% of the share capital at the date the repurchase program was launched between June 17 and November 26, 2019.

3.8.4. SHARES HELD BY THE COMPANY

3.8.4.1. Summary of the Previous Share Repurchase Program (2018-2019)

The Combined General Shareholders' Meeting of April 19, 2018, pursuant to the twenty-fourth resolution, authorized the Management Board to implement a share repurchase program for 5% of the share capital at a maximum price per share of €24.

The Management Board did not use this authorization.

Aggregate Number of Purchases and Sales/Transfers of Shares from April 19, 2018 to April 15, 2019 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of April 19, 2018: 38,646,871 (of which 3,553,362 to cover performance share plans and 35,093,509 for external growth transactions).

	Number of shares	Value/share price/ Average price per share (in euros)	Total value (in euros)
Period from April 19, 2018 to December 31, 2018 (a)			
Purchase	-	-	-
Sale/Transfer	(*) (383,685)	18.40	(7,059,190)
Period from January 1, 2019 to April 15, 2019 (b)			
Purchase	-	-	-
Sale/Transfer	(*) (53,731)	18.40	(988,564)

(*) Transfer to certain beneficiaries of performance share plans.

(a) As of December 31, 2018, Vivendi directly held 38,263,186 treasury shares with a par value of €5.50 per share, i.e. 2.93% of its share capital, allocated to covering performance share plans (3,169,677 shares) and for external growth transactions (35,093,509 shares).

(b) As of April 15, 2019, Vivendi directly held 38,209,455 treasury shares with a par value of €5.50 per share, i.e. 2.92% of its share capital, allocated to covering performance share plans (3,115,946 shares) and for external growth transactions (35,093,509 shares).

3.8.4.2. Current Share Repurchase Program (2019-2020)

On May 28, 2019, following the decision of the Management Board at its meeting on May 24, 2019, and pursuant to the authorization granted in the twenty-seventh resolution of the Combined General Shareholders' Meeting of April 15, 2019, Vivendi launched a share repurchase program. The maximum per-share purchase price under this program was set at €25, in accordance with the €25 cap set at the Shareholders' Meeting.

The maximum amount of the company's share capital that the repurchases could represent was originally set at 5%. However, this ceiling was raised to 10% pursuant to a decision of the Management Board dated July 23, 2019.

The objective of the current program is for the company to repurchase 130,930,810 shares for the purposes of:

- canceling shares (115,883,042 shares);
- carrying out share transfers, where required, to employees and/or officers of Vivendi group entities who are members of the Vivendi Group Employee Stock Purchase Plan (*plan d'épargne groupe*, or PEG) or the International Group Employee Stock Purchase Plan (8,250,000 shares); and
- allocating shares to cover free performance share plans (6,797,768 shares).

The program was implemented through an irrevocable and independent mandate granted to a bank acting as an investment services provider. As of March 6, 2020, the total number of shares repurchased since the start of the share repurchase program totaled 130,930,810, representing 10% of the company's share capital as at the date the share repurchase program was launched.

Aggregate Number of Purchases and Sales/Transfers of Shares from April 15, 2019 to February 29, 2020 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of April 15, 2019: 38,209,455.

	Number of shares	Value/share price/ Average price per share (in euros)	Total value (in euros)
Period from April 15, 2019 to December 31, 2019			
Purchase (between May 28 and December 12, 2019)	107,909,841	24.69	2,644,341,081
Sale/Transfer	(*) 1,188,368	18.18	21,609,528
Cancellation through a share capital reduction (between June 17, 2019 and November 26, 2019)	(**) (130,930,810)	22.65	2,965,549,731
Period from January 1, 2020 to March 10, 2020			
Purchase	23,020,969	24.21	557,407,492
Sale/Transfer	(*) 1,525,402	16.64	25,388,231

(*) Transfer to certain beneficiaries of performance share plans, following the Management Board's decision of June 17, 2019 to reallocate 5,111,404 treasury shares previously held for external growth transactions to performance share plans.

(**) Cancellation through a share capital reduction between June 17 and November 26, 2019 (see Section 3.8.4.3. of this chapter), after allocating the following shares for cancellation that were previously allocated for other purposes:

– 29,982,105 shares previously held by the company for external growth transactions (reallocated by the Management Board on June 17, 2019); and

– 4,169,149 shares previously held by the company to cover performance share plans (reallocated by the Management Board on November 26, 2019).

3.8.4.3. Cancellation of Shares by Reduction of Share Capital during the last 24 months

Between June 17 and November 26, 2019, the Management Board used the authorization granted in the twenty-eighth resolution of the April 15, 2019 Combined General Shareholders' Meeting to cancel a total of 130,930,810 treasury shares, representing 10% of the company's share capital as at the date the share repurchase program was launched (in accordance with Article L.225-209 of the French Commercial Code).

- On June 17, 2019, cancellation of 50 million shares, including:
  - 20,017,895 shares purchased on the open market under the current share repurchase program;
  - 29,982,105 shares that were previously held for external growth transactions and reallocated for cancellation.
- On July 25, 2019, cancellation of 44,679,319 shares purchased on the open market under the current share repurchase program.
- On November 26, 2019, cancellation of 36,251,491 shares, including:
  - 32,082,342 shares purchased on the open market under the current share repurchase program; and
  - 4,169,149 shares out of a total of 7,062,778 shares that were reallocated for cancellation after previously being held to cover performance share plans.

Consequently, as of November 26, 2019, the company's share capital amounted to €6,510,644,261, divided into 1,183,753,502 shares with a par value of €5.50 each. The amount deducted from the additional paid-in capital account shown as a liability in the statement of financial position is equal to the difference between the par value of the shares that were canceled (€720,119,455) and their purchase price (€2,965,549,731.14), i.e., an amount of €2,245,430,276.14. The Statutory Auditors' Report on the share capital reduction presented at the General Shareholders' Meeting held on April 15, 2019 is set out in Appendix 2 to this chapter.

3.8.4.4. Vivendi shares held directly by the company

Position as of December 31, 2019

As of December 31, 2019, Vivendi directly held 14,000,118 of its own shares with a par value of €5.50 each, representing 1.18% of the share capital, including 2,869,833 shares allocated to cover performance share plans and 11,130,285 shares allocated for cancellation.

As of December 31, 2019, the book value of these shares totaled €323.1 million, and their market value at that date was €361.5 million.

Position as of March 10, 2020

As of March 10, 2020, Vivendi directly held 35,495,685 of its own shares representing 3% of its share capital, including 8,142,199 shares allocated to cover performance share plans, 19,103,486 shares allocated for cancellation, and 8,250,000 shares held for transfer to employees and/or officers of Vivendi group entities.

3.8.4.5. Vivendi shares held by subsidiaries

As of December 31, 2019, the company's subsidiaries held 465 Vivendi shares.

3.8.4.6. Open Positions on Derivative Financial Instruments as of December 31, 2019

None.

3.8.5. CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR WARRANT SECURITIES

3.8.5.1. Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (OCEANE)

No OCEANEs are outstanding.

3.8.5.2. Bonds Mandatorily Redeemable in Shares (ORA)

No ORAs are outstanding.

3.8.5.3. Warrants (BSA)

No BSAs are outstanding.

3.8.6. STOCK PURCHASE OR SUBSCRIPTION PLANS (STOCK OPTIONS)

Vivendi has not granted any stock options since 2013.

3.8.7. PERFORMANCE SHARE GRANTS

Grants of performance shares are subject to the achievement of internal financial targets (70% weighting) and the performance of Vivendi shares against two trading indices (30% weighting) (see Section 2.1.2.2 of this chapter).

In 2019, 759,383 shares were delivered to French and international beneficiaries under the 2014 and 2016 plans. 482,716 Vivendi shares were delivered to beneficiaries of Havas plans who did not sign a liquidity undertaking following the simplified tender offer made by Vivendi in September 2017 (see Note 19.2 to the 2019 consolidated financial statements, Chapter 4 of this Annual Report – 2019 Universal Registration Document,).

3.8.8. ACQUISITION RIGHTS OR OBLIGATIONS IN RESPECT OF AUTHORIZED BUT NON-ISSUED CAPITAL

None.

3.8.9. OPTIONS OR CONDITIONAL OR UNCONDITIONAL AGREEMENTS OVER A GROUP MEMBER

None.

3.8.10. CHANGES IN SHARE CAPITAL OVER THE LAST FIVE YEARS

	Amount			Share capital amounts		
Transactions	**Date**	**Par value** (in euros)	**Premium (*)** (in euros)	**Number of issued shares**	**In shares**	**In euros**
Share capital as of December 31, 2014					1,351,600,638	7,433,803,509.00
Performance share plans 2013-02	03/03/2015	5.50	-	1,481,884	1,353,082,522	7,441,953,871.00
Stock option exercise	04/16/2015	5.50	13.03	9,214,291	1,362,296,813	7,492,632,471.50
Performance share plan 2011-04	04/16/2015	5.50	-	270,925	1,362,567,738	7,494,122,559.00
Performance share plan 2011-04-03	04/22/2015	5.50	-	77,514	1,362,645,252	7,494,548,886.00
Stock option exercise	06/22/2015	5.50	12.57	1,115,534	1,363,760,786	7,500,684,323.00
2015 Employee stock purchase plan	07/16/2015	5.50	13.707	3,914,166	1,367,674,952	7,522,212,236.00
Performance share plan 2013-10	10/22/2015	5.50	-	39,577	1,367,714,529	7,522,429,909.50
Performance share plan 2013-12-1	12/14/2015	5.50	-	56,109	1,367,770,638	7,522,738,509.00
Stock option exercise	01/11/2016	5.50	9.60	551,932	1,368,322,570	7,525,774,135.00
Performance share plans 2014-02-1 and 2	02/22/2016	5.50	-	96,137	1,368,418,707	7,526,302,888.50
Stock option exercise	04/11/2016	5.50	10.06	202,135	1,368,620,842	7,527,414,631.00
Cancellation of treasury shares through a share capital reduction	06/17/2016	5.50	-	86,874,701	1,281,746,141	7,049,603,775.50
2016 Employee stock purchase plan	07/28/2016	5.50	9.076	4,869,781	1,286,615,922	7,076,387,571.00
Stock option exercise	01/09/2017	5.50	7.56	471,922	1,287,087,844	7,078,983,142.00
Stock option exercise	04/18/2017	5.50	6.97	220,974	1,287,308,818	7,080,198,499.00
2017 Employee stock purchase plan	07/25/2017	5.50	10.749	4,160,092	1,291,468,910	7,103,079,005.00
Stock option exercise	10/16/2017	5.50	11.43	2,946,981	1,294,415,891	7,119,287,400.50
Stock option exercise	01/15/2018	5.50	13.34	1,642,992	1,296,058,883	7,128,323,856.50
Stock option exercise	04/16/2018	5.50	13.53	3,985,826	1,300,044,709	7,150,245,899.50
2018 Employee stock purchase plan	07/19/2018	5.50	13.827	5,185,878	1,305,230,587	7,178,768,228.50
Stock option exercise	01/21/2019	5.50	10.08	1,003,609	1,306,234,196	7,184,288,078.00
Stock option exercise	04/04/2019	5.50	10.27	3,073,908	1,309,308,104	7,201,194,572.00
Cancellation of treasury shares through a share capital reduction	06/17/2019	5.50	-	50,000,000	1,259,308,104	6,926,194,572.00
2019 Employee stock purchase plan	07/17/2019	5.50	15.606	5,376,208	1,264,684,312	6,955,763,716.00
Cancellation of treasury shares through a share capital reduction	07/25/2019	5.50	-	44,679,319	1,220,004,993	6,710,027,461.50
Cancellation of treasury shares through a share capital reduction	11/26/2019	5.50	-	36,251,491	1,183,753,502	6,510,644,261.00
Stock option exercise	12/31/2019	5.50	10.14	822,702	1,184,576,204	6,515,169,122.00

(*) Weighted average premium in euros.

As of December 31, 2019, the company's potential share capital amounted to €6,532,096,857.00, divided into 1,187,653,974 shares after taking into account 3,077,770 stock options which, if exercised, would result in the issuance of 3,077,770 shares.

3.8.11. MARKET INFORMATION

3.8.11.1. Places of Listing – Stock Exchange Price

Source: Euronext Paris.

STOCK EXCHANGE PRICE FOR VIVENDI ORDINARY SHARES – EURONEXT PARIS

Compartment A (code FR0000127771) (in euros)	Average price	High	Low	Number of shares traded	Transaction amounts
2018					
January	23.6227	24.8700	22.2400	90,844,949	2,149,880,207
February	21.6260	23.5600	20.2600	97,135,806	2,094,050,396
March	21.1243	22.0700	20.3000	99,353,034	2,097,429,567
April	21.2315	21.8900	20.7100	122,765,738	2,594,247,971
May	22.8136	23.5500	20.9800	84,947,180	1,926,993,111
June	21.5048	22.0900	21.0000	75,386,730	1,622,978,038
July	21.0205	22.6700	20.4000	79,429,281	1,675,016,995
August	22.0091	22.6800	21.2300	77,755,855	1,705,810,281
September	21.9830	22.6200	21.5000	71,646,438	1,575,407,852
October	21.6483	22.4100	20.9000	85,014,218	1,835,545,823
November	21.5573	22.4600	20.9400	69,901,654	1,510,498,946
December	21.3032	22.6500	20.8100	66,910,285	1,426,953,214
2019					
January	21.7109	22.5000	20.8000	55,796,525	1,212,612,080
February	23.4005	25.9000	22.1500	73,210,184	1,731,593,518
March	25.7295	26.2400	25.2500	73,915,124	1,891,307,280
April	26.0000	26.6900	25.4100	64,173,502	1,648,953,324
May	24.5864	25.9300	23.3500	87,405,512	2,128,981,149
June	24.4845	25.0000	23.4400	97,556,260	2,389,184,103
July	24.9730	26.2100	24.2900	74,703,539	1,868,520,574
August	25.1986	26.1500	23.7700	59,391,025	1,493,229,997
September	25.0976	25.5700	24.5400	63,719,657	1,595,605,704
October	24.9365	25.8800	24.4400	69,998,269	1,747,093,830
November	24.8957	25.2700	24.5700	59,048,581	1,470,543,203
December	25.2005	26.1100	24.2600	56,202,292	1,415,994,509
2020					
January	25.3177	26.4200	24.4100	61,009,399	1,541,015,358
February	25.0410	25.7700	22.8700	85,776,491	2,121,310,906

3.8.11.2. Financial securities intermediary

BNP Paribas Securities Services
GCT – Service Émetteurs
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex

3.8.12. AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAM

Vivendi does not sponsor any American Depositary Receipt (ADR) program for its shares. Any ADR program currently in existence is "unsponsored" and is not linked in any way to Vivendi. Vivendi denies any responsibility or liability in relation to any such program.

3.9. Major Shareholders

3.9.1. SHARE OWNERSHIP AND VOTING RIGHTS

As of December 31, 2019, the company's share capital amounted to €6,515,169,122.00, divided into 1,184,576,204 shares. The number of gross voting rights (1) was 1,258,444,909 and the number of net voting rights (2) was 1,244,444,326 taking into consideration the number of treasury shares held at that date.

As of December 31, 2019, to the Management Board's knowledge, the major shareholders who held shares in registered form or who had notified the company that they had crossed a statutory disclosure threshold were as follows:

Shareholder	% of share capital	% of total voting rights (gross)	Number of shares	Total number of voting rights (gross)
Bolloré Group	27.06	29.64	320,517,374	372,950,213
Société Générale	5.29	4.98	62,629,093	62,629,093
CDC-BPI/DFE	3.23	3.11	38,276,382	39,125,832
PEG Vivendi	2.95	4.07	34,892,951	51,172,102
DNCA Finance	0.31	0.53	3,689,600	6,653,600
Vivendi shares held by the company and by subsidiaries	1.18	1.11	14,000,583	14,000,583
Other shareholders	59.99	56.57	710,570,221	711,913,486
	100.00	**100.00**	**1,184,576,204**	**1,258,444,909**

(1) After taking into account the number of shares with double voting rights and the number of treasury shares held on these dates.

(2) Total number of voting rights attached to the total number of shares less shares stripped of their voting rights.

3.9.2. PLEDGE OF COMPANY SHARES HELD IN REGISTERED FORM

As of December 31, 2019, 174,766,882 shares held in registered form were pledged, representing 14.75% of the company's share capital as of that date.

3.9.3. CONTROL OF THE COMPANY – SHAREHOLDERS' AGREEMENTS

As of December 31, 2019, to the company's knowledge, no shareholder other than those listed in the table above held 5% or more of the company's share capital or voting rights, and there were no shareholders' agreements in force, whether publicly disclosed or not, relating to Vivendi's securities.

3.9.4. NOTIFICATIONS TO THE COMPANY ABOUT CROSSING STATUTORY DISCLOSURE THRESHOLDS

In 2019, the company received several notifications from Société Générale in relation to crossing statutory disclosure thresholds (both upwards and downwards).

3.9.5. CHANGES IN SHARE OWNERSHIP OVER THE LAST THREE YEARS (AS OF DECEMBER 31)

	2019			2018			2017		
	Number of shares	% of capital	voting rights (gross)	Number of shares	% of capital	voting rights (gross)	Number of shares	% of capital	voting rights (gross)
Bolloré Group	320,517,374	27.06	29.64	343,224,948	26.28	28.51	265,832,839	20.51	29.56
Société Générale	62,629,093	5.29	4.98	60,553,851	4.64	4.37	62,039,274	4.79	4.10
CDC-BPI/DFE	38,276,382	3.23	3.11	38,726,199	2.96	2.85	38,726,199	2.99	2.62
Vivendi employees	34,892,951	2.95	4.07	31,840,875	2.44	3.50	35,703,280	2.75	3.65
DNCA Finance	3,689,600	0.31	0.53	7,726,518	0.59	1.03	12,781,345	0.99	1.50
Vivendi shares held by the company and by subsidiaries	14,000,583	1.18	1.11	38,263,651	2.93	2.76	39,408,117	3.04	2.60
Other shareholders	710,570,221	59.99	56.57	785,898,154	60.16	56.98	841,567,829	64.93	55.97
Total	**1,184,576,204**	**100.00**	**100.00**	**1,306,234,196**	**100.00**	**100.00**	**1,296,058,883**	**100.00**	**100.00**

Appendix 1: Stock Option Plans and Performance Share Plans

Details of Stock Option Plans and Performance Share Plans

Stock option plans (in euros)

			Number of options granted							Number of options		
			Total number		of which, number granted to members of governing and managing bodies							
Date of the General Shareholders' Meeting	Date of the Supervisory Board or Management Board Meeting	Grant date	of beneficiaries	of options	Number of beneficiaries	Number of options	Vesting date	Expiration date	Adjusted exercise price	exercised in 2019 (*)	canceled in 2019 (*)	outstanding as of Dec. 31, 2019 (*)
04/24/2008	02/26/2009	04/16/2009	6	1,240,000	6	1,240,000	04/17/2012	04/16/2019	16.06	149,236		0
04/24/2008	02/24/2009	04/16/2009	707	5,321,120	4	368,000	04/17/2012	04/16/2019	16.06	1,845,888	262,235	0
04/24/2008	10/23/2009	10/23/2009	12	40,000	0	0	10/24/2012	10/23/2019	16.60	21,454	6,490	0
04/24/2008	02/25/2010	04/15/2010	5	1,148,000	5	1,148,000	04/16/2013	04/15/2020	15.80	200,000		79,435
04/24/2008	02/24/2010	04/15/2010	775	4,149,200	4	368,000	04/16/2013	04/15/2020	15.80	1,155,624	1,872	1,130,647
04/24/2008	04/28/2010	06/04/2010	11	40,000	0	0	06/05/2013	06/04/2020	16.99	5,844		8,084
04/24/2008	09/21/2010	09/21/2010	1	5,000	0	0	09/22/2013	09/21/2020	16.34			5,800
04/24/2008	02/28/2011	04/13/2011	5	717,500	5	717,500	04/14/2014	04/13/2021	17.19			162,316
04/24/2008	02/22/2011	04/13/2011	556	1,809,200	5	270,000	04/14/2014	04/13/2021	17.19	262,758		888,994
04/21/2011	10/25/2011	10/25/2011	2	2,000	0	0	10/26/2014	10/25/2021	17.19			1,162
04/21/2011	02/29/2012	04/17/2012	5	633,625	5	633,625	04/18/2015	04/17/2022	11.76	86,697		0
04/21/2011	02/28/2012	04/17/2012	544	1,880,259	5	270,000	04/18/2015	04/17/2022	11.76	166,656		752,845
04/21/2011	07/16/2012	07/16/2012	1	1,600	0	0	07/17/2015	07/16/2022	12.80	1,580		0
04/21/2011	09/27/2012	09/27/2012	4	135,000	4	135,000	09/28/2015	09/27/2022	13.88	873		48,487
									Total	**3,896,610**	**270,597**	**3,077,770**

(*) As adjusted following payment in 2010 of the dividend for 2009 by deducting from reserves, the grant of one new share for 30 existing shares in 2012, the payment in 2013 of the dividend for 2012 by deducting from reserves, and the ordinary distribution of €1 per share in 2014 from additional paid-in capital.

Performance share plans

Date of the General Shareholders' Meeting	Date of the Supervisory Board or Management Board Meeting	Grant date	Number of rights to performance shares: Total number of beneficiaries	Total number of performance shares	of which, number granted to members of governing and managing bodies: Number of beneficiaries	Number of rights to performance shares	Vesting date (*)	Date of availability of shares	Number of rights to performance shares: Number of rights canceled in 2019	Number of issued shares at the end of the vesting period in 2019	Number of rights outstanding as of December 31, 2019, after adjustments
04/21/2011	01/29/2014	01/29/2014	1	50,000	0	0	01/02/2019	01/03/2019		52,731	0
06/24/2014	02/11/2015	02/27/2015	86	319,040	0	0	02/28/2018	03/02/2020			(a) 266,180
06/24/2014	02/11/2015	02/27/2015	2	102,080	0	0	02/28/2018	03/02/2020			(a) 75,000
06/24/2014	05/05/2015	05/05/2015	1	100,000	0	0	05/06/2018	05/07/2020			(a) 75,000
06/24/2014	07/06/2015	07/06/2015	1	2,080	0	0	07/07/2018	07/08/2020			(a) 2,080
04/21/2016	05/11/2016	05/11/2016	5	295,000	5	295,000	05/13/2019	05/14/2021	73,750	221,250	0
04/21/2016	05/09/2016	05/11/2016	252	695,410	0	0	05/13/2019	05/14/2021	141,508	478,402	0
04/21/2016	05/09/2016	05/11/2016	81	322,030	0	0	05/13/2019	05/13/2021	18,525		(b) 280,705
04/21/2016	11/07/2016	11/07/2016	1	8,000	0	0	11/08/2019	11/09/2021	2,000	6,000	0
04/21/2016	02/23/2017	02/23/2017	5	200,000	5	200,000	02/24/2020	02/25/2022			(c) 200,000
04/21/2016	02/16/2017	02/23/2017	320	902,940	7	135,000	02/24/2020	02/25/2022	44,280		(c) 805,750
04/21/2016	02/16/2017	02/23/2017	105	440,810	2	60,000	02/24/2020	02/25/2022	21,830		(c)(d) 392,930
04/21/2016	06/12/17	06/12/2017	1	4,000	0	0	06/15/2020	06/16/2022			(c) 4,000
04/19/2018	05/17/18	05/17/2018	5	175,000	5	175,000	05/18/2021	05/19/2023			175,000
04/19/2018	05/14/2018	05/17/2018	359	945,750	9	168,000	05/18/2021	05/19/2023	39,650		902,000
04/19/2018	05/14/2018	05/17/2018	163	511,000	2	58,000	05/18/2021	05/19/2023	30,050	(e) 1,000	(f) 476,550
04/19/2018	12/10/2018	12/10/2018	2	4,000	0	0	12/13/2021	12/14/2023			4,000
04/19/18	02/14/2019	02/14/2019	5	165,000	5	165,000	02/15/2022	02/16/2024			165,000
04/19/2018	02/11/2019	02/14/2019	381	923,160	8	161,280	02/15/2022	02/16/2024	5,760		917,400
04/19/2018	02/11/2019	02/14/2019	185	512,670	2	58,000	02/15/2022	02/16/2024	19,000		(g) 493,670
04/19/2018	10/07/2019	10/07/2019	4	18,250	0	0	10/10/2022	10/11/2024			18,250
04/19/2018	11/12/2019	11/12/2019	7	28,000	1	10,000	11/14/2022	11/15/2024			28,000
								Total	**396,353**	**759,383**	**5,281,515**

(*) The first day following the end of the vesting period of two years (three years from 2015).

(a) Granted to certain non-French resident beneficiaries, to be registered in an account in 2020.

(b) Granted to certain non-French resident beneficiaries, to be registered in an account in 2021.

(c) These plans were adjusted following calculation of the achievement rate of the associated performance criteria after the Supervisory Board meeting of February 13, 2020 (see Section 2.34 of this chapter). 349,403 rights, including 50,000 granted to members of the Management Board, were canceled based on the definitive vesting rate approved by the Supervisory Board (75%).

(d) Granted to certain non-French resident beneficiaries, to be registered in an account in 2022.

(e) Transfer following the death of the beneficiary.

(f) Granted to certain non-French resident beneficiaries, to be registered in an account in 2023.

(g) Granted to certain non-French resident beneficiaries, to be registered in an account in 2024.

Appendix 2: Statutory Auditors' report on the share capital reduction

ANNUAL GENERAL MEETING OF APRIL 15, 2020 – TWENTY-EIGHTH RESOLUTION

To the Shareholders' Meeting of Vivendi,

In our capacity as Statutory Auditors of Vivendi SE and in accordance with Article L.225-209 of the French Commercial Code (*Code de commerce*), applicable in the event of a share capital reduction by cancellation of treasury shares, we hereby report to you on our assessment of the reasons for and conditions of the planned share capital reduction.

The shareholders are requested to delegate to the Management Board, for an 18-month period from the date of this Annual General Meeting, the authority to cancel, for up to a maximum of 10% of the share capital per 24-month period, the shares purchased under the authority granted to the company to buy back its own shares in accordance with the provisions of the aforementioned article. We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements.

Those standards require that we ensure that the reasons for and conditions of the planned share capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and conditions of the planned share capital reduction.

Paris-la Défense, March 7, 2019

The Statutory Auditors

Deloitte & Associés	Ernst & Young et Autres
Jean Paul Séguret	Jacques Pierres

Gameloft

▲
Asphalt 9: Legends

◀
Disney Getaway Blast!

4 Financial Report, Statutory Auditors' Report on the Consolidated Financial Statements, Audited Consolidated Financial Statements, Statutory Auditors' Report on the Financial Statements, Vivendi SE Statutory Financial Statements

NOTA

In accordance with European Commission Regulation (EC) 809/2004 (Article 28), which sets out the disclosure obligations for issuers of securities listed on a regulated market within the European Union (implementing Directive 2003/71/EC, the "Prospectus Regulation"), the following items are incorporated by reference into this report:

- the 2018 Financial Report, the Consolidated Financial Statements for the year ended December 31, 2018, prepared under IFRS and the related Statutory Auditors' report on the Consolidated Financial Statements, presented on pages 196 to 318 of the Document de référence No. D.19-0132, which was filed on March 11, 2019 with the French Autorité des marchés financiers (AMF) and on pages 196 to 318 of the English translation of the Document de référence No. D.19-0132; and
- the 2017 Financial Report, the Consolidated Financial Statements for the year ended December 31, 2017, prepared under IFRS and the related Statutory Auditors' report on the Consolidated Financial Statements, presented on pages 188 to 317 of the Document de référence No. D.18-0126, which was filed on March 13, 2018 with the French Autorité des marchés financiers (AMF) and on pages 188 to 317 of the English translation of the Document de référence No. D.18-0126.

Key consolidated financial data for the last five years

PRELIMINARY COMMENTS

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. Moreover, Vivendi applied this change of accounting standard to the Statement of Financial Position, Statement of Earnings and Statement of Cash Flows in 2019; therefore, the data relative to prior years is not comparable. For a detailed description, please refer to Notes 1.1, 1.3.5.7 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019.

As a reminder, in 2018, Vivendi applied two new accounting standards:

- IFRS 15 – *Revenues from Contracts with Customers*: in accordance with IFRS 15, as from 2017, Vivendi applied this change of accounting standard to revenues. The data presented below with respect to fiscal years 2015 to 2016 are historical and therefore unrestated; and
- IFRS 9 – *Financial Instruments*: in accordance with IFRS 9, as from 2018, Vivendi applied this change of accounting standard to the Statement of Earnings and Statement of Comprehensive Income restating its opening balance sheet as of January 1, 2018; therefore, the data relative to prior years in this report is not comparable.

In addition, Vivendi deconsolidated GVT as from May 28, 2015, the date of its effective sale by Vivendi. In compliance with IFRS 5, this business was reported as a discontinued operation for 2015 as set out in the table of selected key consolidated financial data below in respect of data reflected in the Statement of Earnings and Statement of Cash Flows.

	Year ended December 31,				
	2019	2018	2017	2016	2015
Consolidated data					
Revenues	15,898	13,932	12,518	10,819	10,762
Income from operations (a)	1,719	1,439	1,098	853	1,061
Adjusted earnings before interest and income taxes (EBITA) (a)	1,526	1,288	969	724	942
Earnings before interest and income taxes (EBIT)	1,381	1,182	1,018	887	521
Earnings attributable to Vivendi SA shareowners	1,583	127	1,216	1,256	1,932
of which earnings from continuing operations attributable to Vivendi SA shareowners	1,583	127	1,216	1,236	699
Adjusted net income (a)	1,741	1,157	1,300	755	697
Net Cash Position/(Financial Net Debt) (a)	(4,064)	176	(2,340)	1,231	7,172
Total equity	15,575	17,534	17,866	19,612	21,086
of which Vivendi SA shareowners' equity	15,353	17,313	17,644	19,383	20,854
Cash flow from operations (CFFO) (a)	903	1,126	989	729	892
Cash flow from operations after interest and income tax paid (CFAIT) (a)	567	822	1,346	341	(69)
Financial investments	(2,284)	(694)	(3,685)	(4,084)	(3,927)
Financial divestments	1,068	2,303	976	1,971	9,013
Dividends paid by Vivendi SA to its shareholders	636	568	499	(b) 2,588	(b) 2,727
Purchases/(sales) of Vivendi SA's treasury shares	2,673	-	203	1,623	492
Per share data					
Weighted average number of shares outstanding	1,233.5	1,263.5	1,252.7	1,272.6	1,361.5
Earnings attributable to Vivendi SA shareowners per share	1.28	0.10	0.97	0.99	1.42
Adjusted net income per share	1.41	0.92	1.04	0.59	0.51
Number of shares outstanding at the end of the period (excluding treasury shares)	1,170.6	1,268.0	1,256.7	1,259.5	1,342.3
Equity per share, attributable to Vivendi SA shareowners	13.12	13.65	14.04	15.39	15.54
Dividends per share paid	0.50	0.45	0.40	(b) 2.00	(b) 2.00

In millions of euros, number of shares in millions, data per share in euros.

(a) The non-GAAP measures of Income from operations, EBITA, Adjusted net income, Net Cash Position (or Financial Net Debt), Cash flow from operations (CFFO) and Cash flow from operations after interest and income tax paid (CFAIT) should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of this Financial Report. In addition, it should be noted that other companies may have definitions and calculations for these indicators that differ from those used by Vivendi, thereby affecting comparability.

(b) With respect to fiscal year 2015, Vivendi paid an ordinary dividend of €3 per share, i.e., an aggregate dividend payment of €3,951 million. This amount included €1,363 million paid in 2015 (first interim dividend of €1 per share) and €2,588 million paid in 2016 (€1,318 million for the second interim dividend of €1 per share and €1,270 million representing the balance of €1 per share). In addition, in 2015, Vivendi paid a dividend with respect to fiscal year 2014 of €1 per share, i.e., €1,364 million.

I – 2019 Financial Report

PRELIMINARY COMMENTS

On February 10, 2020, the Management Board approved the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2019. Upon the recommendation of the Audit Committee, which met on February 11, 2020, the Supervisory Board, at its meeting held on February 13, 2020, reviewed the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2019, as previously approved by the Management Board on February 10, 2020.

The Consolidated Financial Statements for the year ended December 31, 2019 were audited and certified by the Statutory Auditors without qualified opinion. The Statutory Auditors' report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

1. Earnings Analysis: Group and Business Segments

PRELIMINARY COMMENTS

Change of accounting standards

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. Moreover, Vivendi applied this change of accounting standard to the Statement of Financial Position, Statement of Earnings and Statement of Cash Flows in 2019; therefore, the data relative to 2018 is not comparable. For a detailed description, please refer to Notes 1.1, 1.3.5.7 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019.

Non-GAAP measures

"Income from operations", "EBITA" and "adjusted net income", all non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in this Financial Report. Vivendi considers these to be relevant indicators for the group's operating and financial performance.

Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management and planning purposes because they exclude most non-recurring and non-operating items from the measurement of the business segments' performances. Under Vivendi's definition:

- the difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations, as well as other income and charges related to transactions with shareowners;
- income from operations is calculated as EBITA, as presented in the Adjusted Statement of Earnings, before share-based compensation costs and special items, due to their unusual nature and particular significance; and
- adjusted net income includes the following items: EBITA; income from equity affiliates – non-operational; interest (corresponding to interest expense on borrowings net of interest income earned on cash and cash equivalents); income from investments (including dividends and interest received from unconsolidated companies); and taxes and non-controlling interests related to these items. It does not include the following items: amortization of intangible assets acquired through business combinations and related to equity affiliates; impairment losses on goodwill and other intangible assets acquired through business combinations; other charges and income related to transactions with shareowners; other financial charges and income; earnings from discontinued operations; provisions for income taxes and adjustments attributable to non-controlling interests; non-recurring tax items (in particular, changes in deferred tax assets pursuant to Vivendi SA's Tax Group and the Consolidated Global Profit Tax Systems).

In addition, it should be noted that other companies may have definitions and calculations for these non-GAAP measures that differ from those used by Vivendi, thereby affecting comparability.

1.1 Consolidated Statement of Earnings

	Year ended December 31,		
	2019	2018	% Change
Revenues	**15,898**	**13,932**	**+14.1%**
Cost of revenues	(8,845)	(7,618)	
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(5,334)	(4,875)	
Income from operations (*)	**1,719**	**1,439**	**+19.5%**
Restructuring charges	(161)	(115)	
Other operating charges and income	(32)	(36)	
Adjusted earnings before interest and income taxes (EBITA) (*)	**1,526**	**1,288**	**+18.5%**
Amortization and depreciation of intangible assets acquired through business combinations	(145)	(113)	
Other charges and income	-	7	
Earnings before interest and income taxes (EBIT)	**1,381**	**1,182**	**+16.9%**
Income from equity affiliates – non-operational	67	122	
Interest	(46)	(47)	
Income from investments	10	20	
Other financial charges and income	65	(763)	
	29	***(790)***	
Earnings before provision for income taxes	**1,477**	**514**	**x 2.9**
Provision for income taxes	140	(357)	
Earnings from continuing operations	**1,617**	**157**	**x 10.3**
Earnings from discontinued operations	-	-	
Earnings	**1,617**	**157**	**x 10.3**
Non-controlling interests	(34)	(30)	
Earnings attributable to Vivendi SA shareowners	**1,583**	**127**	**x 12.5**
Earnings attributable to Vivendi SA shareowners per share – basic (in euros)	1.28	0.10	
Earnings attributable to Vivendi SA shareowners per share – diluted (in euros)	1.28	0.10	
Adjusted net income (*)	**1,741**	**1,157**	**+50.5%**
Adjusted net income per share – basic (in euros) (*)	1.41	0.92	
Adjusted net income per share – diluted (in euros) (*)	1.41	0.91	

In millions of euros, except per share amounts.

(*) Non-GAAP measures.

1

1.2. Analysis of the Consolidated Statement of Earnings

1.2.1. REVENUES

In 2019, revenues were €15,898 million, compared to €13,932 million in 2018, an increase of €1,966 million (+14.1%), mainly resulting from the growth of Universal Music Group (UMG) (+€1,136 million), Canal+ Group (+€102 million, including €122 million relating to M7 **(1)**) as well as the consolidation of Editis as from February 1, 2019 (+€687 million). At constant currency and perimeter **(1)**, revenues increased by 5.6% compared to 2018, primarily driven by the growth of Universal Music Group (+14.0%).

For the second half of 2019, revenues were €8,545 million, compared to €7,456 million for the second half of 2018, an increase of €1,089 million (+14.6%), mainly resulting from the growth of Universal Music Group (+€506 million), Canal+ Group (+€159 million, including €122 million relating to M7 **(1)**) as well as the consolidation of Editis (+€427 million). At constant currency and perimeter **(1)**, revenues increased by 4.6% compared to the second half of 2018, primarily driven by the growth of Universal Music Group (+10.5%).

For the fourth quarter of 2019, revenues were €4,575 million, compared to €4,055 million for the fourth quarter of 2018, an increase of €520 million (+12.8%), mainly resulting from the growth of Universal Music Group (+€201 million), Canal+ Group (+€121 million, including €101 million relating to M71 **(1)**) as well as the consolidation of Editis (+€217 million). At constant currency and perimeter **(1)**, revenues increased by 2.4% compared to the fourth quarter of 2018, primarily driven by the growth of Universal Music Group (+6.3%).

For a detailed analysis of revenues by business segment, please refer to Section 1.3 below and to Note 3.1 to the Consolidated Financial Statements for the year ended December 31, 2019.

1.2.2. OPERATING RESULTS

Cost of revenues was €8,845 million, compared to €7,618 million in 2018, an increase of €1,227 million.

Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations were €5,334 million, compared to €4,875 million in 2018, an increase of €459 million.

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or in selling, general and administrative expenses. Depreciation and amortization of tangible and intangible assets, excluding amortization of intangible assets acquired through business combinations, amounted to €599 million including amortization of rights-of-use relating to leases for €220 million, in accordance with the application of the new accounting standard IFRS 16 – *Leases* as from January 1, 2019. Excluding the impact of IFRS 16 in 2019, depreciation and amortization of tangible and intangible assets, excluding those acquired through business combinations, amounted to €379 million (compared to €340 million in 2018), and notably related to Canal+ Group's set-top boxes, as well as Studiocanal's catalogs, films and television programs.

Income from operations was €1,719 million, compared to €1,439 million in 2018, an increase of €280 million (+19.5%). At constant currency and perimeter, income from operations increased by €180 million (+11.7%), primarily driven by the growth of Universal Music Group (+€203 million).

EBITA was €1,526 million, compared to €1,288 million in 2018, an increase of €238 million (+18.5%). At constant currency and perimeter, EBITA increased by €149 million (+10.8%), primarily driven by the growth of Universal Music Group (+€205 million), partially offset by the decline of Canal+ Group (-€82 million), primarily due to restructuring charges (please see below). In this respect, EBITA included:

- **restructuring charges** of €161 million, compared to €115 million in 2018, primarily incurred by Canal+ Group (€92 million notably relating to the launch during the second half of 2019 of a plan aimed to transform its French activities, compared to €28 million in 2018), Havas Group (€35 million, compared to €30 million in 2018), Universal Music Group (€24 million, compared to €29 million in 2018) and Corporate (€2 million, compared to €19 million in 2018);

(1) Constant perimeter notably reflects the impacts of the acquisition of M7 by Canal+ Group (September 12, 2019), the acquisition of the remaining interest in Ingrooves Music Group, which has been consolidated by Universal Music Group (March 15, 2019), the acquisition of Editis (January 31, 2019), the acquisition of Paylogic by Vivendi Village (April 16, 2018) and the sale of MyBestPro by Vivendi Village (December 21, 2018).

- **other operating charges and income** excluded from income from operations, which was a net charge of €32 million, compared to a net charge of €36 million in 2018. They notably included the charge related to share-based compensation plans for -€32 million, compared to -€22 million in 2018; and
- the €34 million favorable impact on EBITA resulting from the application, as from January 1, 2019, of **the new accounting standard IFRS 16 – *Leases*,** mainly at Universal Music Group (+€19 million) and Havas Group (+€15 million). For information, on a comparable basis with 2018, EBITA would have increased by 8.4% at constant currency and perimeter excluding the favorable impact of the initial application of the new accounting standard IFRS 16, compared to an increase of +10.8% including the favorable impact of the initial application of the new accounting standard IFRS 16.

For a detailed analysis of income from operations and EBITA by business segment, please refer to Section 1.3 below.

EBIT was €1,381 million, compared to €1,182 million in 2018, an increase of €199 million (+16.9%). It includes amortization and depreciation of intangible assets acquired through business combinations for €145 million, compared to €113 million in 2018. This increase was notably attributable to Canal+ Group, primarily due to the preliminary allocation of M7's purchase price (please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2019) and to the write-off of the "n" brand name in Poland (-€19 million), the channel now being broadcasted solely under the Canal+ brand name.

1.2.3. INCOME FROM EQUITY AFFILIATES – NON-OPERATIONAL

Income from equity affiliates – non-operational was a profit of €67 million, compared to a profit of €122 million in 2018. This amount related to Vivendi's share of Telecom Italia's net earnings, calculated based on the financial information publicly disclosed by Telecom Italia (corresponding to the fourth quarter of the previous year and the first nine months of 2019 due to a three-month reporting lag). Please refer to Note 12.2 to the Consolidated Financial Statements for the year ended December 31, 2019.

1.2.4. FINANCIAL RESULTS

In 2019, **interest** was an expense of €46 million, compared to €47 million in 2018. Of this amount:

- interest expense on borrowings was €69 million, compared to €64 million in 2018. This change mainly reflected the increase in the average outstanding borrowings to €5.9 billion (compared to €4.6 billion in 2018), partially offset by the decrease in the average interest rate on borrowings to 1.17% (compared to 1.39% in 2018); and
- interest income earned on the investment of cash surpluses was €23 million, compared to €17 million in 2018. This change mainly reflected the increase in the average interest rate on cash investments to 0.64% (compared to 0.50% in 2018) and, to a lesser extent, to the increase in the average outstanding cash investments to €3.6 billion (compared to €3.4 billion in 2018).

Income from investments was €10 million, compared to €20 million in 2018. In 2018, it included dividends received from Telefonica (interest sold by Vivendi at the end of 2018) for €11 million.

Other financial charges and income were a net income of €65 million, compared to a net charge of €763 million in 2018, a favorable change of €828 million.

In 2019, this amount included the revaluation of the interests in Spotify and Tencent Music for a net amount of €139 million, compared to a net amount of €312 million for the same period in 2018. In addition, in 2018, it included the write-down of the value of the Telecom Italia shares accounted for under the equity method (-€1,066 million), as well as a portion of the capital gain realized on the sale of the interest in Ubisoft (€53 million), recorded to profit or loss in accordance with the new accounting standard IFRS 9.

As a reminder, Vivendi realized a capital gain of €1,213 million on the sale of the interest in Ubisoft. Of this amount, only the portion corresponding to the revaluation of such interest in 2018 (€53 million) was recorded in the Statement of Earnings for the year ended December 31, 2018, in accordance with IFRS 9, which became applicable on January 1, 2018. The remaining portion of the capital gain (€1,160 million), corresponding to the revaluation of such interest up until December 31, 2017, was recorded in "charges and income directly recognized in equity" as of December 31, 2017, in accordance with the former IAS 39 accounting standard, and was reclassified as retained earnings as of January 1, 2018 as a result of the first-time application of IFRS 9. Under IAS 39, which was applicable up until December 31, 2017, it would have been recorded to profit or loss.

In 2019, other financial charges included interest expenses on lease liabilities for €43 million, pursuant to the application of the new accounting standard IFRS 16 – *Leases*. Please refer to Notes 1 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019.

1.2.5. PROVISION FOR INCOME TAXES

In 2019, **provision for income taxes reported to adjusted net income** was a net income of €177 million, compared to a net charge of €253 million in 2018, representing a favorable change of €430 million. In 2019, it included a current tax income of €473 million resulting from a favorable decision from the French Council of State *(Conseil d'État)* on December 19, 2019 regarding the use of foreign tax receivables upon exit from the Global Profit Tax System, i.e., €244 million with respect to fiscal year 2012 (€218 million principal and €26 million moratorium interest) and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest). For a detailed description, please refer to Note 6.1 to the Consolidated Financial Statements for the year ended December 31, 2019. Excluding this impact:

- provision for income taxes reported to adjusted net income was a net charge of €296 million, representing an unfavorable change of €43 million, notably reflecting the growth in taxable income from activities, particularly at Universal Music Group in the United States and in Europe; and
- the effective tax rate reported to adjusted net income was stable at 19.9%, compared to 20.1% in 2018.

In 2019, **provision for income taxes reported to net income** was a net income of €140 million, compared to a net charge of €357 million in 2018, representing a favorable change of €497 million. In 2019, it included the aforementioned current tax income of €473 million. Excluding this impact, provision for income taxes reported to net income was a net charge of €333 million, representing a favorable change of €24 million. This change notably reflected the decrease in the deferred tax charge relating to the revaluation of the interests in Spotify and Tencent Music (-€36 million, compared to -€72 million in 2018).

1.2.6. NON-CONTROLLING INTERESTS

In 2019, **earnings attributable to non-controlling interests** were €34 million, compared to €30 million in 2018. They primarily included the non-controlling interests of Havas Group and Canal+ International (including Canal+ in Poland and VTV in Vietnam).

1.2.7. EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS

In 2019, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €1,583 million (or €1.28 per share – basic), compared to €127 million in 2018 (or €0.10 per share – basic), an increase of €1,456 million. This change notably reflected the increase in EBIT (+€199 million), the improvement in other financial charges and income (+€828 million), mostly due to the write-down in 2018 of the value of the Telecom Italia shares accounted for under the equity method (-€1,066 million), and the current tax income of €473 million recorded at the end of 2019 following a favorable decision of the French Council of State *(Conseil d'État)* regarding the use of foreign tax receivables upon exit from the Global Profit Tax System with respect to the fiscal years 2012 and 2015.

1.2.8. ADJUSTED NET INCOME

	Year ended December 31,		
(in millions of euros)	2019	2018	% Change
Revenues	**15,898**	**13,932**	**+14.1%**
Income from operations	**1,719**	**1,439**	**+19.5%**
EBITA	**1,526**	**1,288**	**+18.5%**
Other charges and income	-	7	
Income from equity affiliates – non-operational	127	182	
Interest	(46)	(47)	
Income from investments	10	20	
Adjusted earnings from continuing operations before provision for income taxes	**1,617**	**1,450**	**+11.5%**
Provision for income taxes	177	(253)	
Adjusted net income before non-controlling interests	**1,794**	**1,197**	
Non-controlling interests	(53)	(40)	
Adjusted net income	**1,741**	**1,157**	**+50.5%**

In 2019, **adjusted net income** was a profit of €1,741 million (or €1.41 per share – basic), compared to €1,157 million in 2018 (or €0.92 per share – basic), an increase of €584 million (+50.5%). This change mainly reflected the growth in EBITA of €238 million, driven by the performance of Universal Music Group (+€222 million), and the current tax income of €473 million recorded at the end of 2019 following a favorable decision of the French Council of State *(Conseil d'État)* regarding the use of foreign tax receivables upon exit from the Global Profit Tax System with respect to fiscal years 2012 and 2015.

Reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income

(in millions of euros)	Year ended December 31, 2019	2018
Earnings attributable to Vivendi SA shareowners (a)	**1,583**	**127**
Adjustments		
Amortization and depreciation of intangible assets acquired through business combinations	145	113
Amortization of intangible assets related to equity affiliates	60	60
Other financial charges and income	(65)	763
Provision for income taxes on adjustments	37	104
Impact of adjustments on non-controlling interests	(19)	(10)
Adjusted net income	**1,741**	**1,157**

(a) As reported in the Consolidated Statement of Earnings.

Adjusted net income per share

	Year ended December 31, 2019		2018	
	Basic	Diluted	Basic	Diluted
Adjusted net income (in millions of euros)	**1,741**	**1,741**	**1,157**	**1,157**
Number of shares (in millions)				
Weighted average number of shares outstanding (a)	1,233.5	1,233.5	1,263.5	1,263.5
Potential dilutive effects related to share-based compensation	-	4.9	-	5.1
Adjusted weighted average number of shares	1,233.5	1,238.4	1,263.5	1,268.6
Adjusted net income per share (in euros)	**1.41**	**1.41**	**0.92**	**0.91**

(a) Net of the weighted average number of treasury shares (28.0 million shares in 2019, compared to 38.5 million in 2018).

1.3 Analysis of Revenues and Operating Results by Business Segment

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases* notably to the Statement of Earnings for the year ended December 31, 2019; therefore, the data below is not comparable to the data for the year ended December 31, 2018. For a detailed description, please refer to Notes 1.1, 1.3.5.7 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019.

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues					
Universal Music Group	7,159	6,023	+18.9%	+15.6%	+14.0%
Canal+ Group	5,268	5,166	+2.0%	+2.0%	-0.9%
Havas Group	2,378	2,319	+2.6%	+0.2%	-1.0%
Editis	687	-	n/a	n/a	n/a
Gameloft	259	293	-11.8%	-13.6%	-16.0%
Vivendi Village	141	123	+14.6%	+14.2%	+38.9%
New Initiatives	71	66	+6.2%	+6.2%	+9.3%
Elimination of intersegment transactions	(65)	(58)			
Total Vivendi	**15,898**	**13,932**	**+14.1%**	**+12.2%**	**+5.6%**
Income from operations					
Universal Music Group	1,168	946	+23.5%	+20.6%	+21.1%
Canal+ Group	431	429	+0.3%	+0.2%	-5.2%
Havas Group	268	258	+3.9%	+2.4%	+0.6%
Editis	59	-	n/a	n/a	n/a
Gameloft	(28)	4			
Vivendi Village	(16)	(9)			
New Initiatives	(68)	(79)			
Corporate	(95)	(110)			
Total Vivendi	**1,719**	**1,439**	**+19.5%**	**+17.3%**	**+11.7%**
EBITA					
Universal Music Group	1,124	902	+24.6%	+21.8%	+22.3%
Canal+ Group	343	400	-14.3%	-14.3%	-19.3%
Havas Group	225	215	+4.5%	+2.7%	+0.5%
Editis	52	-	n/a	n/a	n/a
Gameloft	(36)	2			
Vivendi Village	(17)	(9)			
New Initiatives	(65)	(99)			
Corporate	(100)	(123)			
Total Vivendi	**1,526**	**1,288**	**+18.5%**	**+16.2%**	**+10.8%**

n/a: not applicable.

(a) Constant perimeter notably reflects the impacts of the acquisition of M7 by Canal+ Group (September 12, 2019), the acquisition of the remaining interest in Ingrooves Music Group, which has been consolidated by Universal Music Group (March 15, 2019), the acquisition of Editis (January 31, 2019), the acquisition of Paylogic by Vivendi Village (April 16, 2018) and the sale of MyBestPro by Vivendi Village (December 21, 2018).

1.3.1. UNIVERSAL MUSIC GROUP

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Recorded music	5,634	4,828	+16.7%	+13.4%	+11.6%
Subscriptions and streaming	*3,325*	*2,596*	*+28.1%*	*+24.4%*	*+21.5%*
Other digital sales (b)	*428*	*479*	*-10.6%*	*-14.0%*	*-15.2%*
Physical sales	*1,011*	*949*	*+6.5%*	*+3.5%*	*+3.1%*
License and other	*870*	*804*	*+8.2%*	*+5.6%*	*+5.3%*
Music publishing	1,052	941	+11.7%	+9.2%	+9.2%
Merchandising and other	489	273	+79.4%	+73.7%	+73.7%
Elimination of intersegment transactions	(16)	(19)			
Revenues	**7,159**	**6,023**	**+18.9%**	**+15.6%**	**+14.0%**
Income from operations	**1,168**	**946**	**+23.5%**	**+20.6%**	**+21.1%**
Income from operations margin	*16.3%*	*15.7%*	*+0.6 pts*		
Restructuring charges	(24)	(29)			
Income/(charges) related to share-based compensation plans	(5)	(4)			
Other special items excluded from income from operations	(15)	(11)			
EBITA	**1,124**	**902**	**+24.6%**	**+21.8%**	**+22.3%**
EBITA margin	*15.7%*	*15.0%*	*+0.7 pts*		
Recorded music revenues by geographic area					
North America	2,636	2,224	+18.5%	+12.6%	+8.7%
Europe	1,742	1,580	+10.2%	+10.1%	+10.1%
Asia	771	618	+24.6%	+18.5%	+18.5%
Latin America	184	153	+20.4%	+25.5%	+25.5%
Rest of the world	301	253	+19.2%	+20.4%	+20.4%
	5,634	**4,828**	**+16.7%**	**+13.4%**	**+11.6%**

(a) Constant perimeter reflects the impact of significant acquisitions, including the acquisition of the remaining interest in Ingrooves Music Group by Universal Music Group (March 15, 2019).

(b) Mainly included download sales.

Recorded music best sellers, in value (source: *Consumption*)

Year ended December 31, 2019		Year ended December 31, 2018	
Artist	**Title**	**Artist**	**Title**
Billie Eilish	*When We All Fall Asleep, Where Do We Go?*	Drake	*Scorpion*
Post Malone	*Hollywood's Bleeding*	Post Malone	*Beerbongs & Bentleys*
Taylor Swift	*Lover*	Lady Gaga and Bradley Cooper	*A Star Is Born*
Ariana Grande	*Thank U, Next*	The Beatles	*The Beatles (White Album)*
Lady Gaga and Bradley Cooper	*A Star Is Born*	XXXTentacion	*?*
The Beatles	*Abbey Road*	Migos	*Culture II*
Shawn Mendes	*Shawn Mendes*	Imagine Dragons	*Evolve*
Billie Eilish	*Don't Smile at Me*	Ariana Grande	*Sweetener*
Post Malone	*Beerbongs & Bentleys*	Kendrick Lamar	*Black Panther: The Album*
King & Prince	*King & Prince*	Post Malone	*Stoney*

In 2019, Universal Music Group's (UMG) revenues were €7,159 million, up 14.0% at constant currency and perimeter compared to 2018 (up 18.9% on an actual basis).

Recorded music revenues grew by 11.6% at constant currency and perimeter thanks to the growth in subscription and streaming revenues (+21.5%) and the release driven improvement in physical sales (+3.1%), which more than offset the continued decline in download sales (-23.2%).

Recorded music best sellers for 2019 included new releases from Billie Eilish, Post Malone, Taylor Swift, Ariana Grande and the Japanese band King & Prince, as well as continued sales of the soundtrack from *A Star Is Born*, The Beatles 50th anniversary release of *Abbey Road* and multiple albums from Queen.

In 2019, UMG had an artist at the top of five major platforms (Amazon, Apple, Deezer, Spotify and YouTube), and for each platform, a different top artist (Taylor Swift, Billie Eilish, J Balvin, Post Malone, Daddy Yankee). In addition, according to Billboard, UMG had seven of the Top 10 singles and albums in the United States for 2019 and the top three artists (Post Malone, Ariana Grande and Billie Eilish).

Music publishing revenues grew by 9.2% at constant currency and perimeter compared to 2018, also driven by increased subscription and streaming revenues.

On February 6, 2020, Taylor Swift, one of the music industry's most creatively and commercially successful artist-songwriters in history, signed an exclusive global publishing agreement with Universal Music Publishing Group.

Merchandising and other revenues were up 73.7% at constant currency and perimeter compared to 2018, thanks to increased touring activity and growth in retail and D2C (direct-to-consumer) revenues.

Driven by the growth in revenues, UMG's EBITA was €1,124 million, up 22.3% at constant currency and perimeter compared to 2018 (+24.6% on an actual basis).

1.3.2. CANAL+ GROUP

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
International TV	1,781	1,567	+13.7%	+13.8%	+6.1%
TV in mainland France (b)	3,053	3,137	-2.7%	-2.7%	-2.8%
Studiocanal	434	462	-5.9%	-5.9%	-12.8%
Revenues	**5,268**	**5,166**	**+2.0%**	**+2.0%**	**-0.9%**
Income from operations	**431**	**429**	**+0.3%**	**+0.2%**	**-5.2%**
Income from operations margin	*8.2%*	*8.3%*	*-0.1 pts*		
Income/(charges) related to share-based compensation plans	(5)	(3)			
Other special items excluded from income from operations	9	2			
EBITA before restructuring charges	**435**	**428**	**+1.6%**	**+1.6%**	**-3.9%**
EBITA margin	*8.3%*	*8.3%*	*- pt*		
Restructuring charges	(92)	(28)			
EBITA	**343**	**400**	**-14.3%**	**-14.3%**	**-19.3%**
Canal+ Group subscribers (in thousands)					
Africa	*4,899*	*4,173*	*+726*		
Europe (excluding M7)	*2,794*	*2,744*	*+50*		
Overseas	*657*	*664*	*-7*		
Asia Pacific	*1,267*	*996*	*+271*		
M7 (Benelux, Central Europe)	*2,258*	*-*	*+2,258*		
Overseas and international subscribers	**11,875**	(c) **8,577**	**+3,298**		
Self-distributed individual subscribers in mainland France	4,548	4,697	-149		
Wholesale subscribers (d)	3,355	3,405	-50		
Collective subscribers in mainland France	513	509	+4		
Subscribers in mainland France	**8,416**	(c) **8,611**	**-195**		
Total Canal+ Group subscribers	**20,291**	(c) **17,188**	**+3,103**		

(a) Constant perimeter notably reflects the impacts of the acquisition of M7 by Canal+ Group (September 12, 2019).

(b) Relates to pay-TV and free-to-air channels (C8, CStar and CNews) in mainland France.

(c) 2018 pro forma data notably included wholesale subscribers.

(d) Includes the strategic partnership agreements with Free, Orange and Bouygues Telecom, as well as subscribers to Thema packages. Certain subscribers may also have subscribed to a Canal+ offer.

At the end of December 2019, the total subscriber portfolio (individual and collective) of Canal+ Group's, which now includes M7's operations, reached 20.3 million, compared to 17.2 million at the end of December 2018 on a pro forma basis, including 8.4 million in mainland France.

In 2019, Canal+ Group's revenues were €5,268 million, up 2.0% compared to 2018 (down 0.9% at constant currency and perimeter).

Revenues from television operations in mainland France fell slightly (down 2.8% at constant currency and perimeter) due to the decline in the self-distributed individual subscriber base. However, the Canal+ subscriber base recorded a net increase in subscribers of 72,000 over the past 12 months.

Revenues from international operations grew strongly by 13.7% (up 6.1% at constant currency and perimeter) driven both by organic growth and the integration of M7.

Studiocanal's revenues were €434 million, reflecting a year-on-year decrease of 12.8% at constant currency and perimeter due to fewer theatrical releases compared to 2018.

EBITA before restructuring charges was €435 million, compared to €428 million in 2018. EBITA after restructuring charges amounted to €343 million, compared to €400 million in 2018.

In the fourth quarter of 2019, several important agreements involving the operations in France were announced, including with Netflix, UEFA for the Champions League, The Walt Disney Company (in particular for the marketing of Disney +) and beIN Sports, the latter agreement allowing Canal+ to broadcast two matches of Ligue 1 per championship day starting with the upcoming 2020/2021 season. In January 2020, Canal+ Group extended its agreement with Formula One Management to remain the exclusive broadcaster for all of the next three seasons of Formula 1.

1.3.3. HAVAS GROUP

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter
Revenues	2,378	2,319	+2.6%	+0.2%	-1.0%
Net revenues (a)	**2,256**	**2,195**	**+2.8%**	**+0.3%**	**-1.0%**
Income from operations	**268**	**258**	**+3.9%**	**+2.4%**	**+0.6%**
Income from operations/net revenues	*11.9%*	*11.8%*	*+0.1 pts*		
Income/(charges) related to share-based compensation plans	(12)	(12)			
Other special items excluded from income from operations	4	(1)			
EBITA before restructuring charges	**260**	**245**	**+6.1%**	**+4.5%**	**+2.5%**
EBITA before restructuring charges/net revenues	*11.5%*	*11.2%*	*+0.3 pts*		
Restructuring charges	(35)	(30)			
EBITA	**225**	**215**	**+4.5%**	**+2.7%**	**+0.5%**
Net revenues by geographic area					
Europe	1,105	1,109	-0.4%	-0.5%	-2.0%
North America	831	766	+8.5%	+2.7%	+0.4%
Asia Pacific and Africa	193	192	+0.6%	-1.7%	-3.0%
Latin America	127	128	-0.4%	+2.3%	+1.7%
	2,256	**2,195**	**+2.8%**	**+0.3%**	**-1.0%**
Net revenues by segment					
Havas Creative	46%	46%			
Havas Media	35%	37%			
Havas Health & You	19%	17%			
	100%	**100%**			

(a) Net revenues correspond to Havas Group's revenues less the pass-through costs rebilled to customers. Please refer to Note 1.3.4.3 to the Consolidated Financial Statements for the year ended December 31, 2019.

Havas Group's revenues for 2019 were €2,378 million, up 2.6% (down 1.0% at constant currency and perimeter) compared to 2018. Net revenues (1) increased by 2.8% to €2,256 million. Acquisitions contributed +1.3% and exchange rates had a positive impact of 2.5%. Organic growth was down 1.0% compared to 2018.

In a contrasting sector environment, particularly in Europe, Havas Group's performance was supported by the media business thanks to the new *Meaningful Media* approach launched at the beginning of 2019. Strong performances were delivered by the healthcare communications business and the creative pure players (BETC, Rosapark, Edge), while the general network moved purposefully ahead with its transformation in order to adapt itself to evolving client needs.

Havas Group accelerated its financial investments in the second half of the year, making four acquisitions of strategic importance in terms of geographic expansion and strengthening its expertise: Buzzman in France, Langoor and Shobiz in India, and Gate One in the United Kingdom.

In 2019, Havas Group continued its worldwide development, winning new clients both locally and globally. In addition, Havas Group agencies were lavishly awarded in 2019. The Group was named "Most Sustainable Company in the Communication Industry" by World Finance magazine in November 2019, and BETC was named "International Agency of the Year 2019" by Adweek.

Havas Group consolidated its profitability. EBITA before restructuring charges was €260 million, up 6.1% compared to 2018. After restructuring charges, EBITA was €225 million, up 4.5%. Its EBITA/net revenues margin thus gained an additional 0.2 points.

(1) Net revenues correspond to revenues less pass-through costs rebilled to customers.

Major awards and wins by Havas Group

Havas continued its worldwide development in 2019, winning prestigious new clients and brands in creation, media and healthcare at both local and global levels.

In creation, Havas signed new local contracts with Boston Beers, Gap, Lacoste and Core Water in the United States, Huawei, Lloyds and Compare the Market in the United Kingdom, COOP in Italy and 7TV and Ferrerro in Germany. Globally, Havas Creative won contracts with Pimco, Michelin and Bel.

In media, South Korean car manufacturers Hyundai Kia re-selected Havas Media to handle its media mandate for Europe, Russia and Turkey. Havas Media has been working with Hyundai Kia for ten years.

Havas Media also won a number of global assignments including TripAdvisor, Meetic and Visit California. Some multilocal wins included Continental Foods, Mango, and UPower. Locally, it won contracts with Sanofi, Planet Fitness and Stop n' Shop in the United States, Corby in Canada, Legal & General, Homebase, Dreams and Starbucks in the United Kingdom, Hassia Group, Vattenfall and Stepstone in Germany, SFR and GRDF in France, Carrefour in Belgium, Tinder and Gameskraft in India and Uniqlo in Singapore.

Havas Health & You had major global and local wins worldwide with AbbVie, Alcon, Amgen, AstraZeneca, BioMarin, Celgene, Genentech, Guardant Health, Guidewell, Ipsen, Ironshore, Klosterfrau, Lundbeck, Merck Inc, Novartis, Takeda, TherapeuticsMD and Unicef.

1.3.4. EDITIS

As a reminder, since February 1, 2019, Vivendi has fully consolidated Editis.

		11-month pro forma data		
(in millions of euros)	11 months ended December 31, 2019 (a)	2018	% Change	% Change at constant currency and perimeter
Literature	282	277	+3.5%	+2.0%
Education and Reference	184	158	+16.8%	+16.8%
Diffusion and Distribution	221	211	+4.2%	+4.2%
Revenues	**687**	**646**	**+7.0%**	**+6.3%**
Income from operations	**59**	**46**	**+27.0%**	**+26.4%**
Restructuring charges	(3)	(4)		
Income/(charges) related to share-based compensation plans	-	-		
Other special items excluded from income from operations	(4)	(7)		
EBITA	**52**	**35**	**+47.9%**	**+46.9%**

(a) Corresponds to the financial data consolidated by Vivendi since February 1, 2019.

Vivendi has fully consolidated Editis since February 1, 2019. Editis' contribution to Vivendi's revenues was €687 million for eleven months, up 6.3% on a pro forma basis at constant currency and perimeter compared to the same period in 2018.

Since February 1, 2019, Education & Reference revenues have risen sharply (up 16.8%). Thanks to the reform of high school curricula in France, Editis reinforced its leading position in textbook publishing with its strong French brands, Nathan, Bordas and Le Robert.

Literature continues to grow (up 2.0% on an eleven-month pro forma basis). Editis confirms its leading position in this segment with six authors in the top 10 of the best-selling authors in France in 2019 and also leads many other segments: n° 1 in thrillers, History, youtubers and influencers, and n°2 in youth, leisure/practical life and tourism (GfK 2019).

Diffusion & Distribution revenues related to third-party publishers are also increased (up 4.2% on eleven-month pro forma), driven in particular by the distribution of the Goncourt Prize, *Tous les hommes n'habitent pas le monde de la même façon* from Jean-Paul Dubois (L'Olivier).

In the second half of 2019, Editis continued its external growth policy with Robert Laffont's acquisition of the publishing houses Seguier, Nathan's purchase of the publishing houses L'Agrume and the publishing house Le Retz's acquisition of l'École Vivante, as well as the purchase in July 2019 of the l'Archipel publishing group which specializes in literature and essays.

In August 2019, Editis also entered the graphic novel and comic book segments following an agreement concluded with Jungle Publishing (a subsidiary of the Steinkis group).

Editis' EBITA was €52 million since February 1, 2019, up 46.9% pro forma compared to the same period in 2018, thanks to the increase in revenues and cost control.

1.3.5 GAMELOFT

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter
Revenues	**259**	**293**	**-11.8%**	**-13.6%**	**-16.0%**
Income from operations	**(28)**	**4**			
Restructuring charges	(3)	(4)			
Income/(charges) related to share-based compensation plans	(4)	2			
Other special items excluded from income from operations	(1)	-			
EBITA	**(36)**	**2**			
Revenues by geographic area					
North America	92	97			
EMEA (Europe, the Middle East, Africa)	86	100			
Asia Pacific	62	73			
Latin America	19	23			
	259	**293**			

With 1.5 million downloads per day across all platforms during 2019, Gameloft is one of the world's leading video game publishers.

In 2019, Gameloft's revenues were €259 million, down 11.8% year-on-year. Gameloft's sales on OTT platforms, representing 72% of Gameloft's total sales, declined by 11.1%. The postponement to 2020 of three major games initially scheduled for release in the second half of 2019 and the saturation of the mobile gaming segment largely explain the lower OTT revenues in 2019. The advertising business, representing 11.6% of Gameloft's total revenues, was up 4.8%.

65% of Gameloft's revenues were generated by its own gaming franchises and 35% by the franchises of major international groups such as Disney or LEGO. For Disney, Gameloft released *Disney Princess Majestic Quest* in October 2019 and *Disney Getaway Blast!* at the end of January 2020. For LEGO, it will release *LEGO Legacy: Heroes Unboxed* in March 2020.

Gameloft is developing its presence on all platforms and has released two games on Nintendo Switch: *Modern Combat Blackout* and *Asphalt 9: Legends*.

The recent subscription-based game distribution model provides another growth avenue for Gameloft. It developed *Ballistic Baseball,* one of the first games included on Apple Arcade, Apple's new game subscription service. It also launched a cloud gaming service, in partnership with Blacknut, which offers operators and manufacturers a new range of cross-platform games streamed from the cloud.

In 2019, the decrease in fixed costs only partially offset the decline in revenues and higher marketing investments. Gameloft's EBITA was -€36 million.

1.3.6. VIVENDI VILLAGE

(in millions of euros)	Year ended December 31, 2019	2018	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues	**141**	**123**	**+14.6%**	**+14.2%**	**+38.9%**
of which Vivendi Ticketing	*66*	*58*	*+14.4%*	*+13.6%*	*+6.5%*
Live	*68*	*34*	*+99.1%*	*+99.1%*	*+99.1%*
Income from operations	**(16)**	**(9)**			
Restructuring charges	(1)	(2)			
Income/(charges) related to share-based compensation plans	-	-			
Other special items excluded from income from operations	-	2			
EBITA	**(17)**	**(9)**			

(a) Constant perimeter notably reflects the impacts of the acquisition of Paylogic (April 16, 2018) and the sale of MyBestPro (December 21, 2018).

In 2019, Vivendi Village's revenues were €141 million, a significant increase of 38.9% at constant currency and perimeter (14.6% on an actual basis) compared to 2018.

This growth is mostly attributable to the development of the live activities in France and Great-Britain, as well as the venues in France and Africa. Their revenues nearly doubled in a year (x1.9), reaching €68 million. This change resulted in particular from the organic growth of the concert and show promotion business, which currently manages some 75 artists. It is also due to acquisitions, notably Garorock in France, which attracted 160,000 festival-goers in 2019.

In addition, Olympia Production formed a joint venture with OL Groupe to produce the Felyn Stadium Festival in Lyons in June 2020.

L'Olympia in Paris enjoyed a record year with slightly over 300 shows. Three new CanalOlympia venues were inaugurated in Africa in 2019 (14 in total in ten countries).

The ticketing businesses, united under the See Tickets brand, generated revenues of €66 million (up 14.4% compared to 2018 and up 6.5% at constant currency and perimeter). This growth is partly attributable to the development of the operations in the US, where revenue has almost doubled in one year. With the acquisition of Starticket in Switzerland on December 30, 2019, See Tickets is now present in nine European countries and in the United States, selling about 30 million tickets annually (25 million in 2019).

Vivendi Village's EBITA was a loss of €17 million, compared to a loss of €9 million in 2018. Excluding the investments in Africa, EBITA was mostly at break-even.

1.3.7. NEW INITIATIVES

In 2019, New Initiatives, which brings together entities in the launch or development phase, recorded revenues of €71 million, up 6.2% compared to 2018 (up 9.3% at constant currency and perimeter).

GVA continued to roll out its fiber network in Africa in order to provide its customers with very high-speed internet access. After Libreville and Lomé, GVA experienced further development in 2019, in Pointe Noire (Republic of Congo).

In 2019, GVA provided more than 25,000 subscribers in the three cities where the company is established.

Dailymotion entered into over 280 agreements with leading global publishers in 2019, including 70 in the United States and dozens in territories where the company had little presence (Indonesia, Taiwan, Mexico). The audience in these new countries has increased significantly. At the end of 2019, the premium content audience represented more than 70% of its global audience, compared to less than 30% in 2017, and its total monthly users increased by 20% in two years to exceed 350 million at the end of 2019.

In 2019, Dailymotion also completed the overhaul of its advertising ecosystem. It created a proprietary programmatic platform and a content monetization system (live or programmatic).

New Initiatives' EBITA was a loss of €65 million, compared to a loss of €99 million in 2018.

1.3.8. CORPORATE

Corporate's income from operations was a net charge of €95 million, compared to a net charge of €110 million in 2018, a favorable change of €15 million, primarily due to non-recurrent items impacting the pension charges. Please refer to Note 18.2.2 to the Consolidated Financial Statements for the year ended December 31, 2019.

Corporate's EBITA was a net charge of €100 million, compared to a net charge of €123 million in 2018, a favorable change of €23 million mainly relating to the change in income from operations and a decrease in restructuring charges.

1

2. Liquidity and Capital Resources

2.1. Liquidity and Equity Portfolio

PRELIMINARY COMMENTS

- The "Net Cash Position" and the "Financial Net Debt", both non-GAAP measures, should be considered in addition to, and not as a substitute for, GAAP measures presented in the Consolidated Statement of Financial Position, as well as any other measure of indebtedness reported in accordance with GAAP. Vivendi considers these to be relevant indicators of the group's liquidity and capital resources. Vivendi Management uses these indicators for reporting, management and planning purposes.
- The Net Cash Position (and the Financial Net Debt) are calculated as the sum of:

  i. cash and cash equivalents, as reported in the Consolidated Statement of Financial Position, corresponding to cash in banks, money market funds and bond funds, which satisfy the ANC's and AMF's decision released in November 2018, and other highly liquid short-term investments with initial maturities of generally three months or less, as required by IAS 7 (please refer to Note 1.3.5.12 to the Consolidated Financial Statements for the year ended December 31, 2019);

  ii. cash management financial assets, included in the Consolidated Statement of Financial Position under "financial assets", relating to financial investments, which do not satisfy the criteria for classification as cash equivalents set forth in IAS 7, and, with respect to money market funds, the ANC's and AMF's decision released in November 2018; and

  iii. derivative financial instruments, net (assets and liabilities) where the underlying instruments are Financial Net Debt items, as well as cash deposits securing borrowings included in the Consolidated Statement of Financial Position under "financial assets";

  less:

  iv. value of borrowings at amortized cost.
- For a detailed description, please refer to Note 15 "Cash position" and to Note 20 "Borrowings and other financial liabilities and financial risk management" to the Consolidated Financial Statements for the year ended December 31, 2019.

2.1.1. CHANGES IN LIQUIDITY

(in millions of euros)	Cash and cash equivalents	Borrowings at amortized cost and other financial items (a)	Net Cash Position/ (Financial Net Debt)
Net Cash Position as of December 31, 2018	**3,793**	**(3,617)**	**176**
(Outflows)/inflows:			
Operating activities	1,268	-	1,268
Investing activities	(1,610)	(403)	(2,013)
Financing activities	(1,317)	(2,178)	(3,495)
Foreign currency translation adjustments	(4)	4	-
Financial Net Debt as of December 31, 2019	**2,130**	**(6,194)**	**(4,064)**

(a) "Other financial items" include cash management financial assets and derivative financial instruments relating to the interest rate and foreign currency risk management (assets and liabilities).

As of December 31, 2019, Vivendi's Financial Net Debt amounted to -€4,064 million, compared to a Net Cash Position of €176 million as of December 31, 2018, i.e., a change of -€4,240 million. This change was mainly attributable to the following items:

- on January 31, 2019, Vivendi completed the acquisition of 100% of Editis's share capital, representing a €829 million outflow, including the repayment of Editis's debt (please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2019);
- on April 18, 2019, Vivendi paid a dividend with respect to fiscal year 2018 of €0.50 per share representing a €636 million outflow;
- as of May 28, 2019, Vivendi implemented a share buyback program for up to 10% of Vivendi's share capital at a maximum price of €25 per share, for the purpose of canceling the shares acquired. Between May 28, 2019 and December 31, 2019, share repurchases represented a €2,673 million outflow, including fees and taxes for €9 million. Please refer to Note 16 to the Consolidated Financial Statements for the year ended December 31, 2019; and
- on September 12, 2019, Vivendi completed the acquisition of M7, representing a €1,136 million outflow (please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2019).

These items were partially offset by the following:

- on March 7, 2019, Vivendi received €429 million under the forward sale of its remaining interest in Ubisoft (please refer to Note 2.4 to the Consolidated Financial Statements for the year ended December 31, 2019);
- on March 25, 2019, Vivendi received the refund of the deposit of €70 million paid in March 2017 pursuant to an agreement to purchase a plot of land on the île Seguin in the Parisian suburb of Boulogne-Billancourt; and
- net cash provided by operating activities (after income tax paid) for €567 million.

2.1.2. EQUITY PORTFOLIO

As of December 31, 2019, Vivendi held a portfolio of listed non-controlling equity interests (including Telecom Italia) for an aggregate market value of approximately €3.95 billion (before taxes), compared to €3.91 billion as of December 31, 2018 (which notably included a receivable on the sale of its remaining interest in Ubisoft for €429 million: please refer to Note 2.4 to the Consolidated Financial Statements for the year ended December 31, 2019).

As of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), the value of this portfolio was approximately €3.65 billion (before taxes).

2

2.2. Cash Flow from Operations Analysis

PRELIMINARY COMMENT:
"Cash flow from operations" (CFFO) and "cash flow from operations after interest and income tax paid" (CFAIT), both non-GAAP measures, should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.

	Year ended December 31,		
(in millions of euros)	2019	2018	% Change
Revenues	15,898	13,932	+14.1%
Operating expenses excluding depreciation and amortization	(13,620)	(12,192)	-11.7%
	2,278	***1,740***	***+31.0%***
Restructuring charges paid	(101)	(106)	+4.5%
Content investments, net	(676)	(137)	x 4,9
of which payments to artists and repertoire owners, net at UMG:			
Payments	*(1,210)*	*(933)*	*-29.7%*
Recoupment and other	*1,018*	*812*	*+25.3%*
	(192)	***(121)***	***-59.5%***
of which film and television rights, net at Canal+ Group:			
Acquisition paid	*(502)*	*(508)*	*+1.2%*
Consumption	*567*	*670*	*-15.3%*
	65	***162***	***-59.8%***
of which sports rights, net at Canal+ Group:			
Acquisition paid	*(1,015)*	*(906)*	*-12.1%*
Consumption	*987*	*865*	*+14.1%*
	(28)	***(41)***	***+31.6%***
Neutralization of change in provisions included in operating expenses	(24)	(29)	+16.7%
Other cash operating items	7	9	-18.2%
Other changes in net working capital	67	(28)	n/a
Net cash provided by/(used for) operating activities before income tax paid	***1,551***	***1,449***	***+7.1%***
Dividends received from equity affiliates and unconsolidated companies	11	18	-38.2%
Capital expenditures, net (capex, net)	(405)	(341)	-18.6%
Repayment of lease liabilities and related interest expenses **(a)**	(254)	n/a	n/a
Cash flow from operations (CFFO)	**903**	**1,126**	**-19.7%**
Interest paid, net	(46)	(47)	+1.9%
Other cash items related to financial activities	(7)	5	n/a
Income tax (paid)/received, net	(283)	(262)	-8.6%
Cash flow from operations after interest and income tax paid (CFAIT)	**567**	**822**	**-31.0%**

n/a: not applicable.

(a) Included a €211 million repayment of lease liabilities and €43 million of related interest expenses in 2019.

2.2.1. CHANGES IN CASH FLOW FROM OPERATIONS (CFFO)

In 2019, cash flow from operations (CFFO) generated by the group's business segments amounted to €903 million (compared to €1,126 million in 2018), a €223 million decrease.

Net EBITDA from the change in the working capital of the group's business segments amounted to €4,817 million (compared to €4,280 million in 2018), an increase of €537 million. This increase notably resulted from the strong operating performance of Universal Music Group (+€337 million) and a favorable impact at Canal+ Group (+€133 million) relating to the change in the working capital, as well as the impact of the consolidation of Editis as from February 1, 2019 (+€89 million).

This favorable change was offset by content investments which amounted to €3,427 million (compared to €2,734 million in 2018), an increase of €693 million, of which +€509 million for Universal Music Group related to an increase in advance payments to artists.

Furthermore, capital expenditures generated by the group's business segments amounted to €405 million (compared to €341 million in 2018), an increase of €64 million. This change mainly reflected the increase in investments at Canal+ Group (+€95 million), notably related to the ongoing deployment of a new generation of set-top boxes.

2.2.2. CASH FLOW FROM OPERATIONS (CFFO) BY BUSINESS SEGMENT

	Year ended December 31,		
(in millions of euros)	**2019**	**2018**	**% Change**
Universal Music Group	704	838	-16.0%
Canal+ Group	167	259	-35.5%
Havas Group	239	230	+3.8%
Editis	22	-	n/a
Gameloft	(26)	1	
Vivendi Village	(24)	(3)	
New Initiatives	(72)	(82)	
Corporate	(107)	(117)	
Cash flow from operations (CFFO)	**903**	**1,126**	**-19.7%**

n/a: not applicable.

2.2.3. CHANGES IN CASH FLOW FROM OPERATIONS AFTER INTEREST AND INCOME TAX PAID (CFAIT)

In 2019, cash flow from operations after interest and income tax paid (CFAIT) was a €567 million net inflow (compared to a €822 million net inflow in 2018), an unfavorable change of €255 million, primarily resulting from the change in net cash flow from operations (CFFO).

In 2019, cash flow relating to income taxes was a €283 million net outflow (compared to €262 million in 2018), an increase of €21 million. As a reminder, on February 15, 2019, pursuant to a decision of the Versailles Administrative Court of Appeal regarding the use of foreign tax receivables by Vivendi for the payment of income tax in respect of the fiscal year ended December 31, 2012, Vivendi complied with the tax authorities' request and repaid an amount of €239 million (€218 million principal and €21 million moratorium interest). Following a favorable decision of the French Council of State (*Conseil d'État*) on December 19, 2019, the tax authorities repaid €223 million to Vivendi (€218 million principal and €5 million moratorium interest) on December 27, 2019. In addition, in January 2020, the tax authorities repaid €250 million to Vivendi, i.e., a balance of €21 million with respect to moratorium interest for fiscal year 2012 and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest).

In 2019, the financial activities generated a €52 million net outflow (compared to €42 million in 2018). In 2019, this amount mainly included net interest paid (-€46 million, compared to -€47 million in 2018). In addition, cash outflows generated by foreign exchange risk hedging instruments was a +€25 million inflow (compared to +€13 million in 2018).

2.2.4. RECONCILIATION OF CFAIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Year ended December 31,	
(in millions of euros)	2019	2018
Cash flow from operations after interest and income tax paid (CFAIT)	**567**	**822**
Adjustments		
Repayment of lease liabilities and related interest expenses	254	n/a
Capital expenditures, net (capex, net)	405	341
Dividends received from equity affiliates and unconsolidated companies	(11)	(18)
Interest paid, net	46	47
Other cash items related to financial activities	7	(5)
Net cash provided by operating activities (a)	**1,268**	**1,187**

n/a: not applicable.

(a) As presented in the Consolidated Statement of Cash Flows.

2.3. Analysis of Investing and Financing Activities

2.3.1. INVESTING ACTIVITIES

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Year ended December 31, 2019
Financial investments		
Acquisition of Editis	2.2	(829)
Acquisition of M7	2.3	(1,136)
Acquisition of cash management financial assets	15	(100)
Other		(219)
Total financial investments		***(2,284)***
Financial divestments		
Sale of the remaining interest in Ubisoft	2.4	429
Refund of the île Seguin land deposit	23.1	70
Disposal of cash management financial assets	15	495
Other		74
Total financial divestments		***1,068***
Dividends received from equity affiliates and unconsolidated companies		11
Capital expenditures, net	3	(405)
Net cash provided by/(used for) investing activities (a)		**(1,610)**

(a) As presented in the Consolidated Statement of Cash Flows.

2.3.2. FINANCING ACTIVITIES

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Year ended December 31, 2019
Transactions with shareowners		
Distribution to Vivendi SA's shareowners	16	(636)
Sale/(purchase) of Vivendi SA's treasury shares	16	(2,673)
Capital increase subscribed by employees as part of the Stock Purchase Plan	19	113
Exercise of stock subscription options by executive management and employees	19	61
Other		(53)
Total transactions with shareowners		***(3,188)***
Transactions on borrowings and other financial liabilities		
Issuance of bonds	20	2,100
Issuance of short-term marketable securities	20	870
Redemption of bonds	20	(700)
Interest paid, net	5	(46)
Other		(99)
Total transactions on borrowings and other financial liabilities		***2,125***
Repayment of lease liabilities and related interest expenses	11; 5	(254)
Net cash provided by/(used for) financing activities (a)		**(1,317)**

(a) As presented in the Consolidated Statement of Cash Flows.

2

3. Outlook

Dividend

On April 20, 2020, the General Shareholders' Meeting will vote on the proposal of an ordinary dividend of €0.60 per share with respect to the 2019 fiscal year. This amount represents an increase of 20% over the dividend paid with respect to fiscal year 2018 (€0.50 per share) and a yield of 2.4% (based on the average price for Vivendi shares over the last 12 months). The ex-dividend date would be April 21, 2020, with payment on April 23, 2020.

4. Forward-Looking Statements

Cautionary note

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook, including the impact of certain transactions and the payment of dividends and distributions, as well as share repurchases. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, risks related to antitrust and other regulatory approvals, and to any other approvals that may be required in connection with certain transactions, as well as the risks described in the documents filed by Vivendi with the *Autorité des marchés financiers* (the "AMF", the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). Accordingly, readers are cautioned against relying on such forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

5. Other Disclaimers

Unsponsored ADRs

Vivendi does not sponsor any American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to Vivendi. Vivendi disclaims any liability in respect of any such facility.

Translation

This Financial Report is an English translation of the French version of the report and is provided solely for the convenience of English-speaking readers. This translation is qualified in its entirety by the French version, which is available on the company's website (www.vivendi.com). In the event of any inconsistencies between the French version of this Financial Report and the English translation, the French version will prevail.

II – Appendix to the Financial Report

Quarterly revenues by business segment

(in millions of euros)	2019 Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,
Revenues				
Universal Music Group	1,502	1,756	1,800	2,101
Canal+ Group	1,252	1,266	1,285	1,465
Havas Group	525	589	567	698
Editis (a)	89	171	210	217
Gameloft	68	65	61	65
Vivendi Village	23	43	42	33
New Initiatives	15	19	16	20
Elimination of intersegment transactions	(15)	(15)	(11)	(24)
Total Vivendi	**3,459**	**3,894**	**3,970**	**4,575**

(in millions of euros)	2018 Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,
Revenues				
Universal Music Group	1,222	1,406	1,495	1,900
Canal+ Group	1,298	1,277	1,247	1,344
Havas Group	506	567	553	693
Gameloft	70	71	74	78
Vivendi Village	23	29	36	35
New Initiatives	16	16	15	19
Elimination of intersegment transactions	(11)	(14)	(19)	(14)
Total Vivendi	**3,124**	**3,352**	**3,401**	**4,055**

(a) As a reminder, Vivendi has fully consolidated Editis since February 1, 2019.

III – Audited Consolidated Financial Statements for the Year Ended December 31, 2019

PRELIMINARY COMMENT

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. Moreover, Vivendi applied this change of accounting standard to the Statement of Financial Position, Statement of Earnings and Statement of Cash Flows in 2019; therefore, the data relative to prior years is not comparable. For a detailed description, please refer to Notes 1 and 11 to the Consolidated Financial Statements for the year ended December 31, 2019.

As a reminder, in 2018, Vivendi applied two new accounting standards:

- IFRS 15 – *Revenues from Contracts with Customers*: in accordance with IFRS 15, Vivendi applied this change of accounting standard to 2017 revenues; and
- IFRS 9 – *Financial Instruments*: in accordance with IFRS 9, Vivendi applied this change of accounting standard to the 2018 Statement of Earnings and Statement of Comprehensive Income and restated its opening balance sheet as of January 1, 2018.

Statutory Auditors' report on the Consolidated Financial Statements

To the Shareholders' Meeting of Vivendi SE

OPINION

In compliance with the engagement entrusted to us by your shareholders' meetings, we have audited the accompanying consolidated financial statements of Vivendi SE for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to sections 1.1 and 11 of the notes to the consolidated financial statements, which describe the changes in accounting methods relating to the mandatory application as from January 1, 2019 of the standard IFRS 16 – *Leases*.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill allocated to cash-generating units (CGUs) or groups of CGUs: Groupe Canal+ (Pay TV/Free TV and Studiocanal), Havas, Gameloft and Dailymotion

(notes 1.3.5.2, 1.3.5.8 and 9 to the consolidated financial statements)

Key audit matter

As at December 31, 2019, goodwill is recorded in the balance sheet for a net carrying amount of €14,690 million, for a total balance sheet of €37,346 million. It has been allocated to the cash generating units (CGUs) or, where applicable, groups of cash-generating units, of the activities into which the companies acquired have been integrated. The goodwill relating to the CGUs: Groupe Canal+ (Pay TV/Free TV and Studiocanal), Havas, Gameloft and Dailymotion totals €8,306.8 million.

Each year, management ensures that the carrying amount of the goodwill does not exceed its recoverable amount. The impairment test methods thus implemented by management are described in the notes to the consolidated financial statements; they involve a significant amount of judgements and assumptions, notably concerning, as the case may be:

- future cash-flow forecasts;
- perpetual growth rates used for projected flows;
- discount rates applied to estimated cash flows;
- the selection of sample companies included among the transaction or stock market comparables.

Consequently, any variation in these assumptions may have a significant impact on the recoverable amount of the goodwill and necessitate the recognition of an impairment loss, where applicable.

We consider the valuation of goodwill to be a key audit matter due to (i) its materiality in the group's financial statements, (ii) the judgements and assumptions required to determine its recoverable amount.

Our response

We analysed the compliance of the methods adopted by your company with the accounting standards in force, in particular concerning the determination of the CGUs and the methods used to estimate the recoverable amount.

We obtained the impairment tests for each CGU or group of CGUs and examined the determination of the value of each CGU. We paid particular attention to those for which the carrying amount is close to the estimated recoverable amount, those for which the historical performance showed differences in relation to the forecasts, and those operating in volatile economic environments.

We assessed the competence of the experts appointed by your company for the valuation of certain CGUs or groups of CGUs. We took note of the key assumptions used for all the CGUs or groups of CGUs and, as the case may be:

- compared the business forecasts underpinning the determination of cash flows with the information available, including the market prospects and past achievements, and in relation to management's latest estimates (assumptions, budgets and strategic plans where applicable);
- compared the perpetual growth rates used for the projected flows with market analyses and the consensus of the main professionals concerned;
- compared the discount rates used with our internal databases, assisted by financial valuation specialists included in our teams;
- examined the selection of companies included among the transaction or stock market comparables in order to compare it with the relevant samples according to market analysts and our knowledge of the market;
- compared the market data used with available public and non-public information.

We obtained and reviewed the sensitivity analyses performed by management, which we compared with our own calculations to assess what level of variation in the assumptions would require the recognition of goodwill impairment.

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Valuation of the Telecom Italia equity affiliate

(notes 1.3.2 and 12.2 to the consolidated financial statements)

Key audit matter	Our response
The value of the Telecom Italia equity-accounted investment amounts to €3,248 million as at December 31, 2019, after impairment recorded in 2018. At the year-end, your company ensures that it is not necessary to recognize an impairment loss for this investment, by comparing its recoverable amount with the carrying amount recorded in the group's financial statements. The recoverable amount has been estimated using the usual valuation methods (value in use determined by discounting future cash flows, and fair value determined using market data). Your company used the services of an expert to assist you in the valuation of this asset's recoverable amount. Given the decline observed in Telecom Italia's stock market performance during the last financial year, we consider the assessment of this equity-accounted investment to be a key audit matter.	We obtained the documentation relating to the valuation of the equity-accounted value of Telecom Italia. We assessed the competence of the expert appointed by your company. With the assistance of our valuation specialists: ▶ we took note of the models and key assumptions used to determine discounted cash flows (perpetual growth rate, discount rate), comparing these items with the information in our internal databases; ▶ we took note of the market multiples used by the expert to assess the relevance of the estimates resulting from the discounted cash flows method, comparing these items with market practice and data. Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Analysis of the disputes with the Mediaset group and foreign institutional investors

(notes 1.3.8, 1.5, 17 and 24 to the consolidated financial statements)

Key audit matter	Our response
The group's activities are conducted in a constantly evolving environment and within a complex international regulatory framework. The group is not only subject to significant changes in the legislative environment and in the application and interpretation of regulations, but it also has to contend with litigation arising in the normal course of its business. Your company exercises its judgement in assessing the risks relating to the disputes with the Mediaset group and with certain foreign institutional investors, and recognizes a provision when the expense liable to result from these disputes is probable and the amount can either be quantified or estimated within a reasonable range. We consider these disputes to be a key audit matter given the amounts at stake and the level of judgement required for the determination of the provisions.	We analysed all the information made available to us, including, when applicable, the written confirmations from external legal advisors mandated by your company, relating to (i) the disputes between your company and the Mediaset group and its shareholders and (ii) the disputes between your company and certain foreign institutional investors concerning alleged harm resulting from financial communications of your company and its former CEO between 2000 and 2002. We examined the risk estimates performed by management and notably compared them with the information made available to us by the Vivendi group's advisers. In addition, we analysed the lawyers' answers received in response to our requests for confirmation concerning these disputes. Finally, we verified the information concerning these disputes disclosed in the notes to the consolidated financial statements.

SPECIFIC VERIFICATIONS

As required by French legal and regulatory texts, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Management Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement provided for in Article L. 225-102-1 of the French Commercial Code is included in the information relating to the Group given in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have not verified the fairness of the information contained in this statement or its consistency with the consolidated financial statements that must be verified in a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

Deloitte & Associés and Ernst & Young et Autres were respectively appointed as the Statutory Auditors of Vivendi SE at the Shareholders' Meetings of April 25, 2017 and June 15, 2000.

As of December 31, 2019, Deloitte & Associés and Ernst & Young et Autres were in the third year and twentieth year of total uninterrupted engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by your Management Board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-la Défense, February 13, 2020

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS
Thierry Queron and Géraldine Segond

ERNST & YOUNG et Autres
Jacques Pierres and Claire Pajona

Consolidated Statement of Earnings

		Year ended December 31,	
	Note	2019	2018
Revenues	3	**15,898**	**13,932**
Cost of revenues	4	(8,845)	(7,618)
Selling, general and administrative expenses		(5,495)	(5,022)
Restructuring charges	3	(161)	(115)
Impairment losses on intangible assets acquired through business combinations	3	(20)	(2)
Income from equity affiliates – operational		4	7
Earnings before interest and income taxes (EBIT)	3	**1,381**	**1,182**
Income from equity affiliates – non-operational	12	67	122
Interest	5	(46)	(47)
Income from investments		10	20
Other financial income	5	235	418
Other financial charges	5	(170)	(1,181)
		29	***(790)***
Earnings before provision for income taxes		**1,477**	**514**
Provision for income taxes	6	140	(357)
Earnings from continuing operations		**1,617**	**157**
Earnings from discontinued operations		-	-
Earnings		**1,617**	**157**
Of which			
Earnings attributable to Vivendi SA shareowners		**1,583**	**127**
Non-controlling interests		34	30
Earnings attributable to Vivendi SA shareowners per share – basic	7	**1.28**	**0.10**
Earnings attributable to Vivendi SA shareowners per share – diluted	7	1.28	0.10

In millions of euros, except per share amounts, in euros.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	Year ended December 31, 2019	2018
Earnings		**1,617**	**157**
Actuarial gains/(losses) related to employee defined benefit plans, net		(143)	31
Financial assets at fair value through other comprehensive income		(37)	(233)
Comprehensive income from equity affiliates, net	12	(8)	(2)
Items not subsequently reclassified to profit or loss		**(188)**	**(204)**
Foreign currency translation adjustments		170	228
Unrealized gains/(losses), net		(4)	2
Comprehensive income from equity affiliates, net	12	61	(162)
Other impacts, net		22	38
Items to be subsequently reclassified to profit or loss		**249**	**106**
Charges and income directly recognized in equity	8	**61**	**(98)**
TOTAL COMPREHENSIVE INCOME		**1,678**	**59**
Of which			
Total comprehensive income attributable to Vivendi SA shareowners		**1,639**	**40**
Total comprehensive income attributable to non-controlling interests		39	19

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2019	January 1, 2019	December 31, 2018
ASSETS				
Goodwill	9	14,690	12,438	12,438
Non-current content assets	10	2,746	2,194	2,194
Other intangible assets		883	437	437
Property, plant and equipment		1,097	967	986
Rights-of-use relating to leases	11	1,245	1,131	n/a
Investments in equity affiliates	12	3,520	3,418	3,418
Non-current financial assets	13	2,263	2,102	2,102
Deferred tax assets	6	782	713	675
Non-current assets		**27,226**	**23,400**	**22,250**
Inventories		277	206	206
Current tax receivables	6	374	135	135
Current content assets	10	1,423	1,346	1,346
Trade accounts receivable and other	14	5,661	5,311	5,314
Current financial assets	13	255	1,090	1,090
Cash and cash equivalents	15	2,130	3,793	3,793
Current assets		**10,120**	**11,881**	**11,884**
TOTAL ASSETS		**37,346**	**35,281**	**34,134**
EQUITY AND LIABILITIES				
Share capital		6,515	7,184	7,184
Additional paid-in capital		2,353	4,475	4,475
Treasury shares		(694)	(649)	(649)
Retained earnings and other		7,179	6,182	6,303
Vivendi SA shareowners' equity		**15,353**	**17,192**	**17,313**
Non-controlling interests		222	220	221
Total equity	16	**15,575**	**17,412**	**17,534**
Non-current provisions	17	1,127	871	858
Long-term borrowings and other financial liabilities	20	5,160	3,448	3,448
Deferred tax liabilities	6	1,037	1,076	1,076
Long-term lease liabilities	11	1,223	1,122	n/a
Other non-current liabilities		183	223	248
Non-current liabilities		**8,730**	**6,740**	**5,630**
Current provisions	17	494	419	419
Short-term borrowings and other financial liabilities	20	1,777	888	888
Trade accounts payable and other	14	10,494	9,513	9,572
Short-term lease liabilities	11	236	218	n/a
Current tax payables	6	40	91	91
Current liabilities		**13,041**	**11,129**	**10,970**
Total liabilities		**21,771**	**17,869**	**16,600**
TOTAL EQUITY AND LIABILITIES		**37,346**	**35,281**	**34,134**

n/a: not applicable.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in millions of euros)	Note	Year ended December 31, 2019	2018
Operating activities			
EBIT	4	1,381	1,182
Adjustments	21	779	432
Content investments, net		(676)	(137)
Gross cash provided by operating activities before income tax paid		***1,484***	***1,477***
Other changes in net working capital		67	(28)
Net cash provided by operating activities before income tax paid		***1,551***	***1,449***
Income tax (paid)/received, net	6.2	(283)	(262)
Net cash provided by operating activities		**1,268**	**1,187**
Investing activities			
Capital expenditures	3	(413)	(351)
Purchases of consolidated companies, after acquired cash	2	(2,106)	(116)
Investments in equity affiliates		(1)	(3)
Increase in financial assets	13	(177)	(575)
Investments		***(2,697)***	***(1,045)***
Proceeds from sales of property, plant, equipment and intangible assets	3	8	10
Proceeds from sales of consolidated companies, after divested cash		22	16
Disposal of equity affiliates		-	2
Decrease in financial assets	13	1,046	2,285
Divestitures		***1,076***	***2,313***
Dividends received from equity affiliates	12	8	5
Dividends received from unconsolidated companies	13	3	13
Net cash provided by/(used for) investing activities		**(1,610)**	**1,286**
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	19	175	190
Sales/(purchases) of Vivendi SA's treasury shares	16	(2,673)	-
Distributions to Vivendi SA's shareowners	16	(636)	(568)
Other transactions with shareowners		(13)	(16)
Dividends paid by consolidated companies to their non-controlling interests		(41)	(47)
Transactions with shareowners		***(3,188)***	***(441)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	20	2,101	4
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	20	(6)	(3)
Principal payment on short-term borrowings	20	(787)	(193)
Other changes in short-term borrowings and other financial liabilities	20	870	65
Interest paid, net	5	(46)	(47)
Other cash items related to financial activities		(7)	5
Transactions on borrowings and other financial liabilities		***2,125***	***(169)***
Repayment of lease liabilities and related interest expenses	11; 5	(254)	n/a
Net cash provided by/(used for) financing activities		**(1,317)**	**(610)**
Foreign currency translation adjustments of continuing operations		(4)	(21)
Change in cash and cash equivalents		**(1,663)**	**1,842**
Cash and cash equivalents			
At beginning of the period	15	3,793	1,951
At end of the period	15	2,130	3,793

n/a: not applicable.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2019

		Capital					Retained earnings and other			
		Common shares								
(in millions of euros, except number of shares)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Subtotal	Retained earnings	Other comprehensive income	Subtotal	Total equity
BALANCE AS OF DECEMBER 31, 2018		**1,306,234**	**7,184**	**4,475**	**(649)**	**11,010**	**7,466**	**(942)**	**6,524**	**17,534**
Attributable to Vivendi SA shareowners		*1,306,234*	*7,184*	*4,475*	*(649)*	*11,010*	*7,221*	*(918)*	*6,303*	*17,313*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*245*	*(24)*	*221*	*221*
Restatements related to the application of IFRS 16		***-***	***-***	***-***	***-***	***-***	***(122)***	***-***	***(122)***	***(122)***
Attributable to Vivendi SA shareowners		*-*	*-*	*-*	*-*	*-*	*(121)*	*-*	*(121)*	*(121)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*(1)*	*-*	*(1)*	*(1)*
BALANCE AS OF JANUARY 1, 2019		**1,306,234**	**7,184**	**4,475**	**(649)**	**11,010**	**7,343**	**(941)**	**6,402**	**17,412**
Attributable to Vivendi SA shareowners		*1,306,234*	*7,184*	*4,475*	*(649)*	*11,010*	*7,100*	*(918)*	*6,182*	*17,192*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*243*	*(23)*	*220*	*220*
Contributions by/distributions to Vivendi SA shareowners		**(121,658)**	**(669)**	**(2,122)**	**(45)**	**(2,836)**	**(634)**	**-**	**(634)**	**(3,470)**
Capital reduction through cancellation of treasury shares	16	(130,931)	(720)	(2,245)	2,965	-	-	-	-	-
Sales/(purchases) of treasury shares	16	-	-	-	(3,033)	(3,033)	-	-	-	(3,033)
Dividend paid on April 18, 2019 with respect to fiscal year 2018 (€0.50 per share)	16	-	-	-	-	-	(636)	-	(636)	(636)
Capital increase related to share-based compensation plans	19	9,273	51	123	23	197	2	-	2	199
of which employee Stock Purchase Plans (July 17, 2019)		*5,376*	*30*	*84*	*-*	*114*	*-*	*-*	*-*	*114*
exercise of stock options by executive management and employees		*3,897*	*21*	*40*	*-*	*61*	*-*	*-*	*-*	*61*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**	**(8)**
Changes in equity attributable to Vivendi SA shareowners (A)		**(121,658)**	**(669)**	**(2,122)**	**(45)**	**(2,836)**	**(642)**	**-**	**(642)**	**(3,478)**
Contributions by/distributions to non-controlling interests		-	-	-	-	-	(39)	-	(39)	(39)
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	2	-	2	2
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(37)**	**-**	**(37)**	**(37)**
Earnings		-	-	-	-	-	1,617	-	1,617	1,617
Charges and income directly recognized in equity	8	-	-	-	-	-	22	39	61	61
Total comprehensive income (C)		**-**	**-**	**-**	**-**	**-**	**1,639**	**39**	**1,678**	**1,678**
Total changes over the period (A+B+C)		***(121,658)***	***(669)***	***(2,122)***	***(45)***	***(2,836)***	***960***	***39***	***999***	***(1,837)***
Attributable to Vivendi SA shareowners		*(121,658)*	*(669)*	*(2,122)*	*(45)*	*(2,836)*	*959*	*38*	*997*	*(1,839)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*1*	*1*	*2*	*2*
BALANCE AS OF DECEMBER 31, 2019		**1,184,576**	**6,515**	**2,353**	**(694)**	**8,174**	**8,303**	**(902)**	**7,401**	**15,575**
Attributable to Vivendi SA shareowners		*1,184,576*	*6,515*	*2,353*	*(694)*	*8,174*	*8,059*	*(880)*	*7,179*	*15,353*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*244*	*(22)*	*222*	*222*

YEAR ENDED DECEMBER 31, 2018

(in millions of euros, except number of shares)	Note	Capital – Common shares – Number of shares (in thousands)	Capital – Common shares – Share capital	Capital – Additional paid-in capital	Capital – Treasury shares	Capital – Subtotal	Retained earnings and other – Retained earnings	Retained earnings and other – Other comprehensive income	Retained earnings and other – Subtotal	Total equity
BALANCE AS OF JANUARY 1, 2018		**1,296,059**	**7,128**	**4,341**	**(670)**	**10,799**	**7,863**	**(806)**	**7,057**	**17,856**
Attributable to Vivendi SA shareowners		*1,296,059*	*7,128*	*4,341*	*(670)*	*10,799*	*7,620*	*(785)*	*6,835*	*17,634*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*243*	*(21)*	*222*	*222*
Contributions by/distributions to Vivendi SA shareowners		**10,175**	**56**	**134**	**21**	**211**	**(572)**	**-**	**(572)**	**(361)**
Dividend paid on April 24, 2018 with respect to fiscal year 2017 (€0.45 per share)	16	-	-	-	-	-	(568)	-	(568)	(568)
Capital increase related to share-based compensation plans	19	10,175	56	134	21	211	(4)	-	(4)	207
of which employee Stock Purchase Plans (July 19, 2018)		*5,186*	*28*	*72*	*-*	*100*	*-*	*-*	*-*	*100*
exercise of stock-options by executive management and employees		*4,989*	*27*	*62*	*-*	*89*	*-*	*-*	*-*	*89*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in equity attributable to Vivendi SA shareowners (A)		**10,175**	**56**	**134**	**21**	**211**	**(572)**	**-**	**(572)**	**(361)**
Contributions by/distributions to non-controlling interests		-	-	-	-	-	(40)	-	(40)	(40)
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	20	-	20	20
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(20)**	**-**	**(20)**	**(20)**
Earnings		-	-	-	-	-	157	-	157	157
Charges and income directly recognized in equity	8	-	-	-	-	-	38	(136)	(98)	(98)
Total comprehensive income (C)		**-**	**-**	**-**	**-**	**-**	**195**	**(136)**	**59**	**59**
Total changes over the period (A+B+C)		***10,175***	***56***	***134***	***21***	***211***	***(397)***	***(136)***	***(533)***	***(322)***
Attributable to Vivendi SA shareowners		*10,175*	*56*	*134*	*21*	*211*	*(399)*	*(133)*	*(532)*	*(321)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*2*	*(3)*	*(1)*	*(1)*
BALANCE AS OF DECEMBER 31, 2018		**1,306,234**	**7,184**	**4,475**	**(649)**	**11,010**	**7,466**	**(942)**	**6,524**	**17,534**
Attributable to Vivendi SA shareowners		*1,306,234*	*7,184*	*4,475*	*(649)*	*11,010*	*7,221*	*(918)*	*6,303*	*17,313*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*245*	*(24)*	*221*	*221*

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Vivendi, a limited liability company incorporated under French law as of December 31, 2019, was registered in its new European form on January 7, 2020. As from that date, its name is followed by the words "Société Européenne" or the abbreviation "SE". Vivendi is subject to the provisions of French commercial company law that are applicable to it in France, including Council Regulation EC No. 2157/2001 of October 8, 2001 on the statute for a European company and the French Commercial Code *(Code de commerce)*. Vivendi was incorporated on December 18, 1987, for a term of 99 years expiring on December 17, 2086, except in the event of an early dissolution or unless its term is extended. Its registered office is located at 42 avenue de Friedland – 75008 Paris (France). Vivendi is listed on Euronext Paris (Compartment A).

Vivendi is an integrated content, media and communications group. The company operates businesses throughout the media value chain, from talent discovery to the creation, production and distribution of content. Universal Music Group is the world leader in music, engaged in recorded music, music publishing and merchandising. It owns more than 50 labels covering all music genres. Canal+ Group is the leading pay-TV operator in France, also operating in Benelux, Poland, Central Europe, Africa and Asia. Its subsidiary Studiocanal is a leading European player in the production, sale and distribution of movies and TV series. Havas Group is one of the world's largest global communications group covering all the communications disciplines: creativity, media expertise and healthcare/wellness. Editis is the second-largest French-language publishing group with more than 50 prestigious publishing houses and a large portfolio of internationally-acclaimed authors. Gameloft is one of the leading mobile game publishers in the world, with 1.5 million games downloaded daily across all platforms. Vivendi Village brings together Vivendi Ticketing (in Europe and the United States), as well as live performances through Olympia Production, Festival Production and venues in Paris (L'Olympia and Théâtre de L'Œuvre) and in Africa (CanalOlympia). New Initiatives groups together Dailymotion, one of the world's largest video content aggregation and distribution platforms and Group Vivendi Africa (GVA), a subsidiary dedicated to the development of ultra-high-speed Internet service in Africa.

The Consolidated Financial Statements reflect the financial and accounting situation of Vivendi and its subsidiaries (the "group") together with interests in equity affiliates. Amounts are reported in euros and all values are rounded to the nearest million.

On February 10, 2020, at a meeting held at the headquarters of the company, the Management Board approved the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2019. They were reviewed by the Audit Committee at its meeting held on February 11, 2020 and by the Supervisory Board at its meeting held on February 13, 2020.

The Consolidated Financial Statements for the year ended December 31, 2019 will be submitted to Vivendi's shareholders for approval at the Annual General Shareholders' Meeting to be held on April 20, 2020.

NOTE 1. ACCOUNTING POLICIES AND VALUATION METHODS

1.1 COMPLIANCE WITH ACCOUNTING STANDARDS

The 2019 Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and in accordance with IFRS published by the International Accounting Standards Board (IASB) with mandatory application as of December 31, 2019.

Among the new IFRS standards and IFRIC interpretations, which applied from January 1, 2019, the main subjects for Vivendi relates to IFRS 16 – *Leases*.

IFRS 16 – *Leases*, which was issued by the IASB on January 13, 2016, endorsed by the EU on October 31, 2017 and published in the Official Journal of the EU on November 9, 2017, applies mandatorily from January 1, 2019. Vivendi applies IFRS 16 with retrospective effect as from January 1, 2019 without restating comparative periods in the consolidated financial statements.

Licenses of intellectual property granted by a lessor and rights held by a lessee under licensing agreements being excluded from the scope of IFRS 16, and commercial supply agreements for the Canal+ Group satellite capacity, which are in general commercial service agreements for which contract costs are expensed as operational costs for the period, Vivendi mainly focused on the accounting of real estate leases for which Vivendi is the lessee, which mainly results in the recognition of a lease liability equal to the present value of future lease payments against a right-of-use asset relating to leases.

The determination of the lease liability as of January 1, 2019 was made by:

1) analyzing operating leases for which contractual obligations were disclosed as off-balance sheet commitments until December 31, 2018 (please refer to Note 22 "Contractual obligations and other commitments" to the Consolidated Financial Statements for the year ended December 31, 2018, page 302 of the 2018 Annual Report);
2) assessing the lease term that relates to the non-cancellable period of the lease, and taking into account all options to extend the lease which Vivendi is reasonably certain to exercise and all options to terminate the lease which Vivendi is reasonably certain not to exercise. Vivendi determined that real estate lease terms in France are generally nine years; and
3) estimating the incremental borrowing rate as of January 1, 2019 of each lease contract, taking into account their residual lease term at this date and their duration to reflect the interest rate of a loan with a similar payment profile to the lease payments.

As of January 1, 2019, the initial application of IFRS 16 resulted in the recognition of a lease liability of €1,340 million and a right-of-use asset relating to leases of €1,131 million, the difference being a negative impact of -€122 million net of deferred tax liability recorded in retained earnings. The difference between the lease liability and right-of-use asset is mainly due to the choice made for some significant leases to measure the right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease's commencement date, and subsequently discounted using its incremental borrowing rate as of January 1, 2019.

As of January 1, 2019, the main impacts of such application are detailed in Note 11, it being specified that:

- this valuation does not include the impact of the consolidation of Editis as from February 1, 2019;
- for some leases, as permitted by IFRS 16, Vivendi uses hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease at the initial application date; and
- Vivendi has applied the practical expedient provided by IFRS 16 to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liability is a current or non-current operating liability excluded from the calculation of Financial Net Debt. Depreciation of right-of-use assets is included in Adjusted Earnings Before Interest and Income Taxes (EBITA) and the income from operations. The effect of undiscounting the lease liability (interest expense on lease liabilities) is included in other financial charges and is therefore excluded from adjusted net income (ANI). Cash payments for the principal of the lease liability and any interest thereon, which are presented as financing activities in the condensed statement of cash flows, impact Cash Flow From Operations (CFFO).

Vivendi considers Adjusted Earnings Before Interest and Income Taxes (EBITA), income from operations, adjusted net income (ANI) and Cash Flow From Operations (CFFO), all non-GAAP measures defined in Note 1.2.3 "Operating performance of each operating segment and the group", to be relevant indicators of the group's operating and financial performance.

In addition, the interpretation IFRIC 23 – *Uncertainty over Income Tax Treatments*, which was issued by the IASB on June 7, 2017, endorsed by the EU on October 23, 2018 and published in the Official Journal of the EU on October 24, 2018, applies mandatorily from January 1, 2019. This interpretation clarifies the determination of taxable income (taxable profit or loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over an income tax treatment and the acceptability of such treatment by a taxation authority.

1.2. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1. Consolidated Statement of Earnings

The main line items presented in Vivendi's Consolidated Statement of Earnings are revenues, income from equity affiliates, interest, provision for income taxes, net earnings from discontinued or held for sale operations, and net earnings. The Consolidated Statement of Earnings presents a subtotal of Earnings Before Interest and Tax (EBIT) equal to the difference between charges and income (excluding financing activities, discontinued or held for sale operations, and income taxes).

The charges and income relating to financing activities consist of interest, income from investments, as well as other financial charges and income as defined in paragraph 1.2.3 and presented in Note 5.

Changes in presentation of the Consolidated Statement of Earnings

To ensure the consistency of the presentation of Vivendi's Consolidated Statement of Earnings with the one prepared by Bolloré Group, which decided to fully consolidate Vivendi into its Consolidated Financial Statements as from April 26, 2017, Vivendi made the following changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017:

- when the companies over which Vivendi exercises a significant influence engage in operations that are similar in nature to the group's operations, income from equity affiliates is classified to "Earnings Before Interest and Income Taxes" (EBIT); and
- the impacts related to financial investment operations, which were previously reported in "other operating charges and income" in EBIT, are reclassified to "other financial charges and income". They include capital gains or losses on the divestiture or depreciation of equity affiliates and other financial investments.

Moreover, the impacts of transactions with shareowners (except when directly recognized in equity) continue to be recorded in EBIT.

In accordance with IAS 1, Vivendi has applied these changes in presentation to all periods previously published.

1.2.2. Consolidated Statement of Cash Flows

Net cash provided by operating activities

Net cash provided by operating activities is calculated using the indirect method based on EBIT. EBIT is adjusted for non-cash items and changes in net working capital. Net cash provided by operating activities excludes the cash impact of financial charges and income and net changes in working capital related to property, plant and equipment, and intangible assets.

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment, and intangible assets as well as cash from investments (particularly dividends received from equity affiliates). It also includes any cash flows arising from the gain or loss of control of subsidiaries.

Net cash used for financing activities

Net cash used for financing activities includes net interest paid on borrowings, cash and cash equivalents, bank overdrafts, as well as the cash impact of other items related to financing activities such as premiums from the early redemption of borrowings and the settlement of derivative instruments. It also includes cash flows from changes in ownership interests in a subsidiary that do not result in a loss of control (including increases in ownership interests).

1.2.3. Operating performance of each operating segment and the group

Vivendi considers Adjusted Earnings Before Interest and Tax (EBITA), income from operations, Adjusted net income (ANI), and Cash Flow From Operations (CFFO), all non-GAAP measures, to be relevant indicators of the group's operating and financial performance.

EBITA

Vivendi considers EBITA, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. It enables Vivendi to compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or by acquisitions. To calculate EBITA, the accounting impact of the following items is excluded from the income from EBIT:

- the amortization of intangible assets acquired through business combinations;
- impairment losses on goodwill and other intangibles acquired through business combinations; and
- other income and charges related to transactions with shareowners, as defined above in Note 1.2.1.

Income from operations

Vivendi considers income from operations, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. As defined by Vivendi, income from operations is calculated as EBITA, before share-based compensation costs related to equity-settled plans and cash-settled plans, and special items due to their unusual nature or particular significance.

Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. Vivendi Management uses adjusted net income because it better illustrates the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Adjusted net income includes the following items:

- EBITA **(2)**;
- income from equity affiliates – non-operational **(1)**;
- interest **(1)**, equal to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments **(1)**, including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations **(2)** as well as impairment losses on goodwill and other intangibles acquired through business combinations **(1)** **(2)**;
- other financial charges and income **(1)**, equal to capital gains or losses related to divestitures, or the depreciation of equity affiliates and other financial investments, the profit and loss recognized in business combinations as well as the profit and loss related to the change in value of financial assets and the termination or change in value of financial liabilities, which primarily include changes in the fair value of derivative instruments, premiums from the early redemption of borrowings, the early unwinding of derivative instruments, the cost of issuing or cancelling credit facilities, the cash impact of foreign exchange transactions (other than those related to operating activities, included in EBIT), as well as the effect of undiscounting assets and liabilities, and the financial components of employee benefits (interest cost and expected return on plan assets);
- earnings from discontinued operations **(1)**; and
- provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets pursuant to Vivendi SA's tax group and the Consolidated Global Profit Tax Systems, and the reversal of tax liabilities relating to risks extinguished over the period).

Cash Flow From Operations (CFFO)

Vivendi considers cash flow from operations (CFFO), a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash Flows, dividends received from equity affiliates, and unconsolidated companies, as well as cash payments for the principal of the lease liability and any interest thereon, which are presented as financing activities in the condensed statement of cash flows. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

The difference between CFFO and net cash provided by operating activities consists of dividends received from equity affiliates and unconsolidated companies and capital expenditures, net (which are included in net cash used for investing activities), income tax paid, net and net cash provided by operating activities of discontinued operations, which are excluded from CFFO.

1.2.4. Consolidated Statement of Financial Position

Assets and liabilities that are expected to be realized, or intended for sale or consumption, within the entity's normal operating cycle (generally 12 months), are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities. Moreover, certain reclassifications were made to the 2018 and 2017 Consolidated Financial Statements to conform to the presentation of the 2019 and 2018 Consolidated Financial Statements.

(1) Items as presented in the Consolidated Statement of Earnings.

(2) Items as reported by each operating segment as reported in the segment data.

1.3. PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of certain assets and liabilities, for which IFRS 13 – *Fair Value Measurement* relating to measurement and disclosures applies. Relevant categories are detailed below.

The Consolidated Financial Statements include the financial statements of Vivendi and its subsidiaries after eliminating intragroup items and transactions. Vivendi has a December 31 year-end. Subsidiaries that do not have a December 31 year-end prepare interim financial statements at that date, except when their year-end falls within the three months preceding December 31.

Acquired subsidiaries are included in the Consolidated Financial Statements of the group as of the date of acquisition.

1.3.1. Use of estimates

The preparation of Consolidated Financial Statements in compliance with IFRS requires the group's management to make certain estimates and assumptions that they consider reasonable and realistic. Although these estimates and assumptions are regularly reviewed by Vivendi Management, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which could have an impact on the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- revenue: estimates of provisions for returns and price guarantees (please refer to Note 1.3.4);
- goodwill and other intangible assets: valuation methods used to identify intangible assets acquired through business combinations (please refer to Note 1.3.5.2);
- goodwill, intangible assets with indefinite useful lives and assets in progress: assumptions relating to impairment tests performed on each of the group's cash-generating units (CGUs), future cash flows and discount rates are updated annually (please refer to Notes 1.3.5.8 and 9);
- UMG content assets: estimates of the future performance of beneficiaries who received advances are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 17);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and the inflation rate (please refer to Notes 1.3.8 and 18);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 19);
- lease liabilities and right-of-use assets, at the commencement date of each lease contract (please refer to Notes 1.1, 1.3.5.7 and 11):
  – assessing the lease term that relates to the non-cancellable period of the lease, taking into account all options to extend the lease that Vivendi is reasonably certain to exercise and all options to terminate the lease that Vivendi is reasonably certain not to exercise, and
  – estimating the lessee's incremental borrowing rate, taking into account their residual lease term and their duration to reflect the interest rate of a loan with a similar payment profile to the lease payments;
- deferred taxes: estimates used for the recognition of deferred tax assets are updated annually with factors such as expected tax rates and future tax results of the group (please refer to Notes 1.3.9 and 6); and
- certain financial instruments: valuation method at fair value defined according to the three following classification levels (please refer to Notes 1.3.5.9, 1.3.7, 13, 15 and 20):
  – Level 1: fair value measurement based on quoted prices in active markets for identical assets or liabilities,
  – Level 2: fair value measurement based on observable market data (other than quoted prices included under Level 1), and
  – Level 3: fair value measurement based on valuation techniques using inputs for the asset or liability that are not based on observable market data.

  The fair value of trade accounts receivable and other, cash and cash equivalents, and trade accounts payable is a reasonable estimate of fair value, due to the short maturity of these instruments.

1.3.2. Principles of consolidation

For a list of Vivendi's major subsidiaries, joint ventures and associated entities, please refer to Note 25.

Consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies to obtain benefits from their operations, are fully consolidated.

Control as defined by IFRS 10 – *Consolidated Financial Statements* is based on the three criteria below to be fulfilled cumulatively to assess if the parent company exercises control:

- a parent company has power over a subsidiary when the parent company has existing rights that give it the current ability to direct the relevant activities of the subsidiary, i.e., the activities that significantly affect the subsidiary's returns. Power may arise from existing or potential voting rights, or contractual arrangements. Voting rights must be substantial, i.e., exercisable at any time without limitation, particularly during decision-making processes related to significant activities. Assessment of the exercise of power depends on the nature of the subsidiary's relevant activities, the internal decision-making process, and the allocation of rights among the subsidiary's other shareowners;
- the parent company is exposed, or has rights, to variable returns from its involvement with the subsidiary which may vary as a result of the subsidiary's performance. The concept of returns is broadly defined and includes, among other things, dividends and other economic benefit distributions, changes in the value of the investment in the subsidiary, economies of scale, and business synergies; and
- the parent company has the ability to use its power to affect the returns. Exercising power without having any impact on returns does not qualify as control.

Consolidated Financial Statements of a group are presented as if the group was a single economic entity with two categories of owners: (i) the owners of the parent company (Vivendi SA shareowners) and (ii) the owners of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as the interest in a subsidiary that is not attributable, whether directly or indirectly, to a parent company. As a result, changes to a parent company's ownership interest in a subsidiary that do not result in a loss of control only impact equity, as control of the economic entity does not change. Hence, in the event of the acquisition of an additional interest in a consolidated entity after January 1, 2009, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners. Conversely, any acquisition of control achieved in stages or a loss of control gives rise to profit or loss in the statement of earnings.

Accounting for joint arrangements

IFRS 11 – *Joint Arrangements* establishes principles for financial reporting by parties to a joint arrangement.

In a joint arrangement, parties are bound by a contractual arrangement, giving these parties joint control of the arrangement. An entity that is a party to an arrangement shall assess whether the contractual arrangement gives all the parties or a group of the parties control of the arrangement collectively. Once it has been established that all the parties or a group of the parties collectively control the arrangement, joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

Joint arrangements are classified into two categories:

- joint operations: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint operator shall recognize 100% of wholly-owned assets/liabilities, expenses/revenues of the joint operation, and its share of any of those items held jointly; and
- joint ventures: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Each joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 – *Investments in Associates and Joint Ventures* (please see below).

Equity accounting

Entities over which Vivendi exercises significant influence as well as joint ventures are accounted for under the equity method.

Significant influence is deemed to exist when Vivendi holds, whether directly or indirectly, at least 20% of the voting rights in an entity unless it can be clearly established that Vivendi does not exercise a significant influence. Significant influence can be evidenced through other criteria, such as representation on the entity's board of directors or equivalent governing body, participation in policy-making of financial and operational processes, material transactions with the entity or the interchange of managerial personnel.

1.3.3. Foreign currency translation

The Consolidated Financial Statements are presented in millions of euros. The functional currency of Vivendi SA and the presentation currency of the group is the euro.

Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date. All foreign currency differences are expensed, with the exception of differences resulting from borrowings in foreign currencies which constitute a hedge of the net investment in a foreign entity. These differences are allocated directly to charges and income directly recognized in equity until the divestiture of the net investment.

Financial statements denominated in a foreign currency

Except in cases of significant exchange rate fluctuation, financial statements of subsidiaries, joint ventures or other associated entities for which the functional currency is not the euro are translated into euros as follows: the Consolidated Statement of Financial Position is translated at the exchange rate at the end of the period, and the Consolidated Statement of Earnings and the Consolidated Statement of Cash Flows are translated using average monthly exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation differences in charges and income directly recognized in equity. In accordance with IFRS 1, Vivendi elected to reverse the accumulated foreign currency translation differences against retained earnings as of January 1, 2004. These foreign currency translation differences resulted from the translation into euros of the financial statements of subsidiaries that use foreign currencies as their functional currencies. Consequently, these adjustments are not applied to earnings on the subsequent divestiture of subsidiaries, joint ventures or associates whose functional currency is not the euro.

1.3.4. Revenues and associated costs

Revenues from contracts with customers are recorded when performance obligations promised in the contract are satisfied, and for an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Revenues are reported net of discounts.

Vivendi has made the accounting of intellectual property licensing revenues a major point of attention.

Intellectual property licensing (musical and audiovisual works)

These licenses transfer to a customer either a right to use an entity's intellectual property as it exists at the point in time at which the license is granted (static license), or a right to access an entity's intellectual property as it exists throughout the license period (dynamic license).

Revenues are accounted for when the performance obligation promised in the contract is satisfied (static license) or over time upon satisfaction (dynamic license), i.e., when the seller transfers the risks and rewards of the right to use/access the intellectual property and the customer obtains control of the use/access of that license. Consequently, revenues from static licenses are recognized at the point in time when the license is transferred and the customer is able to use and benefit from the license. Revenues from dynamic licenses are accounted for over time, over the license period from the date the customer is able to use and benefit from the license.

Analysis of the Agent/Principal relationship in the sales transactions involving a third party

If the nature of the entity's promise is a performance obligation to provide the specified goods or services itself, then the entity acts on its own behalf and it is "principal" in the sale's transaction: it accounts for revenue the gross amount of consideration to which it expects to be entitled in exchange for the goods or services provided, and the commission due to the third-party as cost of revenues. If the entity arranges for a third-party to provide the goods or services specified in the contract, then it recognizes as revenues the net amount of consideration to which it expects to be entitled in exchange for the goods or services provided.

1.3.4.1. Universal Music Group (UMG)

Recorded Music

The sales of recorded music (physical, digital downloading or streaming) are intellectual property licenses granted by UMG to distributors or digital platforms and which give them certain rights over the company's musical works. In its relationship with the distributor/digital platform and the end customer, UMG cannot be "principal", as the distributor or the digital platform is responsible for setting the transfer of control conditions of the right of use granted by the license to the end customer (broadcasting, price setting and conditions for reselling the physical devices).

Physical sales of recorded music (CDs, DVDs and Vinyls)

These intellectual property licenses are static licenses transferring to the customer a right to use UMG's recordings as they exist at the point in time at which the license is granted, i.e., on the physical device sold.

Revenues from the physical sales of recorded music, net of a provision for estimated returns (please refer to Note 1.3.4.6) and rebates, if any, are accounted for, either: (i) upon the sale to the distributor, at the shipping point for products sold free on board (FOB) or on delivery for products sold free on destination; or (ii) upon the sale to the final customer for consignment sales.

Digital sales of recorded music, via downloading or streaming by subscription or free of charge

These intellectual property licenses are generally dynamic licenses providing a right to access the entire catalog of recorded music as it exists throughout the license period considering potential add-ons to, or withdrawals from, the catalog during that period.

The consideration paid by the digital platform is variable in the form of a sales-based or a usage-based royalty. Revenues are then accounted for when these subsequent sales or usages occur. Revenues from digital sales of recorded music, for which UMG has sufficient, accurate, and reliable data from digital platforms, are recognized at the end of the month in which the sale or usage is made by the end customer. If such data is not available, revenues are recognized when the digital platform notifies UMG of the sale or usage by the end customer.

For digital sales of recorded music streaming by subscription or free of charge, certain contracts may include a non-refundable minimum guarantee which is generally recoupable and is in substance an advance payment. In the case of a dynamic license, the minimum guarantee is spread over the period to which it relates to and takes into account the amount of royalties that is actually recoupable. The minimum guarantee is hence apportioned in accordance with the accounting for these royalties.

Music publishing

Music publishing relates to the use by a third party of the copyrights on musical works owned or administered by UMG, which are intellectual property licenses that UMG grants to the third party and which provides a right to access a catalog of recorded music, as these intellectual property licenses are dynamic licenses.

The consideration paid by the third-party, notably a collection society (e.g., company for the collective management of intellectual-property rights) is variable in the form of a royalty based on the usage by the third party. The variable consideration being accounted for when these subsequent usages occur, revenues from music publishing are accounted for when the collection society notifies UMG of the usage by the end customer and collectability is assured.

Merchandising

Revenues from merchandising are recognized either upon sale to the end customer, from direct sales during touring, concessions and over the internet; on delivery for sales by a third-party distributor; when a contract is signed, or when an invoice has been issued and the collectability is assured for sales of rights attached to merchandising products.

1.3.4.2. Canal+ Group

Terrestrial, satellite or ADSL television subscription services

Subscription to programs

Each subscription to a contract for pay-TV services is considered as a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. The provision of set-top boxes, digital cards and access fees do not represent distinct services or goods, and they are combined with the subscription service as a single performance obligation satisfied over time, as the customer simultaneously receives and consumes the benefits provided by Canal+ Group's performance as the pay-TV services are supplied. In its relationship with the third-party distributor and the end customer, Canal+ Group acts as "principal" in the transaction with the end customer for the self-distribution contracts as it is responsible for the activation of the subscription of the end customer and for setting the selling price.

Revenues, net of potential gratuities granted, are then accounted for over the period the service is provided from the activation date of the subscription and as the service is provided.

Video-on-demand and television-on-demand services

The video-on-demand service, which allows customers to have unlimited access to a catalog of programs through streaming and the television-on-demand service, and through providing access to one-time programs by downloading or streaming, are distinct services from the subscription service. In its relationship with the third-party distributor and the end customer, Canal+ Group is not "principal", as the third-party distributor is responsible for the performance of the service both technically and commercially.

The video-on-demand service is a performance obligation which is satisfied over time, and the revenues are accounted for over the period it is provided to the customer. The television-on-demand service is a performance obligation satisfied at a point in time, and the revenues are accounted for when the content is available for broadcasting.

Sales of advertising spaces

These are sales of television advertising spaces (in the form of classic TV commercials and of partnerships for shows or events) or online advertising spaces (videos and advertising banners).

Pay and free-to-air television

In regard to commercials, the distinct performance obligation is the reach of a given gross rating point (GRP) which generally comprises a set of advertising messages aimed at a specific target audience and satisfied over time. Revenues from these sales, net of rebates if any, are accounted for over the period of the advertising campaign, generally because the advertising commercials are broadcasted considering potential free periods granted.

Website

Each type of advertising imprint (advertising display) represents a distinct performance obligation, because the advertiser can benefit separately from each type of advertising imprint, satisfied at a point in time. Revenues from the sale of online advertising spaces, net of rebates, if any, are accounted for when the advertising imprints are produced, i.e., when the advertisements are broadcasted on the website.

Film and television programs

Physical sales of movies (DVDs and Blu-rays)

Please refer to the section on physical sales of recorded music (CDs, DVDs and Vinyls) at UMG.

Sales of exploitation rights of audiovisual works

These sales are intellectual property licenses granted by Canal+ Group to broadcasters or to distributors and which give them certain rights over its audiovisual works. These licenses are static licenses because they transfer a right to use the films as they exist at the point in time at which the licenses are granted. In its relationship with the third-party distributor and the end customer, Canal+ Group is not "principal" in the transaction with the end customer, as the distributor is responsible for the delivery of the film and for the price setting to the end customer.

Revenues from the sale of the exploitation rights are recorded from the moment the client is able to use it and obtain the remaining benefits. When the consideration paid by the customer is a fixed price, revenues from the sales of exploitation rights are recorded from the latest of the delivery and the opening of the exploitation window set contractually or legally (refer to the media chronology in France). When the consideration paid by the customer is variable in the form of a sales-based royalty to the end customer, revenues are recognized as the subsequent sale occurs.

1.3.4.3. Havas Group

Revenues from Havas Group derive substantially from fees and commissions for its activities:

- creative: advice and services provided in the fields of communications and media strategy; and
- media: planning and purchase of advertising spaces.

For each sale's transaction, Havas Group identifies if it acts as "principal" or not, based on its level of responsibility in the execution of the performance obligation, the control of the inventory and the price setting. Revenues are then recognized, net of costs incurred for production when Havas Group does not act as "principal".

When Havas Group acts as "principal", certain pass-through costs rebilled to customers, which were deducted from revenues in accordance with IAS 18 (applicable until December 31, 2017), are now recorded as revenues and as costs of revenues in accordance with IFRS 15. Given that these pass-through costs are not included in the measurement of the operating performance, Havas Group decided to use a new indicator, "net revenues", corresponding to revenues less these pass-through costs rebilled to customers.

Commissions are accounted for at a point in time, either at the date the service is performed or at the date the media is aired or published.

Fees are accounted for as revenues as per the following:

- one-off or project fees are recognized at the point in time when the service is performed. If these fees include a qualitative aspect, they are result is assessed by the client at the end of the project; and
- fixed fees are generally recognized over time on a straight-line basis reflecting the expected duration of the service; fees based on time spent are recognized as work is performed.

Certain contractual arrangements with clients also include performance incentives pursuant to which Havas Group is entitled to receive additional payments based upon its performance for the client, measured against specified qualitative and quantitative objectives. Havas Group recognizes the incentive portion of the revenue under these contractual arrangements when it is considered highly probable that the qualitative and quantitative goals are achieved in accordance with the arrangements.

1.3.4.4. Editis

Physical sales of books

The intellectual property licenses presented in Note 1.3.5.3 are static licenses transferring to the customer a right to use books sold by Editis as they exist at the point in time at which the license is granted, i.e., on the physical device sold.

Revenues from the physical sales of books, net of a provision for estimated returns (please refer to Note 1.3.4.6) and rebates, if any, are accounted at the shipping point of products.

1.3.4.5. Gameloft

Digital sales of video games on mobile devices

The gaming experience sold by Gameloft is composed of a license to use a video game on mobile devices (which can be pre-set on the mobile terminal), and, if any, adds-in, which allows the player to progress in the video game (virtual elements, time-limited events and multi-player functionality).

The grant of a video game to an end customer through a third-party distributor, digital platform, telecom operator or mobile device manufacturer, as well as the virtual elements acquired in the video game, the time-limited events and the multi-player functionality, represent a single performance obligation in the form of an intellectual property license granted by Gameloft to third-party distributors.

These licenses are static because they transfer a right to use the video game as it exists at the point in time at which the license is granted, as Gameloft has no obligation to update the video game. In its relationship with the third-party distributor and the end customer, Gameloft acts as "principal" in the transaction with the end customer, when Gameloft is responsible for providing the video game license and for setting the price to the end customer.

The consideration paid by the third-party distributor is variable in the form of a sales-based royalty. Revenues are then accounted for when the subsequent sale occurs.

Sales of advertising spaces in video games, in the form of videos and advertising banners

The advertising display in a video game is an advertising impression corresponding to a distinct performance obligation, as the advertiser can benefit separately from each type of advertising impression, satisfied at a point in time.

Revenues from the sale of advertising spaces in video games, net of rebates if any, are then accounted for when the advertising impressions are produced, i.e., when the advertisements are published. When the sale is made by a third party (media agency or auction platform), Gameloft is generally "principal" in the sale's transaction with the advertiser, notably when Gameloft is responsible for technically supplying the advertising impression, as well as for setting the price.

1.3.4.6. Other

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. The provisions are estimated based on past sales statistics and take into account the economic environment and product sales forecast to final customers.

Selling, general and administrative expenses primarily include salaries and employee benefits, rent, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses.

Advertising costs are expensed when incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising at UMG is treated as a marketing expense and expensed when its expected benefit is individualized and can be estimated.

1.3.5. Assets

1.3.5.1. Capitalized financial interest

When appropriate, Vivendi capitalizes financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment, these interests being included in the cost of qualifying assets.

1.3.5.2. Goodwill and business combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is initially measured as the difference between:

(i) the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and

(ii) the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in an increase in goodwill up to the extent attributable to these interests, thereby leading to the recognition of a "full goodwill". The purchase price allocation shall be performed within 12 months after the acquisition date. If goodwill is negative, it is recognized in the Statement of Earnings. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.8 below).

In addition, the following principles are applied to business combinations:

- on the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statements of Earnings;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004. IFRS 3, as published by the IASB in March 2004, retained the acquisition method. However, its provisions differed from those of its revised standard in respect of the following main items:

- minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option for measurement at fair value;
- contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and the amounts could be reliably measured;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of the acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3. Content assets

UMG

Royalty advances to artists, songwriters, and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Royalties earned by artists, songwriters, and co-publishers are recognized as an expense in the period during which the sale of the product occurs, less a provision for estimated returns.

Change in estimate

Music rights and catalogs include music catalogs, artists' contracts and music publishing rights acquired through business combinations. The annual review of the value of the intangible assets, undertaken by Vivendi at year-end 2016 led to a change in the amortization method of music rights and catalogs as from January 1, 2017, which notably resulted in an extension of the amortization period from 15 to 20 years. As part of this review, Vivendi concluded that the value of music rights and catalogs had increased and that the useful life was longer than previously estimated, given recent changes in the outlook for the international music market, driven in particular by the development of subscription streaming services. In 2017, the impact over the period of this forward-looking change in estimate on the amortization expense amounted to €94 million (net of deferred taxes).

Canal+ Group

Film, television or sports broadcasting rights

When entering into contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are classified as contractual commitments. They are recorded in the Statement of Financial Position and classified as content assets as follows:

- film and television broadcasting rights are recognized at their acquisition cost when the program is available for screening and are expensed over their broadcasting period;
- sports broadcasting rights are recognized at their acquisition cost at the opening of the broadcasting period of the related sports season or upon the first payment and are expensed as they are broadcast; and
- expensing of film, television or sports broadcasting rights is included in cost of revenues.

Theatrical films and television rights produced or acquired to be sold to third parties

Theatrical films and television rights produced or acquired before their initial exhibition to be sold to third parties, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. The cost of theatrical films and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Vivendi considers that amortization pursuant to the estimated revenue method reflects the rate at which the entity plans to consume the future economic benefits related to the asset, and there is a high correlation between revenue and the consumption of the economic benefits embodied in the intangible assets.

Where appropriate, estimated losses in value are provided in full against earnings for the period in which the losses are estimated, on an individual product basis.

Film and television rights catalogs

Catalogs comprise film rights acquired for a second television screening, or produced or acquired film and television rights that are sold to third parties after their first television screening (i.e., after their first broadcast on a free terrestrial channel). They are recognized as an asset at their acquisition or transfer cost and amortized as groups of films, or individually, based respectively on the estimated revenue method.

Editis

Editorial creation

Editorial creation costs include all expenses incurred during the first phase of the production of a work (i.e., pre-press, reading, correction, flat-rate translation, photo rights, illustration, iconographic research, layout). The editorial phase covers the period of conception, creation and fine-tuning of a final layout.

Editorial creation expenditures are accounted for as a fixed asset if and only if:

- the costs can be reliably measured and relate to clearly individualized projects,
- the publishing company can demonstrate the technical and commercial feasibility of the project, and
- the publishing company can demonstrate the existence and intent of probable future economic benefits and the availability of sufficient resources to complete the development and marketing of the book.

Expenses relating to research budgets and market research are considered as expenses when incurred. For all projects, criteria for the recognition of intangible assets and the classification of expenditures are determined so as to be allocated by project.

Copyrights

Advances paid to authors (e.g., capital gains, guaranteed advances and minimum guaranteed payments) are recorded as intangible assets.

1.3.5.4. Research and development costs

Research costs are expensed when incurred. Development expenses are capitalized when the feasibility and, in particular, profitability of the project can reasonably be considered certain.

Cost of internal use software

Direct internal and external costs incurred for the development of computer software for internal use, including website development costs, are capitalized during the application development stage. Application development stage costs generally include software configuration, coding, installation and testing. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized. These capitalized costs are amortized over 5 to 10 years. Maintenance, minor upgrades, and enhancement costs are expensed as they are incurred.

Cost of developing video games

Development costs of video games are capitalized when both the technical feasibility and the management's intention to complete the game so that it will be available for use and sale are verified, and when the recoverability is reasonably assured. Because of the uncertainty that exists regarding those criteria, the recognition requirements of IAS 38 are usually not met until the game is launched. Therefore, costs of developing mobile games are usually expensed as incurred.

1.3.5.5. Other intangible assets

Intangible assets separately acquired are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Assets with an indefinite useful life are not amortized but are subject to an annual impairment test. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

Other intangible assets include trade names, customer bases and licenses. By contrast, music catalogs, trade names, subscribers' bases and market shares generated internally are not recognized as intangible assets.

1.3.5.6. Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost, costs directly attributable to transporting an asset to its physical location and preparing it for its operational use, the estimated costs relating to the demolition and the collection of property, plant and equipment, and the rehabilitation of the physical location resulting from the incurred obligation.

When property, plant and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is calculated using the straight-line method based on the estimated useful life of the assets. Useful lives of the main components are reviewed at the end of each reporting period and are as follows:

- buildings: 5 to 40 years;
- equipment and machinery: 3 to 8 years;
- set-top boxes: 5 to 7 years; and
- other: 2 to 10 years.

After initial recognition, the cost model is applied to property, plant and equipment.

Vivendi has elected not to apply the option available under IFRS 1, involving the remeasurement of certain property, plant and equipment at their fair value as of January 1, 2004.

Until December 31, 2018, and in accordance with IFRS 1, Vivendi decided on January 1, 2004 to apply IFRIC Interpretation 4 – *Determining whether an arrangement contains a lease*, which mainly applies to commercial supply agreements for the Canal+ Group satellite capacity, which are commercial service agreements that, in general, do not convey a right to use a specific asset. Contract costs under these agreements are consequently expensed as operational costs for the period.

1.3.5.7. Leases

Please refer to Note 1.1 for a description of the first-time adoption of IFRS 16 as of January 1, 2019.

From that date, the accounting of real estate leases for which Vivendi is the lessee results, at the commencement date, in the recognition of a lease liability equal to the present value of future lease payments, against a right-of-use asset relating to leases.

For each lease, the lease term assessment and incremental borrowing rate estimate are determined at the commencement date.

After initial recognition, the liability is:

- increased by the effect of undiscounting (interest expense on lease liabilities);
- decreased by the cash out for lease payments; and
- reassessed in the event of an amendment to the lease contract.

The right-of-use asset is recognized at cost at the effective date. The cost of the right-of-use asset includes:

- the lease liability;
- the initial direct costs (incremental costs of obtaining the lease);
- payments made prior to the commencement date less lease incentives received from the lessor;
- dismantling and restoration costs (measured and recognized in accordance with IAS 37); and
- the amortization period used is the lease term.

1.3.5.8. Asset impairment

Each time events or changes in the economic environment indicate a risk of impairment of goodwill, other intangible assets, property, plant and equipment, and assets in progress, Vivendi re-examines the value of these assets. In addition, in accordance with applicable accounting standards, goodwill, other intangible assets with an indefinite useful life, and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year. This impairment test is performed to compare the recoverable amount of each Cash Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Vivendi operates through different media and content businesses. Each business offers different products and services that are marketed through various channels. CGUs are independently defined at each business level, corresponding to the group operating segments. For a description of Vivendi's CGUs and groups of CGUs, please refer to Note 9.

The recoverable amount is determined for each individual asset as the higher of: (i) its value in use; and (ii) its fair value (less costs to sell) as described hereafter. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, an impairment test of goodwill is performed by Vivendi for each CGU or group of CGUs, depending on the level at which Vivendi Management measures return on operations.

The value in use of each asset or group of assets is determined, subject to exceptions, as the discounted value of future cash flows (Discounted Cash Flow method (DCF)) by using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by Vivendi of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation of CGUs are those used to prepare budgets for each CGU or group of CGUs, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

The fair value (less costs to sell) is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are generally determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, on the basis of discontinued cash flows.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss equal to the difference is recognized in EBIT. In the case of a group of assets, this impairment loss is first recorded against goodwill.

The impairment losses recognized in respect of property, plant and equipment, and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

1.3.5.9. Financial assets

Financial assets are initially recognized at fair value corresponding, in general, to the consideration paid, which is best evidenced by the acquisition cost (including associated acquisition costs, if any). Thereafter, financial assets are measured at fair value or at amortized cost depending on which financial asset category they belong to.

From January 1, 2018, financial assets are classified into the accounting categories “financial assets at amortized cost”, “financial assets at fair value through other comprehensive income” and “financial assets at fair value through profit or loss”.

This classification depends on the entity’s business model for managing the financial assets and on contractual terms enabling to determine whether the cash flows are solely payments of principal and interest (SPPI). The financial assets that contain an embedded derivative should be considered in full to determine whether their cash flows are SPPI.

Financial assets at fair value

These include financial assets at fair value through other comprehensive income, derivative financial instruments with a positive value (please refer to Note 1.3.7) and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized financial markets, as their fair value is calculated by reference to the published market price at the period end. Fair value is estimated for financial assets which do not have a published market price on an active market. As a last resort, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market, the group values financial assets at historical cost, less any impairment losses.

Financial assets at fair value through other comprehensive income include:

- unconsolidated companies that are not held for trading: Vivendi elected to classify these into the category “fair value through other comprehensive income”. Unrealized gains and losses on financial assets at fair value through other comprehensive income are recognized in charges and income directly recognized in equity until the financial asset is sold, collected or removed from the Statement of Financial Position in another way, at which time the accumulated gain or loss previously reported in charges and income directly recognized in equity is transferred to retained earnings and never reclassified to profit or loss. Dividends and interest received from unconsolidated companies are recognized in profit or loss; and
- debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Unrealized gains and losses on financial assets at fair value through other comprehensive income are recognized in charges and income directly recognized in equity until the financial asset is sold, collected or removed from the Statement of Financial Position in other ways, at which time the accumulated gain or loss previously reported in charges and income directly recognized in equity is expensed in other financial charges and income.

Other financial assets measured at fair value through profit or loss mainly consist of assets held for trading which Vivendi intends to sell in the near future (primarily marketable securities) and other financial assets unless it is measured at amortized cost or at fair value through other comprehensive income. Unrealized gains and losses on these assets are recognized in other financial charges and income.

Financial assets at amortized cost

Financial assets at amortized cost consist of debt instruments held within a business model whose objective is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. At the end of each period, these assets are measured at amortized cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred, the amount of this loss, measured as the difference between the financial asset’s carrying value and its recoverable amount (equal to the present value of estimated future cash flows discounted at the financial asset’s initial effective interest rate), is recognized in profit or loss. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

Impairment of financial assets

Vivendi assesses the expected credit loss associated with its financial assets recognized at amortized cost and debt instrument recognized at fair value through other comprehensive income on a prospective basis. A loss allowance for expected credit loss based on probability of default is recognized at initial recognition. The loss allowance is updated for changes in these expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

To assess whether there has been a significant increase in credit risk, Vivendi compares the credit risk at the reporting date with the credit risk at the date of initial recognition based on reasonable forward-looking information and events, including credit ratings if available, significant adverse economic changes (actual or expected), financial or business environment that are expected to result in a material change in the borrower’s ability to meet its obligations.

The definition of default and write off policy are defined specifically within each operating entity.

1.3.5.10. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. These are usually calculated using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs.

1.3.5.11. Trade accounts receivable

Trade accounts receivable are initially recognized at fair value, which is generally equal to their nominal value. Expected loss rates on trade receivables are calculated by the relevant operating entities over their lifetime from initial recognition and are based on historical data that also incorporates forward-looking information. In addition, account receivables from customers subject to insolvency proceedings or customers with whom Vivendi is involved in litigation or a dispute are generally impaired in full.

1.3.5.12. Cash and cash equivalents

The "cash and cash equivalents" category, defined in accordance with IAS 7, consists of cash in banks, monetary UCITS, which satisfy the ANC's and AMF's decision released in November 2018, and other highly liquid investments with initial maturities of generally three months or less. Investments in securities, investments with initial maturities of more than three months without an early termination option and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets. Moreover, the historical performances of the investments are monitored regularly to confirm their cash equivalents accounting classification.

1.3.6. Assets held for sale and discontinued operations

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lowest value between the fair value (net of divestiture fees) and the carrying value (i.e., at their cost less accumulated depreciation and impairment losses), and are no longer depreciated.

An operation is qualified as discontinued when it represents a separate major line of business and the criteria for classification as an asset held for sale have been met or when Vivendi has sold the asset. Discontinued operations are reported on a single line of the Statement of Earnings for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to divest the assets and liabilities of the discontinued operations. In addition, cash flows generated by discontinued operations are reported on a separate line of the Statement of Consolidated Cash Flows for the relevant periods.

1.3.7. Financial liabilities

Long-term and short-term borrowings and other financial liabilities include:

- bonds and credit facilities, as well as various other borrowings (including commercial paper and debt related to finance leases) and related accrued interest;
- obligations arising out of commitments to purchase non-controlling interests;
- bank overdrafts; and
- the negative value of other derivative financial instruments. Derivatives with positive values are recorded as financial assets in the Statement of Financial Position.

Borrowings

All borrowings are initially accounted for at fair value net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that discounts future cash flows over the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument. In the event of a change in expected future cash flows (e.g., redemption occurs earlier than initially expected), the amortized cost is adjusted against earnings to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase non-controlling interests

Vivendi has committed to purchase the non-controlling interests of some of the minority shareowners of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or mandatory (e.g., forward purchase contracts).

The following accounting treatment has been applied in respect of commitments made on or after January 1, 2009:

- upon initial recognition, the commitment to purchase non-controlling interests is recognized as a financial liability for the present value of the purchase price under the put option or forward purchase contract, mainly offset by the book value of non-controlling interests and the remaining balance through equity attributable to Vivendi SA shareowners;
- subsequent changes to the value of the commitment are recognized as a financial liability through an adjustment to equity attributable to Vivendi SA shareowners; and
- upon maturity of the commitment, if the non-controlling interests are not purchased, the previously recognized entries are reversed; if the non-controlling interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the non-controlling interests.

Derivative financial instruments

Vivendi uses derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. These instruments include interest rate and currency swaps, and forward exchange contracts. All these derivative financial instruments are used for hedging purposes. At the inception of the hedging relationship there is the formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

Derivatives are initially measured at fair value on the settlement date and are subsequently remeasured at fair value on each succeeding reporting date. The recognition of subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if applicable, the nature of the hedged item and the type of hedging relationship designated. When these contracts qualify as hedges for accounting purposes, gains and losses arising on these contracts are offset in earnings against the gains and losses relating to the hedged item.

When forward contracts are used as hedging instruments, Vivendi only qualifies as hedging instruments the change in the fair value of the forward contract related to the variation of the spot exchange rate. Changes in the forward points are excluded from the hedging relationship and are recognized in financial result.

Fair value hedge

When the derivative financial instrument hedges exposures to fluctuations in the fair value of an asset or a liability recognized in the Statement of Financial Position or of a firm commitment which is not recognized in the Statement of Financial Position, it is a fair value hedge. The instrument is remeasured at fair value in earnings, with the gains or losses arising on remeasurement of the hedged portion of the hedged item offset on the same line of the Statement of Earnings, or, as part of a forecasted transaction relating to a non-financial asset or liability, at the initial cost of the asset or liability.

Cash flow hedge

When the derivative financial instrument hedges cash flows, it is a cash flow hedge. The hedging instrument is remeasured at fair value and the portion of the gain or loss that is determined to be an effective hedge is recognized through charges and income directly recognized in equity, whereas its ineffective portion is recognized in earnings, or, as part of a forecasted transaction on a non-financial asset or liability, they are recognized at the initial cost of the asset or liability. When the hedged item is realized, accumulated gains and losses recognized in equity are released to the Statement of Earnings and recorded on the same line as the hedged item.

Net investment hedge

When the derivative financial instrument hedges a net investment in a foreign operation, it is recognized in the same way as a cash flow hedge. Derivative financial instruments which do not qualify as a hedge for accounting purposes are remeasured at fair value and resulting gains and losses are recognized directly in earnings, without remeasurement of the underlying instrument.

Furthermore, income and expenses relating to foreign currency instruments used to hedge highly probable budget exposures and firm commitments contracted pursuant to the acquisition of editorial content rights (including sports, audiovisual and film rights) are recognized in EBIT. In all other cases, gains and losses arising on the fair value remeasurement of instruments are recognized in other financial charges and income.

1.3.8. Other liabilities

Provisions

Provisions are recognized when, at the end of the reporting period, Vivendi has a legal obligation (statutory, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. If the amount of the obligation cannot be reliably estimated, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements.

Employee benefit plans

In accordance with the laws and practices of each country in which it operates, Vivendi participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and post-employment benefits to eligible employees, former employees, retirees and such of their beneficiaries who meet the required conditions. Retirement pensions are provided for substantially all employees through defined contribution plans, which are integrated with local social security and multi-employer plans, or defined benefit plans, which are generally managed via group pension plans. The plan funding policy implemented by the group is consistent with applicable government funding requirements and regulations.

Defined contribution plans

Contributions to defined contribution and multi-employer plans are expensed during the year.

Defined benefit plans

Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding Vivendi shares or debt instruments.

Pension expenses and defined benefit obligations are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan. The assumptions adopted and the means of determining these assumptions, are presented in Note 18. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and includes past service cost and actuarial gains and losses.

The cost of defined benefit plans consists of three components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;
- the financial component, recorded in other financial charges and income, consists of the undiscounting of the obligation, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and

- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified to profit and loss, mainly consist of actuarial gains and losses, i.e., changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective impact).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial calculation comparable to the method used for pension provisions.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

1.3.9. Deferred taxes

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the group proved to differ significantly from those expected, the group would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not earnings, if the tax relates to items that are credited or charged directly to equity.

1.3.10. Share-based compensation

With the aim of aligning the interests of its executive management and employees with its shareholders' interests by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans, performance share plans and bonus share plans) or other equity instruments based on the value of the Vivendi share price (stock options), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board and the Supervisory Board. In addition, the definitive grant of stock options and performance shares is contingent upon the achievement of specific performance objectives set by the Management Board and the Supervisory Board. Moreover, all granted plans are conditional upon active employment at the vesting date.

In addition, Dailymotion has set up a long-term incentive plan for certain key executives. This plan will be settled in cash and the value will be derived from the growth of Dailymotion's enterprise value.

Please refer to Note 19 for details of the features of these plans and for the status of the plans initially granted by Gameloft S.E. and by Havas Group.

Share-based compensation is recognized as a personnel cost at the fair value of the equity instruments granted. This expense is spread over the vesting period, i.e., three years for stock option plans and for performance share plans (two years for performance shares granted before June 24, 2014), and two years for Vivendi's bonus share plans, other than in specific cases.

Vivendi uses a binomial model to assess the fair value of such instruments. This method relies on assumptions updated at the valuation date such as the calculated volatility of the relevant shares, the discount rate corresponding to the risk-free interest rate, the expected dividend yield, and the probability of relevant managers and employees remaining employed within the group until the exercise of their rights.

However, depending on whether the instruments granted are equity-settled or cash-settled, the valuation and recognition of the expense will differ:

Equity-settled instruments

- The expected term of the option granted is deemed to be the mid-point between the vesting date and the end of the contractual term.
- The value of the instruments granted is estimated and fixed at grant date.
- The expense is recognized with a corresponding increase in equity.

Cash-settled instruments

- The expected term of the instruments granted is deemed to be equal to one-half of the residual contractual term of the instrument for vested rights, and to the average of the residual vesting period at the remeasurement date and the residual contractual term of the instrument for unvested rights.
- The value of instruments granted is initially estimated at grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date.
- The expense is recognized as a provision.
- Moreover, as plans settled in cash are primarily denominated in US dollars, the value fluctuates based on the EUR/USD exchange rate.

Share-based compensation cost is allocated to each operating segment, pro rata to the number of equity instruments or equivalent instruments granted to their managers and employees.

The dilutive effect of stock options and performance shares settled in equity through the issuance of Vivendi shares which are in the process of vesting is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 1, Vivendi elected to retrospectively apply IFRS 2 as of January 1, 2004. Consequently, all share-based compensation plans for which rights remained to be vested as of January 1, 2004 were accounted for in accordance with IFRS 2.

1.4. RELATED PARTIES

Group-related parties are those companies over which the group exercises exclusive control, joint control or significant influence, shareholders exercising joint control over group joint ventures, non-controlling interests exercising significant influence over group subsidiaries, corporate officers, group management and directors and companies over which the latter exercise exclusive control, joint control, or significant influence.

The transactions with subsidiaries over which the group exercises control are eliminated within the intersegment transactions (a list of the group's major consolidated entities is set out in Note 25). Moreover, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties. The operating costs of Vivendi SA's headquarters, after the allocation of a portion of these costs to each of the group's businesses, are included in the Corporate operating segment.

1.5. CONTRACTUAL OBLIGATIONS AND CONTINGENT ASSETS AND LIABILITIES

Once a year, Vivendi and its subsidiaries prepare detailed reports on all material contractual obligations, commercial and financial commitments and contingent obligations, for which they are jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. To ensure completeness, accuracy and consistency of these reports, some dedicated internal control procedures are carried out, including (but not limited to) the review of:

- minutes of meetings of the shareholders, Management Board, Supervisory Board and committees of the Supervisory Board in respect of matters such as contracts, litigation, and authorization of asset acquisitions or divestitures;
- pledges and guarantees with banks and financial institutions;
- pending litigation, claims (in dispute) and environmental matters as well as related assessments for unrecorded contingencies with internal and/or external legal counsels;
- tax examiner's reports and, if applicable, notices of reassessments and tax expense analyses for prior years;
- insurance coverage for unrecorded contingencies with the risk management department and insurance agents and brokers with whom the group contracted;
- related-party transactions for guarantees and other given or received commitments; and
- more generally, major contracts and agreements.

1.6. NEW IFRS STANDARDS AND IFRIC INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT ARE NOT YET EFFECTIVE

IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC and endorsed by the EU as of the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application, should have no material impact on Vivendi's Consolidated Financial Statements.

NOTE 2. MAJOR EVENTS

2.1. OPENING OF UNIVERSAL MUSIC GROUP'S SHARE CAPITAL

Following the preliminary negotiations announced on August 6, 2019, Vivendi entered into an agreement on December 31, 2019 with a Tencent-led consortium, which includes Tencent Music Entertainment and international financial investors, for the planned equity investment in UMG. This agreement provides for the purchase by the consortium of 10% of UMG's share capital, based on an enterprise value of €30 billion for 100% of UMG's share capital.

In accordance with IFRS standards, this transaction will be recorded as a sale of non-controlling interests and therefore will not impact the Consolidated Statement of Earnings. As a result, the capital gain on the sale of 10% of Universal Music Group's share capital, equal to the difference between the sale price and the value in the Consolidated Financial Statements of non-controlling interests sold, will be directly recorded as an increase in equity attributable to Vivendi SA shareowners.

The Consortium has the option to acquire, on the same price basis, an additional amount of up to 10% of UMG's share capital until January 15, 2021.

This agreement will be shortly complemented by a second agreement allowing Tencent Music Entertainment to acquire a minority interest in the share capital of UMG's subsidiary that houses its operations in Greater China.

The merger control approvals, to which this transaction was subject, have been obtained from the relevant regulatory authorities. The closing of the transaction is expected by the end of the first half of 2020.

In addition, Vivendi's Supervisory Board was informed of ongoing negotiations regarding the possible sale of additional minority interests, which negotiation engagement, based on a minimum valuation of €30 billion, was announced on December 31, 2019. Eight banks have been mandated by Vivendi to assist it in this matter. An initial public offering is currently planned for early 2023 at the latest.

The proceeds from these different operations could be used for substantial share buyback operations and acquisitions.

2.2. ACQUISITION OF EDITIS

On January 31, 2019, Vivendi completed the acquisition of 100% of the share capital of Antinea 6, the holding company of Editis, the second-largest French-language publishing group. The purchase price amounted to €829 million, including the repayment of Editis Group's debt on that date. On January 2, 2019, the French Competition Authority authorized the transaction unconditionally.

Consolidation of Editis by Vivendi

As from February 1, 2019, Vivendi has fully consolidated Editis. As of December 31, 2019, the provisional goodwill attributable to Editis amounted to €827 million (compared to a provisional goodwill of €831 million as of June 30, 2019).

(in millions of euros)	January 31, 2019
Purchase price for 100% of Antinea 6's share capital, the holding company of Editis	332
Editis Group's debt repaid by Vivendi	497
Purchase price for 100% of Editis	**829**
Carrying value of Editis's acquired assets and incurred or assumed liabilities	2
Provisional goodwill	**827**

2.3. ACQUISITION OF M7

On September 12, 2019, Canal+ Group completed the acquisition of M7, one of the largest independent pay-TV companies in Europe, operating in Benelux and Central Europe.

Consolidation of M7 by Canal+ Group

As from September 12, 2019, Canal+ Group has fully consolidated M7. The purchase price allocation is expected to be performed within twelve months of the acquisition date, in accordance with accounting standards. The final amount of goodwill may significantly differ from the amount presented below.

(in millions of euros)	September 12, 2019
Purchase price for 100% of M7	**1,136**
Carrying value of M7's acquired assets and incurred or assumed liabilities (a)	138
Provisional goodwill	**998**

(a) Notably included the preliminary allocation to acquired M7 subscriber bases and brands.

As from September 12, 2019, M7's contribution to Canal+ Group's revenues amounted to €122 million.

2.4. SALE OF THE REMAINING INTEREST IN UBISOFT

On March 5, 2019, Vivendi sold the remaining part of its interest in Ubisoft (5.87% of the share capital) for €429 million, representing a capital gain of €220 million. Vivendi is no longer a Ubisoft shareholder and maintains its commitment to refrain from purchasing Ubisoft shares for a period of five years. In total, the sale of Vivendi's interest in Ubisoft represented €2 billion, i.e., a capital gain of €1.2 billion.

NOTE 3. SEGMENT DATA

Vivendi Management evaluates the performance of its business segments and allocates necessary resources to them based on certain operating performance indicators (segment earnings and cash flow from operations). Income from operations and EBITA reflect the earnings of each business segment.

The operating segments presented hereunder are strictly identical to the information given to Vivendi's Management Board.

Vivendi's main businesses are aggregated within the following operating segments:

- **Universal Music Group:** sale of recorded music (digital and physical), exploitation of music publishing rights, as well as artist services and merchandising;
- **Canal+ Group:** publishing and distribution of premium and thematic pay-TV and free-to-air channels in France, Benelux, Poland, Central Europe, Africa and Asia, and production, sales and distribution of movies and TV series;
- **Havas Group:** communications group covering all the communications disciplines (creativity, media expertise and healthcare/wellness);
- **Editis:** publishing group in France with leading positions in the fields of literature, educational and reference books, as well as in book selling and distribution;
- **Gameloft:** creation and publishing of downloadable video games for mobile phones, tablets, triple-play boxes and smart TVs;
- **Vivendi Village:** Vivendi Ticketing (in Europe and the United States through See Tickets) and live performances through Olympia Production, Festival Production, the venues in Paris (L'Olympia and Théâtre de L'Œuvre) and in Africa (CanalOlympia);
- **New Initiatives:** Dailymotion (video content aggregation and distribution platform) and Group Vivendi Africa (development of ultra-high-speed Internet service in Africa);
- **Corporate:** central services.

Intersegment commercial operations are conducted on an arm's-length basis on terms and conditions similar to those which would be offered by third parties.

3.1. REVENUES

By business segment

	Year ended December 31,	
(in millions of euros)	2019	2018
Universal Music Group	7,159	6,023
Canal+ Group	5,268	5,166
Havas Group	2,378	2,319
Editis	687	-
Gameloft	259	293
Vivendi Village	141	123
New Initiatives	71	66
Elimination of intersegment transactions	(65)	(58)
Revenues	**15,898**	**13,932**

By activity

	Year ended December 31,	
(in millions of euros)	2019	2018
Intellectual property licensing	8,042	6,508
Subscription services	4,599	4,474
Advertising, merchandising and other	3,322	3,008
Elimination of intersegment transactions	(65)	(58)
Revenues	**15,898**	**13,932**

By geographical area

Revenues are broken down by customer location.

(in millions of euros)	Year ended December 31, 2019		2018	
France	4,792	*30%*	4,280	*31%*
Rest of Europe	3,850	*24%*	3,282	*24%*
Americas	5,001	*32%*	4,395	*31%*
Asia/Oceania	1,559	*10%*	1,373	*10%*
Africa	696	*4%*	602	*4%*
Revenues	**15,898**	***100%***	**13,932**	***100%***

3.2. OTHER MAIN AGGREGATES OF THE STATEMENT OF EARNINGS

(in millions of euros)	Year ended December 31, 2019	2018
Income from operations		
Universal Music Group	1,168	946
Canal+ Group	431	429
Havas Group	268	258
Editis	59	-
Gameloft	(28)	4
Vivendi Village	(16)	(9)
New Initiatives	(68)	(79)
Corporate	(95)	(110)
	1,719	**1,439**
Restructuring charges		
Universal Music Group	(24)	(29)
Canal+ Group	(92)	(28)
Havas Group	(35)	(30)
Editis	(3)	-
Gameloft	(3)	(4)
Vivendi Village	(1)	(2)
New Initiatives	(1)	(3)
Corporate	(2)	(19)
	(161)	**(115)**
Income/(charges) related to share-based compensation plans		
Universal Music Group	(5)	(4)
Canal+ Group	(5)	(3)
Havas Group	(12)	(12)
Editis	-	-
Gameloft	(4)	2
Vivendi Village	-	-
New Initiatives	-	-
Corporate	(6)	(5)
	(32)	**(22)**

(in millions of euros)	Year ended December 31, 2019	2018
Other non-current operating charges and income		
Universal Music Group	(15)	(11)
Canal+ Group	9	2
Havas Group	4	(1)
Editis	(4)	-
Gameloft	(1)	-
Vivendi Village	-	2
New Initiatives	4	(17)
Corporate	3	11
	-	**(14)**
Adjusted earnings before interest and income taxes (EBITA)		
Universal Music Group	1,124	902
Canal+ Group	343	400
Havas Group	225	215
Editis	52	-
Gameloft	(36)	2
Vivendi Village	(17)	(9)
New Initiatives	(65)	(99)
Corporate	(100)	(123)
	1,526	**1,288**

Reconciliation of EBIT to EBITA and to income from operations

(in millions of euros)	Year ended December 31, 2019	2018
EBIT (a)	**1,381**	**1,182**
Adjustments		
Amortization of intangible assets acquired through business combinations	125	111
Impairment losses on intangible assets acquired through business combinations (a)	20	2
Other charges and income	-	(7)
EBITA	**1,526**	**1,288**
Adjustments		
Restructuring charges (a)	161	115
Charges related to share-based compensation plans	32	22
Other non-current operating charges and income	-	14
Income from operations	**1,719**	**1,439**

(a) As reported in the Consolidated Statement of Earnings.

3.3. STATEMENT OF FINANCIAL POSITION BY OPERATING SEGMENT

Segment assets and liabilities

(in millions of euros)	December 31, 2019	January 1, 2019
Segment assets (a)		
Universal Music Group	11,344	10,147
Canal+ Group	9,468	7,742
Havas Group	5,848	5,793
Editis	1,383	-
Gameloft	730	742
Vivendi Village	327	268
New Initiatives	328	552
Corporate	4,632	5,396
of which investments in equity affiliates	*3,248*	*3,130*
listed equity securities	*924*	*1,363*
	34,060	**30,640**
Segment liabilities (b)		
Universal Music Group	5,181	4,766
Canal+ Group	2,859	2,550
Havas Group	4,265	4,223
Editis	535	-
Gameloft	109	104
Vivendi Village	204	184
New Initiatives	75	80
Corporate	530	459
	13,758	**12,366**

(a) Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, rights-of-use relating to leases (as from January 1, 2019), equity affiliates, financial assets, inventories and trade accounts receivable, and other.

(b) Segment liabilities include provisions, other non-current liabilities, short-term and long-term lease liabilities (as from January 1, 2019) and trade accounts payable and other.

Additional operating segment data is presented in the following Notes: Note 9 "Goodwill" and Note 10 "Content assets and commitments".

Segment assets by geographic area

(in millions of euros)	December 31, 2019		January 1, 2019	
France	12,657	*37%*	12,661	*41%*
Rest of Europe	10,990	*32%*	7,460	*24%*
Americas	9,445	*28%*	9,436	*31%*
Asia/Oceania	684	*2%*	812	*3%*
Africa	284	*1%*	271	*1%*
Segment assets	**34,060**	***100%***	**30,640**	***100%***

Capex, depreciation and amortization

	Year ended December 31,	
(in millions of euros)	2019	2018
Capital expenditures, net (capex net) (a)		
Universal Music Group	73	110
Canal+ Group	261	166
Havas Group	34	38
Editis	10	-
Gameloft	5	6
Vivendi Village	5	7
New Initiatives	16	10
Corporate	1	4
	405	**341**
Increase in tangible and intangible assets and rights-of-use relating to leases		
Universal Music Group	70	127
Canal+ Group	226	192
Havas Group	7	37
Editis	92	-
Gameloft	-	6
Vivendi Village	7	7
New Initiatives	13	10
Corporate	50	1
	465	**380**
Depreciation of tangible assets		
Universal Music Group	53	46
Canal+ Group	123	133
Havas Group	42	38
Editis	5	-
Gameloft	5	6
Vivendi Village	4	4
New Initiatives	5	6
Corporate	2	1
	239	**234**
Amortization of rights-of-use relating to leases		
Universal Music Group	64	-
Canal+ Group	39	-
Havas Group	78	-
Editis	15	-
Gameloft	8	-
Vivendi Village	4	-
New Initiatives	3	-
Corporate	9	-
	220	**n/a**

	Year ended December 31,	
(in millions of euros)	2019	2018
Amortization of intangible assets excluding those acquired through business combinations		
Universal Music Group	-	-
Canal+ Group	79	72
Havas Group	8	8
Editis	45	-
Gameloft	1	1
Vivendi Village	1	-
New Initiatives	6	25
Corporate	-	-
	140	**106**
Amortization of intangible assets acquired through business combinations		
Universal Music Group	85	80
Canal+ Group	29	16
Havas Group	-	-
Editis	2	-
Gameloft	8	14
Vivendi Village	-	-
New Initiatives	1	1
Corporate	-	-
	125	**111**
Impairment losses on intangible assets acquired through business combinations		
Universal Music Group	1	-
Canal+ Group	19	-
Havas Group	-	-
Editis	-	-
Gameloft	-	-
Vivendi Village	-	-
New Initiatives	-	2
Corporate	-	-
	20	**2**

(a) Relates to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

NOTE 4. EBIT

PERSONNEL COSTS AND AVERAGE EMPLOYEE NUMBERS

		Year ended December 31,	
(in millions of euros)	Note	2019	2018
Salaries		2,783	2,538
Social security and other employment charges		592	537
Capitalized personnel costs		(18)	(16)
Wages and expenses		**3,357**	**3,059**
Share-based compensation plans	19	32	22
Employee benefit plans	18	73	88
Other		62	52
Personnel costs		**3,524**	**3,221**
Annual average number of full-time equivalent employees (in thousands)		*43.9*	*41.6*

ADDITIONAL INFORMATION ON OPERATING EXPENSES

Advertising costs amounted to €416 million in 2019 (compared to €371 million in 2018).

Expenses recorded in the Statement of Earnings, with respect to service contracts related to satellite transponders amounted to €115 million in 2019 (compared to €102 million in 2018).

Research and development costs amounted to a net charge of €124 million in 2019 (compared to €135 million in 2018).

TAXES ON PRODUCTION

Taxes on production amounted to €132 million in 2019 (compared to €118 million in 2018), of which €39 million related to taxes on television services (compared to €33 million in 2018).

NOTE 5. FINANCIAL CHARGES AND INCOME

INTEREST

		Year ended December 31,	
(in millions of euros)	Note	2019	2018
(Charge)/Income			
Interest expense on borrowings (a)	20	(69)	(64)
Interest income from cash, cash equivalents and investments		23	17
Interest		**(46)**	**(47)**
Fees and premiums on borrowings and credit facilities issued		*(3)*	*(2)*
		(49)	**(49)**

(a) Included the annual coupon of the €700 million bond issued by Vivendi SA and maturing in December 2019 for €31 million in 2019 and €34 million in 2018 (please refer to Note 20.2).

OTHER FINANCIAL INCOME AND CHARGES

(in millions of euros)	Note	Year ended December 31, 2019	2018
Capital gain and revaluation on financial investments (a)		198	377
Effect of undiscounting assets (b)		-	18
Expected return on plan assets related to employee benefit plans	18.2	13	11
Foreign exchange gain		15	10
Change in value of derivative instruments		9	2
Other		-	-
Other financial income		**235**	**418**
Write-down of the Telecom Italia shares accounted for under the equity method	12.2	-	(1,066)
Capital loss and downside adjustment on financial investments (a)		(50)	-
Effect of undiscounting liabilities (b)		(1)	(20)
Interest cost related to employee benefit plans	18.2	(29)	(27)
Fees and premiums on borrowings and credit facilities issued		(3)	(2)
Interest expenses on lease liabilities	11	(43)	n/a
Foreign exchange loss		(13)	(10)
Other		(31)	(56)
Other financial charges		**(170)**	**(1,181)**
Net total		**65**	**(763)**

n/a: not applicable.

(a) Included the revaluation of the interests in Spotify and Tencent Music for a net amount of €139 million (compared to €312 million in 2018). In 2018, it included a portion of the capital gain realized on the sale of the interest in Ubisoft (€53 million) recorded to profit or loss in accordance with the new IFRS 9 accounting standard, applicable since January 1, 2018.

(b) In accordance with applicable accounting standards, where the effect of the time value of money is material, assets and liabilities are initially recorded in the Statement of Financial Position in an amount relating to the present value of the expected revenues and expenses. At the end of each subsequent period, the present value of such assets and liabilities is adjusted to account for the passage of time.

NOTE 6. INCOME TAXES

6.1. FRENCH TAX GROUP AND CONSOLIDATED GLOBAL PROFIT TAX SYSTEMS

Vivendi SA benefits from the French Tax Group System and, up until December 31, 2011 inclusive, it benefited from the Consolidated Global Profit Tax System pursuant to Article 209 quinquies of the French Tax Code. As from January 1, 2012, Vivendi SA benefits only from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of the French subsidiaries that are at least 95% owned, directly or indirectly, by it. As of December 31, 2019, this mainly applies to Universal Music Group, Canal+ Group, Havas Group and Gameloft entities in France, as well as the companies involved in the group's development projects in France (e.g., Vivendi Village and Dailymotion).
- Up until December 31, 2011, the Consolidated Global Profit Tax System enabled Vivendi to obtain a tax authorization. This allowed the company to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that were at least 50% owned, directly or indirectly, by it and that were also located in France or abroad. This authorization was granted for an initial five-year period – from January 1, 2004 to December 31, 2008 – and was then renewed, on May 19, 2008, for a three-year period – from January 1, 2009 to December 31, 2011. As a reminder, on July 6, 2011, Vivendi filed a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period – from January 1, 2012 to December 31, 2014.
- In 2011, pursuant to changes in French Tax Law, the Consolidated Global Profit Tax System was terminated as of September 6, 2011, and the deduction for tax losses carried forward was capped at 60% of taxable income. Since 2012, the deduction for tax losses carried forward has been capped at 50% of taxable income.

The French Tax Group and Consolidated Global Profit Tax Systems have the following impact on the valuation of Vivendi's tax attributes (tax losses, foreign tax receivables and tax credits carried forward):

- In 2012, Vivendi, considering that it was entitled to use the Consolidated Global Profit Tax System up until the end of the authorization period granted by the French Ministry of Finance (i.e., until December 31, 2011), filed a contentious claim for a €366 million refund in respect of fiscal year 2011. In a decision dated October 25, 2017, marking the end of legal proceedings brought before administrative courts, the French Council of State (*Conseil d'État*) recognized that Vivendi had a legitimate expectation that it would be afforded the Consolidated Global Profit Tax System for the entire period covered by the authorization, including for the fiscal year ending December 31, 2011. Given that the power of final adjudication is vested in the French Council of State the amount of €366 million paid to Vivendi, coupled with moratorium interest of €43 million, was definitively acquired by Vivendi. As a result, Vivendi recorded a tax income of €409 million for the fiscal year ended December 31, 2017.

- Moreover, considering that Vivendi's foreign tax receivables available upon the exit from the Consolidated Global Profit Tax System may be carried forward after the end of the authorization period, Vivendi requested a refund of the tax paid in respect of the fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a refund of €201 million. This refund was then challenged by the tax authorities as part of a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained and increased this provision by €11 million (the amount of additional default interest), for a total amount of €232 million, which was subsequently decreased to €228 million as of December 31, 2015 after deduction of ordinary tax credits. On March 31, 2015, as part of this audit, Vivendi made a payment of €321 million, corresponding to the amounts of €221 million and €11 million mentioned above, increased by additional penalties of €89 million.
- On June 29, 2015, after the tax audit was completed, Vivendi challenged the tax authorities in regard to the tax payment, the default interest and the penalties, for which no provision had been accrued upon the recommendation of its advisors. Vivendi has since brought this case before the Administrative Court of Montreuil. On March 16, 2017, the Administrative Court of Montreuil ruled in favor of Vivendi. On April 18, 2017, pursuant to this decision, Vivendi received (i) a €315 million refund relating to the principal tax amount due in 2012 (€218 million), as well as default interest (€10 million) and additional penalties (€87 million), and (ii) moratorium interest (€31 million), which totaled €346 million. The Ministry appealed this decision with respect to the principal tax amount due; therefore, in its Financial Statements for the year ended December 31, 2017, Vivendi maintained the provision relating to the principal refund (€218 million), the default interest (€10 million), and the moratorium interest (€23 million), i.e., a total provision of €251 million. Given that the Ministry's appeal did not include penalties (€87 million), Vivendi recorded a tax income of €9 million in its Financial Statements as of December 31, 2017, relating to the portion of moratorium interest irrevocably earned by Vivendi. On November 22, 2018, the Versailles Administrative Court of Appeal quashed the March 16, 2017 decision of the Administrative Court of Montreuil and ordered Vivendi to pay the amount of the additional contributions to which it was subject for the year ended December 31, 2012. However, it granted discharge of the default interest charged to Vivendi. In its financial statements for the fiscal year ended December 31, 2018, Vivendi recorded a net income of €12 million due to the discharge of default interest (€10 million) and the corresponding moratorium interest (€2 million), reducing the total amount provisioned to €239 million (€218 million with respect to the principal amount and €21 million with respect to moratorium interest). On December 31, 2018, Vivendi filed an appeal with the French Council of State *(Conseil d'État)* to cancel the decision of the Versailles Administrative Court of Appeal. On February 11, 2019, pursuant to a decision of the Versailles Administrative Court of Appeal, Vivendi received a request for repayment from the tax authorities in the amount of €239 million, satisfied on February 15, 2019.
- On June 15, 2017, following the Administrative Court of Montreuil ruling of March 16, 2017, Vivendi made a claim for the repayment of the tax amount due for the year ended December 31, 2015 (€203 million). Vivendi recorded a provision as of December 31, 2017 in the amount of the refund requested (€203 million) and maintained this provision in its Financial Statements for the year ended December 31, 2018 pending the decision of the French Council of State *(Conseil d'État)* mentioned above.
- On December 19, 2019, the French Council of State *(Conseil d'État)* ruled in favor of Vivendi regarding the use of foreign tax receivables upon exit from the Global Profit Tax System, reversing the decision of the Versailles Administrative Court of Appeal and settling this litigation on the merits. The decision of the French Council of State *(Conseil d'État)* on December 24, 2019 resulted in the following measures:
  - in its Financial Statements for the year ended December 31, 2019, Vivendi recorded a current tax income of €473 million, i.e., €244 million with respect to fiscal year 2012 (€218 million principal and €26 million moratorium interest) and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest); and
  - on December 27, 2019, the tax authorities repaid €223 million to Vivendi (€218 million principal and €5 million moratorium interest). In addition, in January 2020, the tax authorities repaid €250 million to Vivendi, i.e., a balance of €21 million with respect to moratorium interest for fiscal year 2012 and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest).
- In the Financial Statements for the year ended December 31, 2019, the tax results of the subsidiaries comprised within the scope of Vivendi SA's French Tax Group System are calculated based on estimates. As a result, the amount of tax attributes as of December 31, 2019 could not be reliably determined. As of December 31, 2019, taking into account the impact of the estimated 2019 tax results and before the effects of the ongoing tax audits on the amount of tax attributes (please refer to Note 6.5), it is anticipated that Vivendi SA will likely be able to achieve €765 million in tax savings from tax attributes (based on the income tax rate applicable as of January 1, 2020, i.e., 32.02%). At a rate of 25.83% applicable in 2022, it is anticipated that Vivendi would achieve €618 million in tax savings from tax attributes.
- Vivendi SA values its tax attributes on the basis of one year's forecasted results, taken from the following year's budget. On this basis, in 2020, it is anticipated that Vivendi will likely be able to achieve tax savings of €112 million from the French Tax Group System (based on the income tax rate applicable in 2020, i.e., 32.02%).

6.2. PROVISION FOR INCOME TAXES AND INCOME TAX PAID BY GEOGRAPHIC AREA

Provision for income taxes

	Year ended December 31,	
(in millions of euros)	2019	2018
(Charge)/Income		
Current		
France **(a)**	405	(16)
Rest of Europe	(24)	(68)
United States	(77)	(98)
Rest of the world	(102)	(98)
	202	**(280)**
Deferred		
France	(21)	12
Rest of Europe **(b)**	(66)	(89)
United States **(c)**	24	(11)
Rest of the world	1	11
	(62)	**(77)**
Provision for income taxes	**140**	**(357)**

(a) Included a current tax income of €473 million resulting from a favorable decision from the French Council of State (*Conseil d'État*) on December 19, 2019 regarding the use of foreign tax receivables upon exit from the Global Profit Tax System, i.e., €244 million with respect to fiscal year 2012 (€218 million principal and €26 million moratorium interest) and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest).

(b) Included the deferred tax charge relating to the revaluation through profit or loss of the interests in Spotify and Tencent Music for an aggregate amount of -€36 million in 2019, compared to -€72 million in 2018, in accordance with the new IFRS 9 accounting standard, applicable since January 1, 2018.

(c) The tax reform initiated in 2017 introduces significant changes to the calculation of corporate tax in the United States. As from January 1, 2018, the federal corporate tax rate was reduced from 35% to 21%. However, this tax rate decrease is accompanied by measures that widen the taxable base by introducing a minimum tax on income earned in countries with low-tax rates (minimum tax on global intangible low-taxed income, «GILTI") and by introducing a taxation mechanism for expenditures that erode tax bases (base erosion and anti-abuse tax, «BEAT»). More generally, the new law limits the deduction of expenses previously deductible without limitation. The impacts of this new legislation recorded as of December 31, 2018 and December 31, 2019 reflect Vivendi's best estimate. As a result, the amounts recorded will be adjusted in 2020 to take into account the clarification from the tax authorities on the interpretation of certain of their previously issued guidelines.

Income tax paid

	Year ended December 31,	
(in millions of euros)	2019	2018
France	(20)	(76)
Rest of Europe	(62)	(47)
United States	(109)	(43)
Rest of the world	(92)	(96)
Income tax (paid)/collected	**(283)**	**(262)**

6.3. EFFECTIVE TAX RATE

	Year ended December 31,	
(in millions of euros, except %)	2019	2018
Earnings (before non-controlling interests)	**1,617**	**157**
Eliminations		
Income from equity affiliates	(71)	(129)
Earnings from discontinued operations	-	-
Provision for income taxes	(140)	357
Earnings from continuing operations before provision for income taxes	**1,406**	**385**
French statutory tax rate	***34.43%***	***34.43%***
Theoretical provision for income taxes based on French statutory tax rate	**(484)**	**(133)**
Reconciliation of the theoretical and effective provision for income taxes		
Earnings tax rates differences (a)	180	212
Impacts of the changes in tax rates	(11)	(2)
Use or recognition of tax losses	187	222
Depreciation or non-recognition of tax losses	(114)	(98)
Changes in deferred tax assets related to Vivendi SA's French Tax Group and the Consolidated Global Profit Tax Systems	(6)	(2)
Adjustments to tax expense from previous years	64	8
Capital gain or loss on the divestiture of or downside adjustments on financial investments or businesses	-	18
Favorable settlement of the litigation related to the foreign tax receivables for 2012 and 2015	(b) 473	-
Write-down of the Telecom Italia shares accounted for under the equity method	-	(c) (367)
Other	(149)	(215)
Provision for income taxes	**140**	**(357)**
Effective tax rate	***-9.9%***	***92.6%***
Adjustments		
Favorable decision of the litigation related to the foreign tax receivables for 2012 and 2015 (b)	*-473*	
Write-down of the value of the Telecom Italia shares accounted for under the equity method (c)		*+367*
Restated effective tax rate	***23.7%***	***24.6%***

(a) The tax reform initiated in 2017 introduces significant changes to the calculation of corporate tax in the United States. As from January 1, 2018, the federal corporate tax rate was reduced from 35% to 21%. However, this tax rate decrease is accompanied by measures that widen the taxable base by introducing a minimum tax on income earned in countries with low-tax rates (minimum tax on global intangible low-taxed income, "GILTI") and by introducing a taxation mechanism for expenditures that erode tax bases (base erosion and anti-abuse tax, "BEAT"). More generally, the new law limits the deduction of expenses previously deductible without limitation. The impacts of this new legislation recorded as of December 31, 2018 and December 31, 2019 reflect Vivendi's best estimate. As a result, the amounts recorded will be adjusted in 2020 to take into account the clarification from the tax authorities on the interpretation of certain of their previously issued guidelines.

(b) Included a current tax income of €473 million resulting from a favorable decision from the French Council of State (*Conseil d'État*) on December 19, 2019 regarding the use of foreign tax receivables upon exit from the Global Profit Tax System, i.e., €244 million with respect to fiscal year 2012 (€218 million principal and €26 million moratorium interest) and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million moratorium interest).

(c) In 2018, the result included the write-down of the value of the Telecom Italia shares accounted for under the equity method, for €1,066 million, non-taxable.

6.4. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets/(liabilities), net

	Year ended December 31,	
(in millions of euros)	2019	2018
Opening balance of deferred tax assets/(liabilities), net	(a) **(363)**	**38**
Provision for income taxes	(62)	(77)
Charges and income directly recorded in equity	22	(13)
Other business combinations	(92)	-
Changes in foreign currency translation adjustments and other	240	(b) (350)
Closing balance of deferred tax assets/(liabilities), net	**(255)**	**(402)**

(a) As of January 1, 2019, deferred tax assets included the impact of the restatements related to the application of the new accounting standard IFRS 16 – *Leases* for +€39 million (please refer to Notes 1.1 and 11).

(b) Certain reclassifications were made to the Consolidated Financial Statements for the year ended December 31, 2018 to conform to the presentation of the Consolidated Financial Statements for the year ended December 31, 2019, notably relating to the provisions with respect to the 2012 foreign tax receivables (please refer to Note 6.1) and other litigation provisions.

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2019	January 1, 2019
Deferred tax assets		
Recognizable deferred taxes		
Tax attributes – Vivendi SA Tax Group (a) (b)	765	781
Tax attributes – US Tax Group (a) (c)	139	214
Tax attributes – Havas Group (a)	269	274
Tax attributes – Other subsidiaries (a)	351	279
Other	805	731
Of which non-deductible provisions	*125*	*115*
employee benefits	*211*	*169*
working capital	*171*	*177*
Total gross deferred taxes	**2,329**	**2,279**
Deferred taxes, unrecognized		
Tax attributes – Vivendi SA Tax Group (a) (b)	(653)	(667)
Tax attributes – US Tax Group (a) (c)	(139)	(214)
Tax attributes – Havas Group (a)	(257)	(249)
Tax attributes – Other subsidiaries (a)	(320)	(255)
Other	(178)	(181)
Total deferred tax assets, unrecognized	**(1,547)**	**(1,566)**
Recorded deferred tax assets	**782**	**713**
Deferred tax liabilities		
Asset revaluations (d)	(434)	(335)
Other	(603)	(741)
Recorded deferred tax liabilities	**(1,037)**	**(1,076)**
DEFERRED TAX ASSETS/(LIABILITIES), NET	**(255)**	**(363)**

(a) The amounts of tax attributes presented in this table, were estimated at the end of the relevant fiscal years. In jurisdictions which are significant to Vivendi, mainly France and the United States, tax returns are filed on May 1 and September 15 at the latest of the following year, respectively. As a result, the amount of tax attributes shown in this table and the amount reported to tax authorities may differ, and if necessary, may need to be adjusted in this table at the end of the following year.

(b) Related to deferred tax assets recognizable in respect of tax attributes by Vivendi SA as head of the French Tax Group (please refer to Note 6.1); i.e., €765 million as of December 31, 2019 (compared to €781 million as of December 31, 2018), in respect of tax losses only, taking into account the estimated impact (-€16 million) of the 2019 transactions (taxable income and use or expiration of tax credits), but before taking into account the final contingent outcome of ongoing tax audits (please refer to Note 6.5). In France, tax losses can be carried forward indefinitely and the foreign tax receivables can be carried forward upon exit from the Consolidated Global Profit Tax System.

(c) Primarily related to deferred tax assets recognizable in respect of tax credits carried forward by Universal Music Group, Inc. in the United States as head of the US Tax Group, i.e., $154 million as of December 31, 2019 (compared to $244 million as of December 31, 2018), taking into account the estimated impact (-$90 million) of 2019 transactions, but before taking into account the final contingent outcome of ongoing tax audits (please refer to Note 6.5).

(d) These tax liabilities, stemming from asset revaluations and resulting from the purchase price allocation of entities acquired by the group, are cancelled upon amortization or divestiture of the related assets and do not and will not generate any current tax liabilities.

6.5. TAX LITIGATION

In the normal course of their business, Vivendi SA and its subsidiaries are subject to tax audits by the relevant tax authorities in the countries in which they conduct or conducted business. Various tax authorities have proposed adjustments to the financial results reported by Vivendi and its subsidiaries for fiscal year 2018 and prior years, under statutes of limitation applicable to Vivendi and its subsidiaries. In litigation situations, Vivendi's policy is to pay the taxes it intends to contest, and to seek a refund through appropriate legal proceedings. Regarding ongoing tax audits, no provision is recorded where the impact that could result from an unfavorable outcome cannot be reliably assessed. To date, Vivendi Management believes that these tax audits are unlikely to have a material impact on the group's financial position or liquidity.

Regarding the tax audit for fiscal years 2008 to 2012, Vivendi SA is subject to a rectification procedure for which the tax authorities challenge the accounting and tax treatment of NBC Universal shares received in consideration of the sale of Vivendi Universal Entertainment shares in 2004. Additionally, the tax authorities challenge the deduction of the €2.4 billion loss recorded as part of the sale of these shares in 2010 and 2011. Proceedings were brought before the National Direct Tax System *(Commission Nationale des Impôts Directs)*, which rendered its opinion on December 9, 2016 (which was notified to Vivendi SA on January 13, 2017), in which it declared the discontinuation of the adjustments suggested by the tax authorities. Moreover, given that the disagreement was based on administrative doctrine, Vivendi asked for its cancellation on the ground that it was tantamount to adding to the law. On May 29, 2017, the French Council of State *(Conseil d'État)* favorably received Vivendi's appeal for misuse of authority. By letter dated April 1, 2019 and following various appeals, the tax authorities confirmed the continuation of the rectification procedure. On June 18, 2019, Vivendi therefore initiated a legal proceeding before the tax department. As no reply was received from the tax authorities, on December 30, 2019, Vivendi filed a complaint before the Administrative Court of Montreuil. In addition, the tax audit for fiscal years 2013 to 2016 is ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for all the fiscal years under audit.

In respect of the US Tax Group, the tax audit for fiscal years 2011, 2012, and 2013 is now closed. On January 31, 2018, Vivendi was informed by the US tax authorities that fiscal years 2014, 2015 and 2016 were under audit, ongoing until December 31, 2019. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

With regard to the Havas Group, Havas SA initiated legal proceedings for the refund of the withholding tax paid by the company between 2000 and 2002 on the redistribution of dividends from European subsidiaries (€38 million). On July 28, 2017, following the filing of the case before the Paris Administrative Court and Court of Appeal and the Versailles Court of Appeal, the French Council of State *(Conseil d'État)* found that the appeal in cassation made by Havas against the decision of the Versailles Court of Appeal was inadmissible. This decision irrevocably ended the tax litigation and barred Havas from obtaining a refund of the withholding tax. To restore Havas's right to compensation, three combined actions were taken: (i) a claim before the European Commission, (ii) a filing before the European Court of Human Rights, and (iii) a claim for compensation under an action for damages against the French state. Vivendi Management believes that it has solid legal grounds to defend the positions for determining the taxable income for the fiscal years under audit.

NOTE 7. EARNINGS PER SHARE

	Year ended December 31,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners	1,583	1,583	127	127
Earnings from discontinued operations attributable to Vivendi SA shareowners	-	-	-	-
Earnings attributable to Vivendi SA shareowners	**1,583**	**1,583**	**127**	**127**
Number of shares (in millions)				
Weighted average number of shares outstanding (a)	1,233.5	1,233.5	1,263.5	1,263.5
Potential dilutive effects related to share-based compensation	-	4.9	-	5.1
Adjusted weighted average number of shares	**1,233.5**	**1,238.4**	**1,263.5**	**1,268.6**
Earnings per share (in euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners per share	1.28	1.28	0.10	0.10
Earnings from discontinued operations attributable to Vivendi SA shareowners per share	-	-	-	-
Earnings attributable to Vivendi SA shareowners per share	**1.28**	**1.28**	**0.10**	**0.10**

(a) Net of the weighted average number of treasury shares (28.0 million shares in 2019, compared to 38.5 million shares in 2018).

NOTE 8. CHARGES AND INCOME DIRECTLY RECOGNIZED IN EQUITY

DETAILS OF CHANGES IN EQUITY RELATED TO OTHER COMPREHENSIVE INCOME

	Items not subsequently reclassified to profit or loss		Items to be subsequently reclassified to profit or loss			
(in millions of euros)	Actuarial gains/(losses) related to employee defined benefit plans (a)	Financial assets at fair value through other comprehensive income	Unrealized gains/(lesses) Hedging instruments (b)	Foreign currency translation adjustments	Other comprehensive income from equity affiliates, net	Other comprehensive income
Balance as of January 1, 2018	**(272)**	**(198)**	**78**	**(497)**	**83**	**(806)**
Charges and income directly recognized in equity	40	(224)	3	228	(164)	(117)
Tax effect	(10)	(2)	-	-	-	(12)
Other	-	(7)	-	-	-	(7)
Balance as of December 31, 2018	**(242)**	**(431)**	**81**	**(269)**	(c) **(81)**	**(942)**
Charges and income directly recognized in equity	(163)	(40)	(4)	170	53	16
Tax effect	23	-	-	-	-	23
Other	(3)	3	-	-	-	-
Balance as of December 31, 2019	**(385)**	**(468)**	**77**	**(99)**	(c) **(28)**	**(903)**

(a) Please refer to Note 18.

(b) Please refer to Note 20.7.

(c) Included foreign currency translation from Telecom Italia for -€9 million as of December 31, 2019, compared to -€20 million as of December 31, 2018.

NOTE 9. GOODWILL

(in millions of euros)	December 31, 2019	December 31, 2018
Goodwill, gross	29,266	26,804
Impairment losses	(14,576)	(14,366)
Goodwill	**14,690**	**12,438**

9.1. CHANGES IN GOODWILL

(in millions of euros)	December 31, 2018	Impairment losses	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2019
Universal Music Group	4,977	-	(a) 75	(b) 329	5,381
Canal+ Group	4,595	-	(c) 1,068	(3)	5,660
Havas Group	1,940	-	87	26	2,053
Editis	-	-	(d) 837	-	837
Gameloft	591	-	3	-	594
Vivendi Village	125	-	31	6	162
New Initiatives	210	-	-	(207)	3
Total	**12,438**	**-**	**2,101**	**151**	**14,690**

(in millions of euros)	December 31, 2017	Impairment losses	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2018
Universal Music Group	4,736	-	14	(b) 227	4,977
Canal+ Group	4,576	-	23	(4)	4,595
Havas Group	1,878	-	42	20	1,940
Gameloft	583	-	8	-	591
Vivendi Village	103	-	(e) 23	(1)	125
New Initiatives	208	(1)	3	-	210
Total	**12,084**	**(1)**	**113**	**242**	**12,438**

(a) Notably included the provisional goodwill attributable to Ingrooves, consolidated by Universal Music Group as from March 15, 2019.

(b) Notably included the foreign currency translation of the dollar (USD) against the euro.

(c) Primarily included the provisional goodwill recognized as a result of the acquisition of M7 consolidated by Canal+ Group since September 12, 2019 (please refer to Note 2.3).

(d) Primarily included the provisional goodwill recognized as a result of the acquisition of Editis consolidated since January 31, 2019 (please refer to Note 2.2).

(e) Notably included the provisional goodwill attributable to Paylogic, acquired by Vivendi Village on April 16, 2018.

9.2. GOODWILL IMPAIRMENT TEST

In 2019, Vivendi tested the value of goodwill allocated to its Cash-Generating Units (CGU) or groups of CGU applying valuation methods consistent with previous years. Vivendi ensured that the recoverable amount of CGU or groups of CGU tested exceeded their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use, determined by the discounted value of future cash flows (Discounted Cash Flow method (DCF)), and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions). For a description of the methods used for the impairment test, please refer to Note 1.3.5.8.

Presentation of CGU or groups of CGU

Operating Segments	Cash Generating Units (CGU)	CGU or groups of CGU tested
Universal Music Group	Recorded music	Universal Music Group (a)
	Music publishing	
	Artist services and merchandising	
Canal+ Group	Pay-TV in Mainland France	Pay-TV in France (mainland and overseas), Benelux, Poland, Central Europe, Africa and Asia, and free-to-air TV in France (a)
	Canal+ International (b)	
	Platforma Canal+ (Poland)	
	M7 (Central Europe and Benelux)	
	Free-to-air TV in France	
	Studiocanal	Studiocanal
Havas Group	Spain (c)	Spain (c)
	North America	North America
	France	France
	Other territories	Other territories
Editis (d)	Editis	Editis
Gameloft	Gameloft	Gameloft
Vivendi Village	Paddington	Paddington
	Live entertainment in France	Live entertainment in France
	Live entertainment in the United Kingdom	Live entertainment in the United Kingdom
	Venues in France	Venues in France
	See Tickets France	Ticketing (Vivendi Ticketing) (a)
	See Tickets United Kingdom	
	See Tickets United States	
	See Tickets B.V. (formerly Paylogic)	
New Initiatives	Dailymotion	Dailymotion
	Group Vivendi Africa	Group Vivendi Africa

(a) Corresponds to the level of monitoring return on investments.

(b) Relates to pay-TV in overseas France, Africa and Asia.

(c) Includes entities under the same management.

(d) As of December 31, 2019, no goodwill impairment test attributable to Editis was completed given that the acquisition date of Editis (January 31, 2019) was close to the financial closing date.

During the fourth quarter of 2018, Vivendi performed a goodwill impairment test on each CGU or group of CGU, on the basis of valuations of recoverable amounts determined through internal valuations or with the assistance of third-party appraisers. As a result, Vivendi Management concluded that, as of December 31, 2019, the recoverable amount for each CGU or group of CGU tested exceeded their carrying value.

Presentation of key assumptions used for the determination of recoverable amounts

The value in use of each CGU or group of CGU is usually determined as the discounted value of future cash flows by using cash flow projections consistent with the 2020 budget and the most recent forecasts prepared by the operating segments. These forecasts are prepared on the basis of financial targets as well as the following main key assumptions: discount rate, perpetual growth rate and EBITA as defined in Note 1.2.3, capital expenditures, the competitive and regulatory environments, technological developments and level of commercial expenses. When the business plan of a CGU or group of CGU is not available at the time of the re-examination of the value of goodwill, Vivendi ensures that the recoverable amount exceeds the carrying value on the basis of market data only. The recoverable amount used for the relevant CGU or group of CGU was determined based on its value in use in accordance with the main key assumptions set out below.

		Valuation Method		Discount Rate (a)		Perpetual Growth Rate	
Operating segments	**CGU or groups of CGU tested**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Universal Music Group	Universal Music Group (b)	Transaction	n/a	n/a	n/a	n/a	n/a
Canal+ Group	Pay-TV in France (mainland and overseas), Benelux, Poland, Central Europe, Africa and Asia, and free-to-air TV in France (c)	Comparables	n/a	n/a	n/a	n/a	n/a
	Studiocanal	DCF	DCF	7.70%	8.00%	1.00%	0.50%
Havas Group	Spain	DCF	DCF	7.37%	8.03%	2.00%	2.00%
	North America	DCF	DCF	8.00%	8.10%	2.00%	2.00%
	France	DCF	DCF	7.70%	7.90%	2.00%	2.00%
Gameloft	Gameloft	DCF & comparables model	DCF & comparables model	9.00%	8.50%	2.00%	2.00%
Vivendi Village	Paddington	DCF	DCF	8.80%	8.60%	1.00%	1.00%
	Live entertainment in France	DCF	DCF	10.00%	9.00%	1.00%	1.00%
	Live entertainment in the United Kingdom	DCF	DCF	10.00%	n/a	1.00%	n/a
	Venues in France	DCF	DCF	9.00%	9.00%	1.00%	1.00%
	Ticketing (Vivendi Ticketing)	DCF	DCF	9.30%	11.00%	2.00%	2.00%
New Initiatives	Dailymotion	Comparables	DCF & comparables model	n/a	11.50%	n/a	2.00%

n/a: not applicable.

(a) The determination of recoverable amounts using a post-tax discount rate applied to post-tax cash flows provides recoverable amounts consistent with the ones that would have been obtained using a pre-tax discount rate applied to pre-tax cash flows.

(b) On December 31, 2019, Vivendi and a consortium of global financial investors led by Tencent entered into an agreement which provides for the sale of 10% of UMG's share capital, based on an enterprise value of €30 billion for 100% of UMG's share capital. On this basis, Vivendi considered that UMG's recoverable amount exceeded its carrying value.

(c) Based on multiple valuations observed in recent acquisitions, Vivendi considered that Canal+ Group's recoverable amount exceeded its carrying value.

Sensitivity of recoverable amounts

	December 31, 2019				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Universal Music Group (a)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Canal+ Group (b)					
Pay-TV in France (mainland and overseas), Benelux, Poland, Central Europe, Africa and Asia, and free-to-air TV in France	n/a	n/a	n/a	n/a	n/a
Studiocanal	7.70%	+1.05 pts	1.00%	-1.71 pts	-15%
Havas Group					
Spain	7.37%	+7.99 pts	2.00%	-13.43 pts	-57%
North America	8.00%	+8.27 pts	2.00%	-16.69 pts	-57%
France	7.70%	+6.00 pts	2.00%	-8.80 pts	-51%
Gameloft (c)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Dailymotion (c)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

	December 31, 2018				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Universal Music Group	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Canal+ Group					
Pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France	n/a	n/a	n/a	n/a	n/a
Studiocanal	8.00%	+2.02 pts	0.50%	-3.78 pts	-23%
Havas Group					
Spain	8.03%	+7.40 pts	2.00%	-15.65 pts	-57%
North America	8.10%	+6.77 pts	2.00%	-12.72 pts	-52%
France	7.90%	+6.90 pts	2.00%	-12.36 pts	-54%
Gameloft (c)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Dailymotion (c)	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

n/a: not applicable.

(a) Please refer to reference b. in the table above.

(b) Please refer to reference c. in the table above.

(c) Vivendi Management considered that the recoverable amounts of Gameloft and Dailymotion as of December 31, 2019 and as of December 31, 2018, which were determined using standard valuation methods (the value in use, determined as the discounted value of future cash flows, and the fair value, determined on the basis of market data: stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions) were at least equal to their carrying value.

NOTE 10. CONTENT ASSETS AND COMMITMENTS

10.1. CONTENT ASSETS

	December 31, 2019		
(in millions of euros)	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	8,999	(7,405)	1,594
Advances to artists and repertoire owners	1,266	-	1,266
Merchandising contracts and artists services	22	(22)	-
Film and television costs	7,111	(6,328)	783
Sports rights	466	-	466
Editorial creations	861	(816)	45
Other	44	(29)	15
Content assets	**18,769**	**(14,600)**	**4,169**
Deduction of current content assets	(1,440)	17	(1,423)
Non-current content assets	**17,329**	**(14,583)**	**2,746**

	December 31, 2018		
(in millions of euros)	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	8,523	(7,159)	1,364
Advances to artists and repertoire owners	1,045	-	1,045
Merchandising contracts and artists services	20	(20)	-
Film and television costs	6,792	(6,107)	685
Sports rights	437	-	437
Other	48	(39)	9
Content assets	**16,865**	**(13,325)**	**3,540**
Deduction of current content assets	(1,381)	35	(1,346)
Non-current content assets	**15,484**	**(13,290)**	**2,194**

Changes in content assets

(in millions of euros)	Year ended December 31, 2019	2018
Opening balance	**3,540**	**3,247**
Amortization of content assets excluding those acquired through business combinations	(65)	(49)
Amortization of content assets acquired through business combinations	(84)	(79)
Impairment losses on content assets acquired through business combinations	-	-
Increase	3,440	2,737
Decrease	(2,769)	(2,597)
Business combinations	50	3
Foreign currency translation adjustments and other	57	278
Closing balance	**4,169**	**3,540**

10.2. CONTRACTUAL CONTENT COMMITMENTS

Commitments given recorded in the Statement of Financial Position: content liabilities

Content liabilities are mainly recorded in “Trade accounts payable and other” or in “Other non-current liabilities” whether they are current or non-current, as applicable.

	Minimum future payments as of December 31, 2019				Total minimum future payments as of December 31, 2018
		Due in			
(in millions of euros)	Total	2020	2021-2024	After 2024	
Music royalties to artists and repertoire owners	2,264	2,251	13	-	2,049
Film and television rights (a)	198	198	-	-	169
Sports rights	394	394	-	-	434
Creative talent, employment agreements and others	362	270	87	5	297
Content liabilities	**3,218**	**3,113**	**100**	**5**	**2,949**

Off-balance sheet commitments given/(received)

(in millions of euros)	Minimum future payments as of December 31, 2019				Total minimum future payments as of December 31, 2018
		Due in			
	Total	2020	2021-2024	After 2024	
Film and television rights (a)	3,136	1,093	2,013	30	2,630
Sports rights	(b) 1,998	425	1,556	17	1,735
Creative talent, employment agreements and others (c)	1,362	693	635	34	1,172
Given commitments	**6,496**	**2,211**	**4,204**	**81**	**5,537**
Film and television rights (a)	(159)	(100)	(58)	(1)	(188)
Sports rights	(104)	(52)	(52)	-	(7)
Creative talent, employment agreements and others (c)	not available				
Other	(6)	(2)	(4)	-	(3)
Received commitments	**(269)**	**(154)**	**(114)**	**(1)**	**(198)**
Total net	**6,227**	**2,057**	**4,090**	**80**	**5,339**

(a) Mainly includes contracts valid over several years for movies and TV production broadcasting rights (mainly exclusivity contracts with major US studios), pre-purchases of rights in the French cinema industry, Studiocanal's film production and co-production commitments (given and received), and Canal and Platforma Canal+ multichannel digital TV package broadcasting rights. They are recorded as content assets when the broadcast is available for initial release or after the initial significant payment. As of December 31, 2019, provisions recorded in respect of these commitments amounted to €22 million (compared to €26 million as of December 31, 2018).

In addition, these amounts do not include commitments under contracts for channel diffusion rights and non-exclusive distribution of channels, in respect of which Canal+ Group did not grant or receive minimal guaranteed amounts. The variable amount of these commitments cannot be reliably determined and is not reported in either the Statement of Financial Position or in the commitments and is instead recorded as an expense for the period in which it was incurred. Based on an estimate of the future subscriber base at Canal+ Group, given commitments would have increased by a net amount of €426 million as of December 31, 2019, compared to €407 million as of December 31, 2018. These amounts notably included the renewal of the distribution agreement with beIN Sports on July 11, 2016, for a four-year period.

Moreover, on November 8, 2018, Canal+ Group announced the renewal of its May 7, 2015 agreement with all the cinema professional organizations (ARP, BLIC and BLOC), extending until December 31, 2022 a historic partnership of more than 30 years between Canal+ and the French cinema. Pursuant to this agreement, the Canal+ channel undertook to invest 12.5% of its annual revenues every year in the financing of European cinematographic works. With respect to audiovisual, pursuant to the agreements entered into with producers' and authors' organizations in France, the Canal+ channel is required to invest 3.6% of its total net annual revenue in the financing of heritage works every year. Only films for which an agreement in principle is made with producers are accounted for in the off-balance sheet commitments, as it is otherwise not possible to reliably determine a future and total estimate of commitments under agreements with cinema professional organizations and with producers' and authors' organizations.

(b) Notably included broadcasting rights held by Canal+ Group to the following sport events:
- the Soccer Champions League, on an exclusive basis for the two premium lots for three seasons, from 2021/2022 to 2023/2024, awarded on November 29, 2019;
- the English Premier League in France and in Poland, for the two seasons 2020/2021 and 2021/2022, awarded on October 31, 2018;
- the National French Rugby Championship "Top 14", on an exclusive basis, for the three seasons 2020/2021 to 2022/2023; and
- Formula 1, Formula 2 and GP3 racings, on an exclusive basis, for the 2020 season. On January 21, 2020, Canal+ Group announced the extension of this agreement for the exclusive broadcast of the entire 2021 and 2022 seasons.

These commitments will be accounted for in the Statement of Financial Position either upon the start of every season or upon an initial significant payment.
In addition, Canal+ Group and beIN Sports entered into an exclusive distribution and sublicensing deal in France of the French professional Soccer League 1. The exclusive agreement is for a five-year period, renewable. As a reminder, as of December 31, 2018, Canal+ Group held broadcasting rights for the 2019/2020 season for the two premium lots (€549 million).

(c) Primarily relates to UMG, which routinely commits to pay agreed amounts to artists and other parties upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or the other party has delivered his or her content or until the repayment of an advance, UMG discloses its obligation as an off-balance sheet given commitment. While the artist or the other party is obligated to deliver content or another product to UMG (these arrangements are generally exclusive), this counterpart cannot be reliably determined and, thus, is not reported in received commitments.

NOTE 11. LEASES

As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. Moreover, Vivendi applied this change of accounting standard to the Statement of Financial Position, Statement of Earnings and Statement of Cash Flows in 2019. For a detailed description, please refer to Notes 1.1 and 1.3.5.7.

11.1. RIGHTS-OF-USE RELATING TO LEASES

As of December 31, 2019, the rights-of-use relating to leases amounted to €1,245 million (€1,131 million as of January 1, 2019) less the accumulated amortization and impairment losses for €741 million as of December 31, 2019 (€499 million as of January 1, 2019). These rights-of-use relate to real estate leases.

Changes in the rights-of-use

(in millions of euros)	Year ended December 31, 2019
Balance as of January 1, 2019	**1,131**
Amortization	(220)
Acquisitions/increase	265
Sales/decrease	(1)
Business combinations	40
Foreign currency translations and other	30
Balance as of December 31, 2019	**1,245**

11.2. LEASE LIABILITIES

Reconciliation between off-balance sheet leases as of December 31, 2018 and lease liabilities as of January 1, 2019

(in millions of euros)	
Off-balance sheet leases as of December 31, 2018	**1,436**
Lease with a remaining lease term of less than 12 months (short-term lease)	(7)
Leases of low-value assets	-
Variable lease payments (excluding indexed leases)	-
Reasonably certain renewal/extension and termination options	101
Others	20
Undiscounted lease payments as of January 1, 2019	**1,550**
Effect of discounting	(210)
Residual value guarantee	-
Non-lease components	-
Operating lease liabilities as of January 1, 2019	**1,340**
Financing lease liabilities	-
Total of lease liabilities as of January 1, 2019	**1,340**

Maturity of lease liabilities

The maturity of lease liabilities is based on assumptions made upon the initial application of IFRS 16.
The weighted average incremental borrowing rate applied to lease liabilities as of January 1, 2019 was 3.21%.

(in millions of euros)	December 31, 2019	January 1, 2019
Maturity		
2020	236	218
2021-2024	720	698
After 2024	503	424
Lease liabilities	**1,459**	**1,340**

11.3. LEASE-RELATED EXPENSES

Lease-related expenses recorded in the Statement of Earnings amounted to €263 million in 2019 (compared to €274 million in 2018 relating to operating leases under IAS 17).

NOTE 12. INVESTMENTS IN EQUITY AFFILIATES

12.1. MAIN INVESTMENTS IN EQUITY AFFILIATES

As of December 31, 2019, the main companies accounted for by Vivendi under the equity method were as follows:

- Telecom Italia: fixed and mobile telephony operator in Italy and Brazil;
- Banijay Group Holding: producer and distributor of television programs; and
- Vevo: premium music video and entertainment platform.

	Voting interest		Net carrying value of equity affiliates	
(in millions of euros)	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Telecom Italia (a)	23.94%	23.94%	3,248	3,130
Banijay Group Holding (b)	31.4%	31.4%	148	145
Vevo	49.4%	49.4%	78	81
Other			46	62
			3,520	**3,418**

(a) As of December 31, 2019, Vivendi held 3,640 million Telecom Italia ordinary shares with voting rights, i.e., 23.94%, representing 17.15% of the total share capital. Based on the stock market price as of December 31, 2019 (€0.556 per ordinary share), the market value of this interest amounted to €2,025 million. For an analysis of the value of Vivendi's interest in Telecom Italia as of December 31, 2019, please refer to paragraph 12.2 below.

(b) On October 26, 2019, Banijay Group Holding entered into a final agreement to acquire 100% of Endemol Shine's share capital.

Change in value of investments in equity affiliates

	Years ended December 31,	
(in millions of euros)	2019	2018
Opening balance	**3,418**	**4,526**
Acquisitions	12	-
Sales	-	-
Write-downs	(9)	(a) (1,066)
Income from equity affiliates (b)	71	129
Change in other comprehensive income	53	(164)
Dividends received	(8)	(7)
Other	(17)	-
Closing balance	**3,520**	**3,418**

(a) In 2018, Vivendi wrote-down the value of its interest in Telecom Italia for €1,066 million (please see below).

(b) Primarily included Vivendi's share of Telecom Italia's net earnings for €67 million in 2019 (please see below), compared to €122 million in 2018.

12.2. TELECOM ITALIA

Equity accounting of Telecom Italia

As of December 31, 2019, with no change compared to December 31, 2018, Vivendi held 3,640 million Telecom Italia ordinary shares, representing 23.94% of the voting rights and 17.15% of the total share capital of Telecom Italia, while taking into account non-voting savings shares with privileged dividend rights.

As of December 31, 2019, Vivendi continues to consider that it has the power to participate in Telecom Italia's financial and operating policy decisions, particularly given the 23.94% voting rights it holds in Telecom Italia, and, as a result, it is deemed to exercise a significant influence over Telecom Italia.

Vivendi's share of Telecom Italia's earnings

Vivendi relies on Telecom Italia's public financial information to account for its interest in Telecom Italia under the equity method. Given Vivendi's and Telecom Italia's respective publication dates of their financial statements, Vivendi always accounts for its share of Telecom Italia's net earnings with a three-month reporting lag. Therefore, for fiscal year 2019, Vivendi's earnings take into account its share of Telecom Italia's net earnings for the fourth quarter of 2018 and for the first nine months of 2019, i.e., a total of €67 million, which was calculated as follows:

- €1 million, attributable to Vivendi's share of Telecom Italia's profit for the fourth quarter of 2018, calculated based on the financial information for the year ended December 31, 2018, as publicly disclosed by Telecom Italia on February 21, 2019;
- €126 million, attributable to Vivendi's share of Telecom Italia's profit for the first nine months of 2019, calculated based on the financial information for the first nine months of 2019, as publicly disclosed by Telecom Italia on November 7, 2019; and
- -€60 million, excluded from adjusted net income, relating to the amortization of intangible assets related to the purchase price allocation for Telecom Italia.

In addition, Vivendi's share of Telecom Italia's charges and income directly recognized in equity amounted to €51 million in 2019, including €11 million related to foreign currency translation adjustments.

Value of Vivendi's interest in Telecom Italia as of December 31, 2019

As of December 31, 2019, the stock market price of Telecom Italia ordinary shares (€0.556 per share) was lower than the average purchase price paid by Vivendi (€1.0709 per share). As a reminder, as of December 31, 2018, Vivendi wrote-down the value of its interest accounted for under the equity method for €1,066 million, for the value of Telecom Italia shares accounted for under the equity method for €3,131 million (€0.86 per share). As of December 31, 2019, Vivendi assessed whether there was any indication that its interest in Telecom Italia may have become impaired in 2019. As every year, the test was implemented with the assistance of a third-party appraiser and the value determined using standard valuation methods (the value in use, determined as the discounted value of future cash flows, and the fair value, determined on the basis of market data: stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions). Vivendi Management concluded that there were no triggering events that would indicate any reduction in the value of its interest compared to December 31, 2018. In Vivendi's Consolidated Financial Statements for the year ended December 31, 2019, the value of Telecom Italia shares accounted for under the equity method was €3,248 million.

Financial information related to 100% of Telecom Italia

The main aggregates of the Consolidated Financial Statements, as publicly disclosed by Telecom Italia, are as follows:

(in millions of euros)	Nine month Financial Statements as of September 30, 2019	Annual Financial Statements as of December 31, 2018
Date of publication by Telecom Italia:	*November 7, 2019*	*February 21, 2019*
Non-current assets	60,675	56,890
Current assets	8,798	8,729
Total assets	**69,473**	**65,619**
Total equity	22,544	21,747
Non-current liabilities	36,151	30,991
Current liabilities	10,778	12,881
Total liabilities	**69,473**	**65,619**
of which net financial debt (a)	*28,447*	*25,995*
Revenues	13,423	18,940
EBITDA (a)	6,499	7,403
Earnings attributable to Telecom Italia shareowners	852	(1,411)
Total comprehensive income/(loss) attributable to Telecom Italia shareowners	858	(1,784)

(a) Non-GAAP measures ("Alternative Performance Measures"), as publicly disclosed by Telecom Italia.

NOTE 13. FINANCIAL ASSETS

	December 31, 2019			December 31, 2018		
(in millions of euros)	Total	Current	Non-current	Total	Current	Non-current
Financial assets at fair value through profit or loss						
Term deposits (a)	154	154	-	549	549	-
Level 1						
Bond funds (a)	50	50	-	50	50	-
Listed equity securities	1,001	-	1,001	789	-	789
Other financial assets	5	5	-	5	5	-
Level 2						
Unlisted equity securities	42	-	42	-	-	-
Derivative financial instruments	25	8	17	38	16	22
Level 3 – Other financial assets (b)	31	-	31	44	-	44
Financial assets at fair value through other comprehensive income (c)						
Level 1 – Listed equity securities	925	-	925	936	-	936
Level 2 – Unlisted equity securities	22	-	22	20	-	20
Level 3 – Unlisted equity securities	38	-	38	47	-	47
Financial assets at amortized cost	**225**	**38**	**187**	(d) **714**	**470**	**244**
Financial assets	**2,518**	**255**	**2,263**	**3,192**	**1,090**	**2,102**

The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1.

(a) Relates to cash management financial assets, included in the cash position (please refer to Note 15).

(b) These financial assets notably included the fair value of the bond redeemable into either shares or cash (ORAN 2) subscribed to by Vivendi in 2016 in connection with its investment in Banijay Group Holding.

(c) These assets relate to listed and non-listed equity securities, which Vivendi classified as "fair value through other comprehensive income".

(d) As of December 31, 2018, these financial assets notably included:
– a receivable of €429 million on the forward sale of the remaining interest in Ubisoft sold on March 5, 2019 (please refer to Note 2.4); and
– a €70 million cash deposit pursuant to an agreement to purchase a plot of land on the île Seguin in the Parisian suburb of Boulogne-Billancourt, which cash deposit was returned on March 25, 2019 (please refer to Note 23.1).

LISTED EQUITY AND FINANCIAL ASSETS PORTFOLIO

	December 31, 2019								
	Number of shares held	Voting interest	Ownership interest	Average purchase price (b)	Stock market price	Carrying value	Change in value over the period	Cumulative unrealized capital gain/(loss)	Sensitivity at +/-10 pts
	(in thousands)			(€/share)		(in millions of euros)			
Mediaset	340,246	(a) 9.99%	28.80%	3.70	2.66	905	(29)	(354)	*+91/-91*
Other						1,021	210	959	
Total						**1,926**	**181**	**605**	

	December 31, 2018								
	Number of shares held	Voting interest	Ownership interest	Average purchase price (b)	Stock market price	Carrying value	Change in value over the period	Cumulative unrealized capital gain/(loss)	Sensitivity at +/-10 pts
	(in thousands)			(€/share)		(in millions of euros)			
Mediaset	340,246	(a) 9.99%	28.80%	3.70	2.74	934	(165)	(325)	*+93/-93*
Ubisoft (c)	6,550	5.23%	5.80%	31.98	n/a	429	n/a	n/a	*n/a*
Other						791	440	749	
Total						**2,154**	**275**	**424**	

n/a: not applicable.

(a) The partnership agreement entered into between Vivendi and Mediaset on April 8, 2016 is the subject of litigation. On April 9, 2018, in compliance with the undertakings given to the AGCOM, Vivendi transferred the portion of its voting rights in excess of 10% to an independent Italian trustee (please refer to Note 24).

(b) Includes acquisition fees and taxes.

(c) As part of the sale of its entire 27.27% interest in Ubisoft (i.e., 30,489 thousand shares), the remaining portion of 6,550 thousand shares was sold on March 5, 2019 in a forward sale (please refer to Note 2.4). As of December 31, 2018, Vivendi recorded a receivable on share disposal for the amount of such forward sale (€429 million) in the Consolidated Statement of Financial Position.

EQUITY MARKET VALUE RISKS

As part of a sustainable investing strategy, Vivendi has built an equity portfolio comprising listed and non-listed French and European companies in the telecommunication and media sectors that are leaders in the production and distribution of content.

As of December 31, 2019, Vivendi held a portfolio of listed non-controlling equity interests (including Telecom Italia). The aggregate market value was approximately €3.95 billion (before taxes). Vivendi is exposed to the risk of fluctuation in the value of these interests: as of December 31, 2019, the net unrealized capital gains or losses represented a net unrealized capital loss amounting to approximately €1.3 billion (before taxes). A 10% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €1.7 billion on Vivendi's financial position; a 20% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €2.1 billion on Vivendi's financial position.

NOTE 14. NET WORKING CAPITAL

CHANGES IN NET WORKING CAPITAL

(in millions of euros)	January 1, 2019 (a)	Changes in operating working capital (b)	Business combinations	Divestitures in progress or completed	Changes in foreign currency translation adjustments	Other (c)	December 31, 2019
Inventories	206	-	66	-	3	2	277
Trade accounts receivable and other	5,311	(3)	262	(1)	52	40	5,661
Of which trade accounts receivable	*3,840*	*(110)*	*221*	*1*	*36*	*(9)*	*3,979*
trade accounts receivable write-offs	*(197)*	*16*	*(27)*	-	*(1)*	*4*	*(205)*
Working capital assets	**5,517**	**(3)**	**328**	**(1)**	**55**	**42**	**5,938**
Trade accounts payable and other	9,513	61	676	17	122	105	10,494
Other non-current liabilities	223	3	5	(1)	4	(51)	183
Working capital liabilities	**9,736**	**64**	**681**	**16**	**126**	**54**	**10,677**
Net working capital	**(4,219)**	**(67)**	**(353)**	**(17)**	**(71)**	**(12)**	**(4,739)**

(in millions of euros)	January 1, 2018 (d)	Changes in operating working capital (b)	Business combinations	Divestitures in progress or completed	Changes in foreign currency translation adjustments	Other (c)	December 31, 2018
Inventories	177	29	-	-	3	(3)	206
Trade accounts receivable and other	5,208	65	28	(17)	(6)	36	5,314
Of which trade accounts receivable	*3,828*	*(29)*	*14*	*(9)*	*(15)*	*51*	*3,840*
trade accounts receivable write-offs	*(182)*	*(20)*	-	*3*	-	*2*	*(197)*
Working capital assets	**5,385**	**94**	**28**	**(17)**	**(3)**	**33**	**5,520**
Trade accounts payable and other	9,019	64	60	(3)	39	393	9,572
Other non-current liabilities	226	2	(1)	-	4	17	248
Working capital liabilities	**9,245**	**66**	**59**	**(3)**	**43**	**410**	**9,820**
Net working capital	**(3,860)**	**28**	**(31)**	**(14)**	**(46)**	**(377)**	**(4,300)**

(a) As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*.

(b) Excludes content investments.

(c) Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

(d) As of January 1, 2018, net working capital included the restatements related to the application of IFRS 9 for -€10 million.

TRADE ACCOUNTS RECEIVABLE AND OTHER

Credit risk

Vivendi does not consider there to be a significant risk of non-recovery of trade accounts receivables for its business segments: the large individual customer base, the broad variety of customers and markets, as well as the geographic diversity of its business segments enable Vivendi to minimize the risk of credit concentration related to trade accounts receivable.

Vivendi's operational subsidiaries have set up procedures and systems for tracking their trade accounts receivable and recovering outstanding amounts. In addition, Havas has insured its main client credit risks worldwide with a leading credit insurer. Similarly, certain UMG subsidiaries have occasionally used the same insurance system.

TRADE ACCOUNTS PAYABLE AND OTHER

(in millions of euros)	Note	December 31, 2019	January 1, 2019
Trade accounts payable		5,057	4,874
Music royalties to artists and repertoire owners	10.2	2,251	2,037
Other		3,186	2,602
Trade accounts payable and other		**10,494**	**9,513**

NOTE 15. CASH POSITION

Vivendi's cash position comprises cash and cash equivalents, as well as cash management financial assets classified as current financial assets. As defined by Vivendi, cash management financial assets relate to financial investments, which do not satisfy the criteria for classification as cash equivalents set forth in IAS 7, and, with respect to money market funds, which satisfy the ANC's and AMF's decision released in November 2018.

	December 31, 2019			December 31, 2018		
(in millions of euros)	Carrying value	Fair value	*Level* (a)	Carrying value	Fair value	*Level* (a)
Term deposits	154	n/a	*n/a*	549	n/a	*n/a*
Bond funds	50	50	*1*	50	50	*1*
Cash management financial assets	**204**			**599**		
Cash	339	n/a	*n/a*	438	n/a	*n/a*
Term deposits and current accounts	1,602	n/a	*n/a*	1,999	n/a	*n/a*
Money market funds	189	189	*1*	1,306	1,306	*1*
Bond funds	-	-	*1*	50	50	*1*
Cash and cash equivalents	**2,130**			**3,793**		
Cash position	**2,334**			**4,392**		

n/a: not applicable.

(a) Level 1 corresponds to a measurement based on quoted prices in active markets (the three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1).

In 2019, the average interest rate on Vivendi's investments was 0.64% (compared to 0.50% in 2018).

INVESTMENT RISK AND COUNTERPARTY RISK

Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (i) which are not subject to local regulations restricting the transfer of financial assets, or (ii) which are not subject to other agreements.

As of December 31, 2019, the group's cash position amounted to €2,334 million (compared to €4,392 million as of December 31, 2018), of which €1,479 million was held by Vivendi SA (compared to €3,354 million as of December 31, 2018).

Vivendi's investment policy mainly aims to minimize its exposure to counterparty risk. Consequently, Vivendi allocates a portion of the amounts available within (i) mutual funds with a low risk class (1 or 2) as defined by the European Securities and Markets Authority's (ESMA) synthetic risk and reward indicator (SRRI) which comprises seven risk classes, and (ii) credit institutions with high long-term or short-term credit ratings (at least A- (Standard & Poor's)/A3 (Moody's) and A-2 (Standard & Poor's)/P-2 (Moody's), respectively). Moreover, Vivendi allocates investments among selected banks and limits the amount of each such investment.

LIQUIDITY RISK

As of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), Vivendi considers that the cash flows generated by its operating activities, its cash surpluses, net of the cash used to reduce its debt, as well as the cash available through undrawn bank credit facilities (please refer to Note 20.3) will be sufficient to cover its operating expenses and investments, its debt service (including redemption of bonds), the payment of income taxes, the distribution of dividends and any potential share repurchases under existing authorizations, as well as its investment projects, if any, for the next 12 months.

NOTE 16. EQUITY

CHANGES IN THE SHARE CAPITAL OF VIVENDI SA

(in thousands)	December 31, 2019	December 31, 2018
Number of shares comprising the share capital (nominal value: €5.5 per share)	**1,184,576**	**1,306,234**
Treasury shares	(14,001)	(38,264)
Number of shares, net	**1,170,575**	**1,267,970**
Number of voting rights, gross	1,258,445	1,387,889
Treasury shares	(14,001)	(38,264)
Number of voting rights, net	**1,244,444**	**1,349,625**

On July 17, 2019, Vivendi SA carried out a capital increase of €113 million, by issuing 5,376 thousand new shares through an employee stock purchase plan and leveraged plan (please refer to Note 19.1.2).

As of December 31, 2019, Vivendi SA's share capital amounted to €6,515 million, divided into 1,184,576 thousand shares. In addition, as of December 31, 2019, 3,078 thousand stock options and 5,282 thousand performance shares were outstanding, representing a potential maximum nominal share capital increase of €46 million (i.e., 0.71%).

In 2019 and until February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), major transactions on Vivendi SA's share capital were as follows:

	Share repurchases		Cancellation of shares			
		in thousands of shares	in thousands of shares			
	% of the share capital (a)	Total	*Resulting from the share repurchases*	*Others*	Total	% of the share capital (a)
Share repurchases made between May 28 and July 25, 2019	5.00%	65,465				
Cancellation of treasury shares on June 17, 2019			*20,018*	(b) *29,982*	50,000	3.82%
Cancellation of treasury shares on July 25, 2019			*44,679*	-	44,679	3.41%
Share repurchases made between August 7 and November 13, 2019	2.13%	27,866				
Share repurchases made between November 18 and December 31, 2019	1.11%	14,579				
Cancellation of treasury shares on November 26, 2019			*32,083*	(c) *4,169*	36,252	2.77%
Total as of December 31, 2019	**8.24%**	**107,910**	***96,780***	***34,151***	**130,931**	**10.00%**
Share repurchases made between January 1 and February 10, 2020	0.61%	7,973				
Total as of February 10, 2020	**8.85%**	**115,883**	***96,780***	***34,151***	**130,931**	**10.00%**

(a) At the program's implementation date.

(b) Shares previously held for external growth transactions.

(c) Shares previously allocated to covering performance share plans.

SHARE REPURCHASES

On April 15, 2019, the General Shareholders' Meeting adopted the following two resolutions related to share repurchases:

- the renewal of the authorizations granted to the Management Board by the Shareholders' Meeting of April 19, 2018 to repurchase shares of the company of up to 10% of the share capital at a maximum purchase price of €25 per share; with the possibility of cancelling the shares acquired up to the limit of 10% of the share capital; and
- authorizing the Management Board to purchase shares of the company by way of a public share buyback offer (OPRA) of up to 25% of Vivendi's share capital at a maximum purchase price of €25 per share, and to cancel the shares acquired.

Following the decision of the Management Board at a meeting held on May 24, 2019, and in accordance with the authorization of the Shareholders' Meeting of April 15, 2019, Vivendi implemented a share buyback program for up to 10% of Vivendi's share capital and at a maximum price of €25 per share:

- between May 28 and July 25, 2019, Vivendi repurchased 65,465 thousand shares at an average price of €24.60 per share, for an aggregate amount of €1,610 million;
- between August 7, 2019 and November 13, 2019, Vivendi repurchased 27,866 thousand shares, at an average price of €24.88 per share, for an aggregate amount of €693 million; and
- between November 18, 2019 and December 31, 2019, Vivendi repurchased 14,579 thousand shares at an average price of €24.76 per share, for an aggregate amount of €361 million.

As of December 31, 2019, these successive operations have therefore enabled Vivendi to repurchase 107,910 thousand of its own shares with the purpose of canceling the shares acquired, at an average price of €24.69 per share, for an aggregate amount of €2,664 million (excluding fees and taxes for €9 million). As of December 31, 2019, Vivendi held 14,001 thousand treasury shares, representing 1.18% of its share capital (compared to 2.93% of its share capital as of December 31, 2018).

As of December 31, 2019, Vivendi recorded a financial liability of €360 million for firm commitments related to the share buyback program in place on that date.

Between January 1 and February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), Vivendi repurchased 7,973 thousand shares with the purpose of canceling the shares acquired at an average price of €24.74 per share, for an aggregate amount of €197 million. As of February 10, 2020, Vivendi held 21,973 thousand treasury shares, representing 1.85% of its share capital (as of the implementation date of the share buyback program), of which 19,103 thousand shares were backed by cancellation and 2,870 thousand shares were backed by hedge performance action plans.

On February 10, 2020, the Management Board decided to continue this current program until April 17, 2020 to acquire the remainder of 15,048 thousand shares at the maximum purchase price of €25 per share.

The General Shareholder's Meeting to be held on April 20, 2020 will vote on the renewal of the following two authorizations granted to the Management Board by the General Shareholders' Meeting held on April 15, 2019:

- authorization to repurchase shares of the company at a maximum price of €26 per share, within the limit of 10% of the share capital (2020-2021 program); with the possibility of cancelling the shares acquired up to the limit of 10% of the share capital; and
- authorization to repurchase shares of the company by way of a Public Share Buyback Offer (OPRA) at a maximum price of €26 per share, within the limit of 30% of the share capital (or 20% depending on the repurchases made under the new program which are deducted from this 30% limit), and to cancel the shares acquired.

CANCELLATION OF SHARES

Following the decision of the Management Board at a meeting held on June 17, 2019, and in accordance with the authorization granted by the Shareholders' Meeting of April 15, 2019, Vivendi made a capital reduction by cancelling 50,000 thousand treasury shares, i.e., 3.82% of the share capital, for a carrying value of €990 million. Of the 50,000 thousand shares cancelled:

- 29,982 thousand were reallocated for the purpose of share cancellation from the 35,093 thousand shares initially allocated for the purpose of external growth transactions. The remaining 5,111 thousand shares were reallocated to cover performance share plans; and
- 20,018 thousand shares were acquired under the share buyback program, implemented on May 28, 2019 (please see above).

On July 25, 2019, under the same authorization, the Management Board decided to cancel 44,679 thousand shares purchased on the market under the current share buyback program and representing 3.41% of the share capital as of the implementation date of the share buyback program with a carrying value of €1,105 million.

Following the decision of the Management Board at a meeting held on November 26, 2019, and in accordance with the authorization granted by the Shareholders' Meeting of April 15, 2019, Vivendi made a capital reduction by cancelling 36,252 thousand treasury shares, i.e., 2.77% of the share capital (as of the implementation date of the share buyback program), for a carrying value of €870 million. Of the 36,251 thousand shares cancelled:

- 32,083 thousand shares out of the shares purchased on the market through the current share buyback program; and
- 4,169 thousand shares held by Vivendi, previously covering performance shares plans and reallocated to the cancellation of shares.

Consequently, 130,931 thousand shares were cancelled between June 17 and November 26, 2019, i.e., 10% of the share capital as of the implementation date of the share buyback program.

SHAREHOLDERS' DIVIDEND DISTRIBUTIONS

On February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019 and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.60 per share (a 20% increase compared to the previous year) representing a total distribution of approximately €711 million. This proposed distribution was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 13, 2020, and will be submitted to the Annual General Shareholders' Meeting held on April 20, 2020. The coupon detachment date would be April 21, 2020 and the payment date April 23, 2020.

On April 18, 2019, with respect to fiscal year 2018, an ordinary dividend of €0.50 per share was paid (following the coupon detachment on April 16, 2019), representing a total distribution of €636 million.

NOTE 17. PROVISIONS

(in millions of euros)	Note	December 31, 2019	January 1, 2019
Employee benefits (a)		859	700
Restructuring costs (b)		112	51
Litigations	24	289	198
Losses on onerous contracts		39	37
Contingent liabilities due to disposal (c)		16	20
Other (d)		306	284
Provisions		**1,621**	**1,290**
Deduction of current provisions		(494)	(419)
Non-current provisions		**1,127**	**871**

(a) Included deferred employee compensation as well as provisions for employee defined benefit plans, but excluded employee termination reserves recorded under restructuring costs.

(b) Primarily included provisions for restructuring at Canal+ Group (€97 million as of December 31, 2019, compared to €40 million as of January 1, 2019) and at UMG (€13 million as of December 31, 2019, compared to €10 million as of January 1, 2019).

(c) Certain commitments given in relation to divestitures are the subject of provisions. These provisions are not significant and the amount is not disclosed because such disclosure could be prejudicial to Vivendi.

(d) Notably included litigation provisions for which the amount and nature are not disclosed because such disclosure could be prejudicial to Vivendi.

CHANGES IN PROVISIONS

	Years ended December 31,	
(in millions of euros)	2019	2018
Opening balance	(a) **1,290**	**1,927**
Addition	279	280
Utilization	(174)	(231)
Reversal	(98)	(123)
Business combinations	110	-
Divestitures, changes in foreign currency translation adjustments and other	214	(b) (576)
Closing balance	**1,621**	**1,277**

(a) In accordance with the new accounting standard IFRS 16 – *Leases*, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. For a detailed description, please refer to Notes 1.1 and 11.

(b) Certain reclassifications were made to the Consolidated Financial Statements for the year ended December 31, 2018 to conform to the presentation of the Consolidated Financial Statements for the year ended December 31, 2019, notably relating to the provisions with respect to the 2012 and 2015 French Tax Group System (€239 million and €203 million, respectively; please refer to Note 6.5) as well as other litigation provisions.

NOTE 18. EMPLOYEE BENEFITS

18.1. ANALYSIS OF EXPENSES RELATED TO EMPLOYEE BENEFIT PLANS

The table below provides information about the cost of employee benefit plans, excluding its financial component. The total cost of defined benefit plans is set forth in Note 18.2.2 below.

		Year ended December 31,	
(in millions of euros)	Note	2019	2018
Employee defined contribution plans		67	62
Employee defined benefit plans	18.2.2	6	26
Employee benefit plans		**73**	**88**

18.2. EMPLOYEE DEFINED BENEFIT PLANS

18.2.1. Assumptions used in the evaluation and sensitivity analysis

Discount rate, expected return on plan assets, and rate of compensation increase

The assumptions underlying the valuation of defined benefit plans were made in compliance with the accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably the discount rate) are determined by independent actuaries and other independent advisors and are reviewed by Vivendi's Finance department. The discount rate is therefore determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The discount rates selected are therefore used, at year-end, to determine a best estimate by Vivendi's Finance department of expected trends in future payments from the first benefit payments.

In accordance with IAS 19, the expected return on plan assets is estimated by using the selected discount rate to value the obligations of the previous year.

In weighted average

	Pension benefits		Post-retirement benefits	
	2019	2018	2019	2018
Discount rate (a)	1.3%	2.3%	2.9%	3.9%
Rate of compensation increase	1.3%	1.7%	n/a	n/a
Duration of the benefit obligation (in years)	15.0	15.0	9.3	8.8

n/a: not applicable.

(a) A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2019 discount rate would have led to a decrease of €1.2 million in pre-tax expense (or an increase of €0.3 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €101 million (or an increase of €110 million, respectively).

Assumptions used in accounting for pension benefits, by country

	United States		United Kingdom		Germany		France	
	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	3.00%	4.00%	1.75%	2.75%	0.50%	1.50%	0.50%	1.50%
Rate of compensation increase (weighted average)	n/a	n/a	n/a	3.50%	1.75%	1.75%	3.39%	3.47%

n/a: not applicable.

Assumptions used in accounting for post-retirement benefits, by country

	United States		Canada	
	2019	2018	2019	2018
Discount rate	3.00%	4.00%	2.75%	3.75%
Rate of compensation increase (weighted average)	n/a	n/a	n/a	n/a

n/a: not applicable.

Allocation of pension plan assets

	December 31, 2019	December 31, 2018
Equity securities	7%	13%
Debt securities	26%	21%
Diversified funds	9%	10%
Insurance contracts	39%	39%
Real estate	1%	1%
Cash and other	18%	16%
Total	**100%**	**100%**

Pension plan assets are mainly financial assets actively traded in organized financial markets.

These assets do not include occupied buildings or assets used by the group nor shares or debt instruments of Vivendi.

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the annual growth in the per capita cost of covered health care benefits would slow down from 6.1% for the under 65 years of age and 65 years of age and older categories in 2019, to 4.4% in 2029 for these categories. In 2019, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €7 million and the pre-tax expense by €0.3 million. Conversely, a one-percentage-point decrease in the assumed cost evolution rates would have decreased post-retirement benefit obligations by €6 million and the pre-tax expense by €0.3 million.

18.2.2. Analysis of the expense recorded and of the amount of benefits paid

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2019	2018	2019	2018	2019	2018
Current service cost	28	27	-	-	28	27
Past service cost (a)	(23)	(2)	-	-	(23)	(2)
(Gains)/losses on settlements	-	-	-	-	-	-
Other	1	1	-	-	1	1
Impact on selling, administrative and general expenses	**6**	**26**	**-**	**-**	**6**	**26**
Interest cost	24	22	5	5	29	27
Expected return on plan assets	(13)	(11)	-	-	(13)	(11)
Impact on other financial charges and income	**11**	**11**	**5**	**5**	**16**	**16**
Net benefit cost recognized in profit or loss	**17**	**37**	**5**	**5**	**22**	**42**

(a) In 2019, past service cost included an operating income of €20.9 million, corresponding to the impact of the management terms of the application of the French Pacte law (*loi Pacte*), regarding Vivendi SA's supplemental and differential defined-benefit pension plan.

In 2019, benefits paid amounted to (i) €51 million with respect to pensions (€50 million in 2018), of which €19 million paid by pension funds (€17 million in 2018), and (ii) €10 million paid with respect to post-retirement benefits (€8 million in 2018).

18.2.3. Analysis of net benefit obligations with respect to pensions and post-retirement benefits

Changes in value of benefit obligations, fair value of plan assets, and funded status

		Employee defined benefit plans		
		Year ended December 31, 2019		
		Benefit obligation	Fair value of plan assets	Net (provision)/asset recorded in the statement of financial position
(in millions of euros)	Note	(A)	(B)	(B)- (A)
Opening balance		**1,205**	**553**	**(652)**
Current service cost		28		(28)
Past service cost		(23)		23
(Gains)/losses on settlements		-	-	-
Other		-	(1)	(1)
Impact on selling, administrative and general expenses				***(6)***
Interest cost		29		(29)
Expected return on plan assets			13	13
Impact on other financial charges and income				***(16)***
Net benefit cost recognized in profit or loss				**(22)**
Experience gains/(losses) **(a)**		37	76	39
Actuarial gains/(losses) related to changes in demographic assumptions		(4)		4
Actuarial gains/(losses) related to changes in financial assumptions **(b)**		200		(200)
Adjustment related to asset ceiling		-	-	-
Actuarial gains/(losses) recognized in other comprehensive income				**(157)**
Contributions by plan participants		2	2	-
Contributions by employers		-	55	55
Benefits paid by the fund		(19)	(19)	-
Benefits paid by the employer		(42)	(42)	-
Business combinations **(c)**		24	-	(24)
Divestitures of businesses		-	-	-
Transfers		-	-	-
Foreign currency translation and other		35	28	(7)
Closing balance		**1,472**	**665**	**(807)**
of which wholly or partly funded benefits		*1,006*		
wholly unfunded benefits **(d)**		*466*		
of which assets related to employee benefit plans				*9*
provisions for employee benefit plans **(e)**	17			*(816)*

		Employee defined benefit plans		
		Year ended December 31, 2018		
		Benefit obligation	Fair value of plan assets	Net (provision)/asset recorded in the statement of financial position
(in millions of euros)	Note	(A)	(B)	(B)- (A)
Opening balance		**1,253**	**549**	**(704)**
Current service cost		27		(27)
Past service cost		(2)		2
(Gains)/losses on settlements		-	-	-
Other		-	(1)	(1)
Impact on selling, administrative and general expenses				***(26)***
Interest cost		27		(27)
Expected return on plan assets			11	11
Impact on other financial charges and income				***(16)***
Net benefit cost recognized in profit or loss				**(42)**
Experience gains/(losses) (a)		(7)	(5)	2
Actuarial gains/(losses) related to changes in demographic assumptions		(9)		9
Actuarial gains/(losses) related to changes in financial assumptions (f)		(32)		32
Adjustment related to asset ceiling		-	-	-
Actuarial gains/(losses) recognized in other comprehensive income				**43**
Contributions by plan participants		3	3	-
Contributions by employers		-	58	58
Benefits paid by the fund		(17)	(17)	-
Benefits paid by the employer		(42)	(42)	-
Business combinations		-	-	-
Divestitures of businesses		-	-	-
Transfers		-	-	-
Foreign currency translation and other		4	(3)	(7)
Closing balance		**1,205**	**553**	**(652)**
of which wholly or partly funded benefits		*799*		
wholly unfunded benefits (d)		*406*		
of which assets related to employee benefit plans				*9*
provisions for employee benefit plans (e)	17			*(661)*

(a) Includes the impact on the benefit obligations resulting from the difference between actuarial assumptions at the previous year-end and effective benefits during the year, and the difference between the expected return on plan assets at the previous year-end and the actual return on plan assets during the year.

(b) Included €210 million attributable to a decrease in discount rates in 2019, of which €81 million relating to the Euro zone, €107 million relating to the United Kingdom and €18 million relating to the United States.

(c) Corresponds mainly to the impact of the acquisition of Editis on February 1, 2019, on the value of the benefit obligation, plan assets and net provision.

(d) In accordance with local laws and practices, certain plans are not covered by plan assets. As of December 31, 2019 and 2018, such plans principally comprised supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

(e) Included a current liability of €55 million as of December 31, 2019 (compared to €51 million as of December 31, 2018).

(f) Included €29 million attributable to an increase in discount rates in 2018, of which €23 million relating to the United Kingdom and €4 million relating to the United States.

Benefit obligation, fair value of plan assets, and funded status detailed by country

	Pension benefits (a)		Post-retirement benefits (b)		Total	
	December 31,		December 31,		December 31,	
(in millions of euros)	2019	2018	2019	2018	2019	2018
Benefit obligation						
US companies	118	113	115	107	233	220
UK companies (c)	559	432	3	2	562	434
German companies	198	184	-	-	198	184
French companies	380	279	3	3	383	282
Other	84	75	12	10	96	85
	1,339	**1,083**	**133**	**122**	**1,472**	**1,205**
Fair value of plan assets						
US companies	54	52	-	-	54	52
UK companies (c)	495	395	-	-	495	395
German companies	2	2	-	-	2	2
French companies	59	52	-	-	59	52
Other	55	52	-	-	55	52
	665	**553**	**-**	**-**	**665**	**553**
Net provision						
US companies	(64)	(61)	(115)	(107)	(179)	(168)
UK companies (c)	(64)	(37)	(3)	(2)	(67)	(39)
German companies	(196)	(182)	-	-	(196)	(182)
French companies	(321)	(227)	(3)	(3)	(324)	(230)
Other	(29)	(23)	(12)	(10)	(41)	(33)
	(674)	**(530)**	**(133)**	**(122)**	**(807)**	**(652)**

(a) No employee defined benefit plan individually exceeded 10% of the aggregate value of the obligations and net provision under these plans.

(b) Primarily relates to medical coverage (hospitalization, surgery, doctor visits and drug prescriptions), post-retirement and life insurance benefits for certain employees and retirees in the United States. In accordance with current regulations in relation to the funding policy of this type of plan, the plan is not funded. The main risks for the group relate to changes in discount rates as well as increases in the cost of benefits (please refer to the sensitivity analysis described in Note 18.2.1).

(c) In December 2017, the UMPGS fund in the United Kingdom purchased a buy-in insurance policy, covering pension benefits. This insurance policy is an asset to the UMGPS plan. It was purchased following the exercise by some beneficiaries of the right to exit the UMGPS plan against a payment in cash. Vivendi continues to cover the benefits with regards to the remaining beneficiaries of the plan. In principle, the benefit obligations are equal to the plan's assets, and no net pension liability is recorded in the Consolidated Statement of Financial Position.

18.2.4. Benefits estimation and future payments

For 2020, hedge fund contributions and benefit payments by Vivendi to retirees are estimated at €45 million in respect of pensions, of which €31 million relates to pension funds and €10 million relates to post-retirement benefits.

Estimates of future benefit payments to beneficiaries by the relevant pension funds or by Vivendi (in nominal value for the following 10 years) are as follows:

(in millions of euros)	Pension benefits	Post-retirement benefits
2020	45	10
2021	62	10
2022	52	10
2023	38	10
2024	57	9
2025-2029	286	40

NOTE 19. SHARE-BASED COMPENSATION PLANS

19.1. PLANS GRANTED BY VIVENDI

19.1.1. Equity-settled instruments

Transactions relating to outstanding instruments that occurred in 2018 and 2019 were as follows:

	Stock options		Performance shares
	Number of outstanding stock options (in thousands)	Weighted average strike price of outstanding stock options (in euros)	Number of outstanding performance shares (in thousands)
Balance as of December 31, 2017	**13,202**	**16.8**	**4,303**
Granted	-	n/a	1,636
Exercised/Issued	(a) (4,989)	17.9	(771)
Forfeited	(968)	20.2	n/a
Cancelled	-	n/a	(b) (378)
Balance as of December 31, 2018	**7,245**	**15.6**	**4,790**
Granted	-	n/a	1,647
Exercised/Issued	(a) (3,897)	15.8	(759)
Forfeited	(265)	16.1	-
Cancelled	(5)	16.0	(b) (396)
Balance as of December 31, 2019	(c) **3,078**	**15.3**	(d) **5,282**
Acquired/Exercisable as of December 31, 2019	**3,078**	**15.3**	**-**
Rights acquired as of December 31, 2019	**3,078**	**15.3**	**699**

n/a: not applicable.

(a) In 2019, beneficiaries exercised stock options at the weighted average stock market price of €24.8 (compared to €22.3 for stock options exercised in 2018).

(b) At its meeting held on February 14, 2019, after a review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the achievement level of objectives set for the cumulative fiscal years 2016, 2017 and 2018 for the performance share plan granted in 2016. It was confirmed that all the criteria had been met. However, given that the negative impact of the situation in Italy was not reflected in the financial results, the Supervisory Board decided to confirm the final grant of the 2016 performance share plan only up to 75% of the initial grant. Consequently, 222,663 rights to performance shares, which were granted in 2016, were cancelled, of which 73,750 of such cancelled rights were for members of the Management Board. In addition, 173,690 rights were cancelled due to the termination of employment of certain beneficiaries.
For the performance share plan granted in 2015, at its meeting held on February 15, 2018, after a review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the achievement level of objectives set for the cumulative fiscal years 2015, 2016 and 2017. It was confirmed that not all the criteria had been met. The final grant of the 2015 performance share plan represented 75% of the initial grant, as adjusted. Consequently, 243,464 rights to performance shares, which were granted in 2015, were cancelled, of which 42,500 of such cancelled rights were for members of the Management Board. In addition, 134,520 rights were cancelled due to the termination of employment of certain beneficiaries.

(c) At the stock market price on December 31, 2019, the cumulated intrinsic value of remaining stock options to be exercised could be estimated at €33 million.

(d) The weighted-average remaining period before delivering performance shares was 1.3 years.

Please refer to Note 16 for a description of the potential impact on the share capital of Vivendi SA of the outstanding stock options and performance shares.

Outstanding stock options as of December 31, 2019

Range of strike prices	Number (in thousands)	Weighted average strike price (in euros)	Weighted average remaining life (in years)
Under €15	801	11.9	2.3
€15-€16	1,210	15.8	0.3
€16-€17	14	16.7	0.6
€17-€18	1,053	17.2	1.3
More than €18	-	-	-
	3,078	**15.3**	**1.2**

Performance share plan

On February 14, 2019, Vivendi granted to employees and executive management 1,601 thousand performance shares, of which 165,000 were granted to members of the Management Board. On May 17, 2018, Vivendi granted to employees and executive management 1,632 thousand performance shares, of which 175,000 were granted to members of the Management Board.

As of February 14, 2019, the share price was €22.60 and the expected dividend yield was 2.21% (compared to €23.03 and 1.95% as of May 17, 2018, respectively). After taking into account the cost associated with the retention period of the shares (described below), the discount for non-transferability was set at 7.9% of the share price as of February 14, 2019 (compared to 8.1% in 2018). Consequently, the fair value of each granted performance share was estimated at €19.37 (compared to €19.85 in 2018), corresponding to an aggregate fair value of the plan of €31 million (compared to €32 million in 2018).

Subject to satisfaction of the performance criteria, performance shares definitively vest at the end of a three-year period, subject to the presence of the beneficiaries in the group (vesting period). Furthermore, the shares must be held by the beneficiaries for an additional two-year period (retention period). The compensation cost is recognized on a straight-line basis over the vesting period. The accounting methods that are applied to estimate and recognize the value of these granted plans are described in Note 1.3.10.

Satisfaction of the objectives that determine the definitive grant of performance shares is assessed over a three-year consecutive period based on the following performance criteria:

- internal indicators (with a weighting of 70%):
  - the adjusted net income per share (50%) (compared to the group's earnings before interest and income taxes – EBIT (35%) in 2018), and
  - the group's cash flow from operations after interest and income tax paid – CFAIT (20%) (compared to 35% in 2018);
- external indicators (with a weighting of 30%) tied to changes in Vivendi's share price compared to the STOXX® Europe Media index (20%) and to the CAC 40 index (10%).

The granted shares correspond to the same class of common shares making up the share capital of Vivendi SA, and as a result, at the end of the three-year vesting period, beneficiaries will be entitled to the dividends and voting rights attached to these shares. The compensation cost recognized corresponds to the estimated value of the equity instruments granted to the beneficiary, and is equal to the difference between the fair value of the shares to be received and the aggregate discounted value of the dividends that were not received over the vesting period.

In 2019, the charge recognized with respect to all performance share plans amounted to €24 million, compared to €16 million in 2018.

19.1.2. Employee stock purchase and leveraged plans

On July 17, 2019 and July 19, 2018, Vivendi carried out capital increases through employee stock purchase plans and leveraged plans which gave the group's employees and retirees an opportunity to subscribe for Vivendi shares.

These shares, which are subject to certain sale or transfer restrictions during a five-year period, are subscribed to at a discount of up to 15% on the average opening market price for Vivendi shares during the 20 trading days preceding the date of the Management Board meeting which set the subscription price for the new shares to be issued. The difference between the subscription price for the shares and the share price on that date represents the benefit granted to the beneficiaries. In addition, Vivendi applied a discount for non-transferability during a five-year period, which is deducted from the benefit granted to the employees. The value of the subscribed shares is estimated and fixed at the date on which the subscription price for the new shares to be issued is set.

The applied valuation assumptions were as follows:

	2019	2018
Grant date	June 14	June 18
Data at grant date:		
Share price (in euros)	24.48	21.57
Expected dividend yield	2.04%	2.09%
Risk-free interest rate	-0.44%	-0.11%
5-year interest rate	3.96%	3.81%
Repo rate	0.36%	0.36%
Discount for non-transferability per share	19.28%	17.49%

Under the employee stock purchase plan (ESPP), 531 thousand shares were subscribed for in 2019 through a company mutual fund *(fonds commun de placement d'entreprise)* at a price of €21.106 per share (compared to 734 thousand shares at a price per share of €19.327 in 2018). In 2019 and 2018, no charges were recognized, as the benefit granted, which is equal to the positive difference between the subscription price and the stock price at the end of the subscription period on June 14, 2019 and on June 18, 2018 (discount of 13.8% and of 10.40% in 2018), was lower than the discount for non-transferability (19.3% and 17.49% in 2018).

Under the leveraged plan, 4,694 thousand shares were subscribed for in 2019 through a company mutual fund at a price of €21.106 per share (compared to 4,259 thousand shares at a price of €19.327 in 2018). The leveraged plan entitles employees and retirees of Vivendi and its French and foreign subsidiaries to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) equal to 10 shares for each subscribed share. A financial institution mandated by Vivendi hedges this transaction. In addition, 151 thousand shares were subscribed for as part of an employee shareholding plan implemented for employees of the group's Japanese subsidiaries (compared to 193 thousand shares in 2018). In 2019, the charge recognized with respect to the leveraged plan amounted to nearly €1 million (unchanged compared to 2018).

Transactions carried out in France and foreign countries through company mutual funds (*fonds commun de placement d'entreprise*; employee stock purchase and leveraged plans) resulted in a capital increase on July 17, 2019 of an aggregate value of €113 million (including issue premium), compared to €100 million on July 19, 2018.

19.2. RESTRICTED AND PERFORMANCE SHARE PLANS GRANTED BY HAVAS GROUP

The restricted and performance share plans were valued based on the stock market price of Havas Group shares as of the date of the Board of Directors' meeting that approved the grant of these shares. Subject to satisfaction of the performance criteria for certain plans, shares definitively vest at the end of a period of 36 to 51 months, subject to the presence of the beneficiaries in the group.

As of December 31, 2019, Havas Group's outstanding plans were as follows:

- On May 10, 2016, the Board of Directors granted 2,584 thousand restricted shares and performance shares to the group's senior executives and managers in France and abroad, including 90 thousand shares for Mr. Yannick Bolloré.
- On July 21, 2016, the Board of Directors granted 148 thousand restricted shares to all employees in France.
- On February 28, 2017, the Board of Directors granted 1,699 thousand restricted shares to the group's senior executives in France and abroad.

In light of both the implementation of the mandatory squeeze-out resulting in the absence of liquidity for Havas shares and the change of control of Havas to Vivendi, Vivendi's Supervisory Board resolved that the restricted and performance shares granted by Havas would be replaced by Vivendi shares, on the basis of 0.44 Vivendi share for every one Havas share.

In 2018, beneficiaries of Havas restricted or performance shares have been individually given the option of being definitively granted the corresponding shares initially granted to them, subject to having entered into a liquidity contract with Vivendi, which contains:

- a put option, giving such beneficiaries the right to sell their Havas restricted and performance shares to Vivendi within thirty calendar days from the first business day following the date of vesting of their Havas restricted and performance shares; and
- a call option, giving Vivendi the right to acquire the relevant Havas restricted and performance shares within fifteen calendar days following the expiry of the exercise period of the abovementioned put option.

The exercise price of these options will be the cash equivalent, for one Havas share, of the market value of 0.44 Vivendi share calculated on the basis of the average stock market price for Vivendi shares on Euronext Paris, weighted by the daily trading volumes on the regulated market of Euronext Paris, during the ten trading days preceding the date of vesting of Havas restricted and performance shares.

By way of derogation, given the proximity of the vesting period applicable to a plan that had been granted on January 29, 2014 (vested on April 29, 2018), this exercise price was equal to the tender offer price, i.e., €9.25 per Havas share, for the beneficiaries of this plan.

As of December 31, 2019, 1,265 thousand Havas shares (compared to 2,297 thousand Havas as of December 31, 2018) were subject to a liquidity agreement and will therefore be granted to the beneficiaries subject to their presence upon maturity of each plan, and then acquired by Vivendi. 2,370 thousand Havas shares will be exchanged for approximatively 1,043 thousand Vivendi shares (on the basis of 0.44 Vivendi for every one Havas share).

Transactions relating to outstanding shares that have occurred since January 1, 2018 were as follows:

	Number of outstanding shares (in thousands)
Balance as of December 31, 2017	**7,933**
Forfeited	(a) (1,719)
Cancelled	(347)
Balance as of December 31, 2018	**5,867**
Forfeited	(a) (2,051)
Cancelled	(181)
Balance as of December 31, 2019	**3,635**

(a) Relates to plans granted on the following dates:
- on January 29, 2014 and which expired on April 29, 2018: 870 thousand shares were paid in cash by Vivendi at a price of €9.25 per share and 849 thousand Havas shares were exchanged for 374 thousand Vivendi shares, on the basis of 0.44 Vivendi share for every one Havas share in accordance with the terms and conditions of the plan;
- on January 19, 2015 and which expired on April 19, 2019: 825 thousand Havas shares were settled in cash by Vivendi at a price of €11.51 per share in accordance with the liquidity agreement, and 973 thousand Havas shares were exchanged for 428 thousand Vivendi shares in accordance with the terms and conditions of the plan;
- on May 10, 2016 and which expired on May 10, 2019: 120 thousand Havas shares were settled in cash by Vivendi at a price of €11.24 per share in accordance with the liquidity agreement;
- on March 19, 2015 and which expired on June 19, 2019: 70 thousand Havas shares were exchanged for 31 thousand Vivendi shares in accordance with the terms and conditions of the plan; and
- on August 27, 2015 and which expired on November 27, 2019: 9 thousand Havas shares were settled in cash by Vivendi at a price of €10.93 per share in accordance with the liquidity agreement, and 53 thousand Havas shares were exchanged for 24 thousand Vivendi shares in accordance with the terms and conditions of the plan.

In 2019, the charge recognized in respect of all restricted and performance share plans granted by Havas amounted to €8 million (compared to €10 million in 2018).

19.3. RESTRICTED SHARE PLANS GRANTED BY GAMELOFT S.E.

The restricted share plans of Gameloft S.E. ("Gameloft") were valued on the basis of the stock market price of Gameloft S.E. shares as of the date of the Board of Directors meeting that approved the grant of restricted shares, taking into account the retention period on the shares following vesting. The definitive grant of shares to beneficiaries is conditional upon the beneficiary's employment contract with the company being continuously in force throughout the entire vesting period, of two or four years depending on the plan.

Transactions on outstanding restricted shares that occurred since January 1, 2018 were as follows:

	Number of outstanding restricted shares (in thousands)
Balance as of December 31, 2017	**734**
Issued	(306)
Forfeited	-
Cancelled	(87)
Balance as of December 31, 2018	**341**
Issued	(326)
Forfeited	-
Cancelled	(15)
Balance as of December 31, 2019	**-**

On March 21, 2019, Vivendi acquired 717 thousand shares in accordance with the liquidity agreement signed with the beneficiaries during the second half of 2018. As of December 31, 2019, the number of remaining shares referred to in this agreement was 874 thousand shares.

In 2019, the charge recognized in respect of restricted shares granted by Gameloft S.E. was non-significant (unchanged compared to 2018).

19.4. DAILYMOTION'S LONG-TERM INCENTIVE PLAN

In 2015, Vivendi implemented a long-term incentive plan for a five-year period for certain key executives of Vivendi. This plan is tied to the growth of Dailymotion's enterprise value compared to its acquisition value, to be measured as of June 30, 2020, based upon an independent expertise. In the event of an increase in Dailymotion's value, the amount of the compensation with respect to the incentive plan is capped at a percentage of such increase, depending on the beneficiary. Within the six months following June 30, 2020, the plan will be settled in cash, if applicable.

In accordance with IFRS 2, a compensation expense must be estimated and accounted for at each reporting date until the payment date. As of December 31, 2019, no charges were accounted for with respect to this plan, unchanged compared to prior years.

NOTE 20. BORROWINGS AND OTHER FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT

		December 31, 2019			December 31, 2018		
(in millions of euros)	Note	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	20.2	5,450	5,050	400	4,050	3,350	700
Short-term marketable securities issued	20.3	870	-	870	-	-	-
Bank overdrafts		18	-	18	98	-	98
Accrued interest to be paid		17	-	17	17	-	17
Bank credit facilities (drawn confirmed)	20.3	-	-	-	-	-	-
Cumulative effect of amortized cost	20.1	(23)	(22)	(1)	(14)	(13)	(1)
Other		66	9	57	65	10	55
Borrowings at amortized cost		**6,398**	**5,037**	**1,361**	**4,216**	**3,347**	**869**
Commitments to purchase non-controlling interests		528	118	(a) 410	114	98	16
Derivative financial instruments	20.7	11	5	6	6	3	3
Borrowings and other financial liabilities		**6,937**	**5,160**	**1,777**	**4,336**	**3,448**	**888**
Lease liabilities	11	1,459	1,223	236	n/a	n/a	n/a
Total		**8,396**	**6,383**	**2,013**	**4,336**	**3,448**	**888**

n/a: not applicable.

(a) Includes the firm commitment of €360 million related to the share buyback program in place as of December 31, 2019 (please refer to Note 16).

20.1. FAIR MARKET VALUE OF BORROWINGS AND OTHER FINANCIAL LIABILITIES

	December 31, 2019			December 31, 2018		
(in millions of euros)	Carrying value	Fair market value	*Level* (a)	Carrying value	Fair market value	*Level* (a)
Nominal value of borrowings	6,421			4,230		
Cumulative effect of amortized cost	(23)			(14)		
Borrowings at amortized cost	**6,398**	**6,512**	***n/a***	**4,216**	**4,291**	***n/a***
Commitments to purchase non-controlling interests	(b) 528	528	*1-3*	114	114	*3*
Derivative financial instruments	11	11	*2*	6	6	*2*
Borrowings and other financial liabilities	**6,937**	**7,051**		**4,336**	**4,411**	

n/a: not applicable.

(a) The three classification levels for the measurement of financial liabilities at fair value are defined in Note 1.3.1.

(b) Includes the firm commitment of €360 million related to the share buyback program in place as of December 31, 2019, classified in Level 1 (please refer to Note 16).

20.2. BONDS

(in millions of euros)	Interest rate (%) nominal	effective	Maturity	December 31, 2019	December 31, 2018
Bonds issued by Vivendi SA					
€700 million (June 2019) (a)	0.000%	0.17%	June 2022	700	-
€700 million (June 2019) (a)	0.625%	0.67%	June 2025	700	-
€700 million (June 2019) (a)	1.125%	1.27%	December 2028	700	-
€850 million (September 2017)	0.875%	0.99%	September 2024	850	850
€600 million (November 2016)	1.125%	1.18%	November 2023	600	600
€1 billion (May 2016)	0.750%	0.90%	May 2021	1,000	1,000
€500 million (May 2016)	1.875%	1.93%	May 2026	500	500
€700 million (December 2009)	4.875%	4.95%	December 2019	(b) -	700
Bonds issued by Havas SA					-
€400 million (December 2015)	1.875%	1.94%	December 2020	400	400
Nominal value of bonds				**5,450**	**4,050**

(a) On June 4, 2019, Vivendi SA issued a €2.1 billion bond, in three tranches of €700 million each.

(b) This bond was fully redeemed at maturity in December 2019.

Bonds issued by Vivendi SA and Havas SA are listed on the Euronext Paris Stock Exchange.

On March 23, 2018, Vivendi set up a €3 billion Euro Medium-Term Note (EMTN) program giving Vivendi full flexibility to issue bonds. This program was renewed on March 22, 2019 and filed with the AMF *(Autorité des marchés financiers)* under visa n°19-112 for a 12-month period. The EMTN program amount was increased from €3 to €5 billion (the prospectus supplement was granted a visa by the AMF on July 4, 2019), and may be increased to €8 billion, subject to the approval of Vivendi's Supervisory Board of February 13, 2020.

Bonds issued by Vivendi SA contain customary provisions related to events of default, negative pledge and rights of payment (*pari-passu* ranking). They also contain an early redemption clause in the event of a change of control (1) if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

Bonds issued by Havas SA contain an early redemption clause in the event of a change of control (2).

20.3. BANK CREDIT FACILITIES

On January 16, 2019, Vivendi SA's syndicated bank credit facility was amended for an amount of €2.2 billion and its maturity was extended by one-year on January 21, 2020 until January 16, 2025 (with one-year extension option). In addition, in January 2019, Vivendi signed committed bilateral credit facilities granted by leading banks, for an aggregate available amount of €1.2 billion maturing in January 2024.
All these credit facilities are no longer required to comply with financial covenants but they contain customary provisions relating to events of default and covenants applicable to Vivendi in terms of negative pledge and merger transactions.

On February 14, 2019, Vivendi's Supervisory Board approved the Management Board's proposal to increase the maximum amount of Vivendi SA's short-term marketable securities program authorized by the Banque de France to €3.4 billion.

As of December 31, 2019, €2.5 billion of Vivendi SA's facilities were available, taking into account the short-term marketable securities issued and backed by these credit facilities for €870 million.

As of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), €2.6 billion of Vivendi SA's facilities were available, taking into account the short-term marketable securities issued and backed by these credit facilities for €771 million.

(1) Bolloré Group was carved out of the change-of-control provision under the bonds issued in May 2016 and November 2016.

(2) Change of control is defined as the settlement/delivery of a tender offer following which one or more individual (s) or legal entitie (s) which does/do not belong to Bolloré Group and Vivendi, acting in isolation or in concert, acquire (s) over 50% of Havas SA's share capital or voting rights.

In addition, Havas SA has committed credit facilities, undrawn as of December 31, 2019, granted by leading banks for an aggregate amount of €510 million, including €30 million maturing in 2020, €30 million maturing in 2021, €150 million maturing in 2023, €250 million maturing in 2024 and €50 million maturing in 2025. The credit facilities maturing until 2023 are required to comply with the following financial covenants at each annual closing date:

- Adjusted EBITDA (1) to Net interest expense (2) ratio must be higher than 3.5 (3) ; and
- Adjusted Net Debt (4) to Adjusted EBITDA ratio must be lower than 3.

As of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), €2.9 billion of Vivendi group's (Vivendi SA and Havas SA) facilities were available, taking into account the short-term marketable securities issued and backed by these credit facilities for nearly €1.0 billion.

20.4. BORROWINGS BY MATURITY

(in millions of euros)	December 31, 2019		December 31, 2018	
Maturity				
< 1 year (a)	1,362	*21%*	869	*21%*
Between 1 and 2 years	1,004	*16%*	403	*9%*
Between 2 and 3 years	702	*11%*	1,003	*24%*
Between 3 and 4 years	601	*9%*	1	-
Between 4 and 5 years	851	*13%*	601	*14%*
> 5 years	1,901	*30%*	1,353	*32%*
Nominal value of borrowings	**6,421**	**100%**	**4,230**	**100%**

(a) As of December 31, 2019, short-term borrowings (with a maturity period of less than one year) notably included marketable securities issued by Vivendi SA for €870 million, Havas SA's bond maturing in December 2020 for €400 million, as well as bank overdrafts for €18 million, compared to €98 million as of December 31, 2018. As of December 31, 2018, they notably included Vivendi SA's bond, which expired in December 2019 for €700 million.

The average "economic" term of the group's financial debt, calculated based on the assumption that available medium-term credit lines may be used to redeem the group's shortest term borrowings, was 5.3 years as of December 31, 2019 (compared to 5.3 years as of December 31, 2018, taking into account the bank financing signed in January 2019).

As of December 31, 2019, the future undiscounted cash flows related to borrowings and other financial liabilities amounted to €6,809 million (compared to €4,558 million as of December 31, 2018) with a carrying value of €6,577 million (compared to €4,336 million as of December 31, 2018) and are set out in Note 23.1 in the group's contractual minimum future payments schedule.

20.5. INTEREST RATE RISK MANAGEMENT

Vivendi's interest rate risk management seeks to reduce its net exposure to interest rate increases. Therefore, Vivendi uses, if needed, pay-floating and pay-fixed interest rate swaps. These instruments thus enable the group to manage and reduce volatility for future cash flows related to interest payments on borrowings.

As of December 31, 2019, the nominal value of borrowings at fixed interest rate amounted to €5,489 million (compared to €4,097 million as of December 31, 2018) and the nominal value of borrowings at floating interest rate amounted to €932 million (compared to €133 million as of December 31, 2018).

As of December 31, 2019 and December 31, 2018, Vivendi did not subscribe to any pay-floating or pay-fixed interest rate swaps.

(1) Corresponds, on the basis of Havas Group's consolidated financial statements as of December 31 of each year, to income from operations plus intangible and tangible fixed asset depreciation and amortization, stock option charges and other compensation as defined by IFRS 2.

(2) Corresponds, on the basis of Havas Group's consolidated financial statements as of December 31 of each year, to the total amount of financial expenses minus interest income, excluding net provisions on financial assets and financial expenses in connection with the repurchase or the restructuring of the convertible bond lines.

(3) This covenant does not apply to the credit facilities maturing in 2023.

(4) Corresponds, at a given date and on the basis of Havas Group's consolidated financial statements, to convertible bonds and other borrowings and financial liabilities (excluding convertible bonds to be redeemed in shares) minus cash and cash equivalents as recorded in Havas Group's consolidated financial statements prepared under IFRS.

20.6. FOREIGN CURRENCY RISK MANAGEMENT

Breakdown by currency

(in millions of euros)	December 31, 2019		December 31, 2018	
Euro – EUR	6,346	*99%*	4,111	*97%*
US dollar – USD	3	-	8	-
Other	72	*1%*	111	*3%*
Nominal value of borrowings before hedging	**6,421**	***100%***	**4,230**	***100%***
Currency swaps USD	*577*		*693*	
Other currency swaps	*(73)*		*(71)*	
Net total of hedging instruments (a)	***504***		***622***	
Euro – EUR	6,850	*107%*	4,733	*112%*
US dollar – USD	(574)	*-9%*	(685)	*-16%*
Other	145	*2%*	182	*4%*
Nominal value of borrowings after hedging	**6,421**	***100%***	**4,230**	***100%***

(a) Notional amounts of hedging instruments translated into euros at the closing rates.

Foreign currency risk

The group's foreign currency risk management is centralized by Vivendi SA's Financing and Treasury Department for all its controlled subsidiaries, except if, during a transition period, an acquired subsidiary is authorized to pursue, at its level, spot and forward exchange transactions. This policy primarily seeks to hedge budget exposures (at an 80% level) resulting from monetary flows generated by operations performed in currencies other than the euro as well as from external firm commitments (at a 100% level), primarily relating to the acquisition of editorial content (e.g., sports, audiovisual and film rights) and certain capital expenditures (e.g., set-top boxes), realized in currencies other than the euro. All of the hedging instruments are foreign currency swaps or forward contracts that mostly have a maturity period of less than one year. Considering the foreign currency hedging instruments set up, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2019 would have a non-significant cumulative impact on net earnings. In addition, the group may hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Moreover, due to their non-significant nature, net exposures related to subsidiaries' net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The associated risks are reduced at the end of each month by translating the amounts into the functional currency of the relevant operating entities.

The following tables set out the foreign currency risk management instruments used by the group; the positive amounts relate to currencies to be received and the negative amounts relate to currencies to be delivered at contractual exchange rates:

	December 31, 2019						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(524)	(152)	(185)	(56)	(131)	1	6
Purchases against the euro	1,303	786	120	118	279	20	3
Other	-	(225)	140	51	34	4	2
	779	**409**	**75**	**113**	**182**	**25**	**11**
Breakdown by accounting category of foreign currency hedging instruments							
Cash Flow Hedge							
Sales against the euro	(116)	(45)	(30)	-	(40)	-	2
Purchases against the euro	59	53	-	6	-	-	-
Other	-	(38)	36	-	2	-	1
	(57)	**(30)**	**6**	**6**	**(38)**	**-**	**3**
Fair Value Hedge							
Sales against the euro	(366)	(107)	(155)	(26)	(78)	-	4
Purchases against the euro	848	733	-	112	3	19	2
Other	-	(119)	104	15	-	4	1
	482	**507**	**(51)**	**101**	**(75)**	**23**	**7**
Economic Hedging (a)							
Sales against the euro	(42)	-	-	(30)	(12)	1	-
Purchases against the euro	396	-	120	-	276	1	1
Other	-	(68)	-	36	32	-	-
	354	**(68)**	**120**	**6**	**296**	**2**	**1**

	December 31, 2018						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(408)	(131)	(170)	(62)	(45)	-	3
Purchases against the euro	1,727	942	128	133	524	19	2
Other	-	(235)	100	94	41	5	1
	1,319	**576**	**58**	**165**	**520**	**24**	**6**
Breakdown by accounting category of foreign currency hedging instruments							
Cash Flow Hedge							
Sales against the euro	(33)	(1)	(16)	-	(16)	-	-
Purchases against the euro	92	45	-	-	47	4	-
Other	-	(23)	14	-	9	-	-
	59	**21**	**(2)**	**-**	**40**	**4**	**-**
Fair Value Hedge							
Sales against the euro	(313)	(130)	(154)	-	(29)	-	3
Purchases against the euro	913	780	-	133	-	13	1
Other	-	(136)	86	49	1	5	1
	600	**514**	**(68)**	**182**	**(28)**	**18**	**5**
Economic Hedging (a)							
Sales against the euro	(62)	-	-	(62)	-	-	-
Purchases against the euro	722	117	128	-	477	2	1
Other	-	(76)	-	45	31	-	-
	660	**41**	**128**	**(17)**	**508**	**2**	**1**

(a) The economic hedging instruments relate to derivative financial instruments that are not eligible for hedge accounting pursuant to IAS 9.

20.7. DERIVATIVE FINANCIAL INSTRUMENTS

Value on the Statement of Financial Position

		December 31, 2019		December 31, 2018	
(in millions of euros)	Note	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	20.5	-	-	-	-
Foreign currency risk management	20.6	25	11	24	6
Other		-	-	14	-
Derivative financial instruments		**25**	**11**	**38**	**6**
Deduction of current derivative financial instruments		(8)	(6)	(7)	(3)
Non-current derivative financial instruments		**17**	**5**	**31**	**3**

Unrealized gains and losses recognized directly in equity

(in millions of euros)	Cash Flow Hedge: Interest rate risk management	Cash Flow Hedge: Foreign currency risk management	Net Investment Hedge	Total
Balance as of January 1, 2018	**-**	**(3)**	**81**	**78**
Charges and income directly recognized in equity	-	3	-	3
Items to be reclassified to profit or loss	-	-	-	-
Tax effect	-	-	-	-
Balance as of December 31, 2018	**-**	**-**	**81**	**81**
Charges and income directly recognized in equity	-	(4)	-	(4)
Items to be reclassified to profit or loss	-	-	-	-
Tax effect	-	-	-	-
Balance as of December 31, 2019	**-**	**(4)**	**81**	**77**

20.8. CREDIT RATINGS

As of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019), Vivendi's credit ratings were as follows:

Rating agency	Type of debt	Ratings	Outlook
Standard & Poor's	Senior unsecured debt	BBB	Stable
Moody's	Long-term senior unsecured debt	Baa2	Stable

NOTE 21. CONSOLIDATED CASH FLOW STATEMENT

21.1. ADJUSTMENTS

(in millions of euros)	Note	Year ended December 31, 2019	2018
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	3	744	453
Change in provision, net		30	(25)
Other non-cash items from EBIT		-	4
Other Items related to investing and financing activities			
Income from equity affiliates – operational		(4)	(7)
Proceeds from sales of property, plant, equipment and intangible assets		9	7
Adjustments		**779**	**432**

21.2. INVESTING AND FINANCING ACTIVITIES WITH NO CASH IMPACT

In 2019, there were no significant investing and financing activities with no cash impact.

NOTE 22. RELATED PARTIES

Vivendi's related parties are corporate officers, members of Vivendi's Supervisory and Management Boards, as well as other related parties, including:

- companies fully consolidated by Vivendi. The transactions between these companies have been eliminated for the preparation of Vivendi's Consolidated Financial Statements;
- companies over which Vivendi exercises a significant influence;
- all companies in which corporate officers or their close relatives hold significant voting rights;
- minority shareholders exercising a significant influence over the group's subsidiaries; and
- Bolloré Group's related parties, as Vivendi has been fully consolidated by Bolloré Group since April 26, 2017.

22.1. CORPORATE OFFICERS

Supervisory Board

The Supervisory Board is currently comprised of 11 members, including an employee shareholder representative and an employee representative. It is made up of six women, i.e., a ratio of 60% (in accordance with Law n°2011-103 of January 27, 2011, the employee representative is not taken into account for the calculation of this percentage). In 2019 and 2018, the composition of the Supervisory Board changed as follows:

- On April 15, 2019, Vivendi's General Shareholders' Meeting appointed Mr. Cyrille Bolloré as member of the Supervisory Board for a four-year period, thereby replacing Mr. Vincent Bolloré who decided to terminate his term of office as member of the Supervisory Board following the Shareholders' Meeting. At the same meeting, Mr. Dominique Delport's term of office as member of the Supervisory Board was renewed for a four-year period.
  Mr. Tarak Ben Ammar's term of office as member of the Supervisory Board expired on April 15, 2019. Mr. Tarak Ben Ammar did not ask for the renewal of his office. Since that date, Quinta Communications is no longer a related party to Vivendi.
- On April 19, 2018, Vivendi's General Shareholders' Meeting appointed Ms. Michèle Reiser as member of the Supervisory Board for a four-year period, and renewed the terms of office of Ms. Aliza Jabès, Ms. Cathia Lawson-Hall, Ms. Katie Stanton and Mr. Philippe Bénacin as members of the Supervisory Board for the same period.
  Following the Shareholders' Meeting of April 19, 2018, Vivendi's Supervisory Board unanimously appointed Mr. Yannick Bolloré as Chairman, replacing Mr. Vincent Bolloré. The Supervisory Board also confirmed Mr. Philippe Bénacin as Vice-Chairman.

With respect to fiscal year 2019, the gross compensation of Mr. Yannick Bolloré, as Chairman of the Supervisory Board amounted to €400,000, including the amount paid pursuant to Article L. 225-83 of the French Commercial Code *(Code de commerce)* ("allocated compensation", formerly directors' fees) of €60,000.

With respect to fiscal year 2018, the gross compensation of the Chairman of the Supervisory Board amounted to €400,000, including the allocated compensation of €60,000, granted as follows:

- the gross compensation of Mr. Vincent Bolloré, as Chairman of the Supervisory Board until April 19, 2018, amounted to €122,376, including the allocated compensation of €20,000; and
- the gross compensation of Mr. Yannick Bolloré, as Chairman of the Supervisory Board since April 19, 2018, amounted to €277,624, including the allocated compensation of €40,000.

In addition, as Chairman and Chief Executive Officer of Havas, a Vivendi subsidiary, Mr. Yannick Bolloré received a compensation, as well as benefits in kind, totaling a gross amount of €1,428,993 in 2019 (including a variable portion of €370,000 paid in 2019 with respect to fiscal year 2018), compared to €1,058,993 in 2018 (fixed compensation; no payment paid in 2018 for the variable share). On February 14, 2019, Mr. Yannick Bolloré was granted 18,000 Vivendi performance shares (18,000 shares granted on May 17, 2018), subject to the satisfaction of certain performance criteria as described in Note 19.1.1.

With respect to fiscal year 2019, the gross amount of the compensation paid to the members of the Supervisory Board was an aggregate gross amount of €1,100,000 (compared to €1,140,000 with respect to the same fiscal year).

Management Board

The Management Board is currently comprised of seven members. At its meeting held on May 17, 2018, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, unanimously approved the renewal for a four-year period of the term of office (which expired on June 23, 2018) of each member of the Management Board and its Chairman.

In 2019, the gross compensation paid by the Vivendi group to the Management Board members amounted to €10.6 million (compared to €9.6 million in 2018 taking into account pro ratas). This amount included:

- fixed compensation of €5.9 million (compared to €5.3 million in 2018);
- variable compensation of €4 million paid in 2019 with respect to fiscal year 2018 (compared to €3.6 million paid in 2018 with respect to fiscal year 2017);
- other compensation paid or allocated by controlled subsidiaries; and
- benefits in kind.

The charge recorded by Vivendi with respect to equity-settled share-based compensation plans granted to the members of the Management Board amounted to €3.6 million in 2019 (compared to €3.3 million in 2018).

As part of new requirements of French Executive Order No. 2019-697 of July 3, 2019 relating to supplemental occupational pension plans, the Supervisory Board decided, at its meeting held on November 14, 2019, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, to set the rights of the group supplemental defined-benefit pension plan according to the seniority acquired as of December 31, 2019. The Supervisory Board, at its meeting held on February 13, 2020, confirmed that the performance criteria applying to the pension rights growth rate under this plan had been met with respect to fiscal year 2019. The charge recorded by Vivendi related to such rights as of December 31, 2019 under pension commitments toward Management Board members and high-level management amounted to €14.9 million in 2019 (compared to €7.1 million in 2018), including the charge recorded by Vivendi related to vested rights according to the seniority acquired as of December 31, 2019. As of December 31, 2019, their net pension commitments amounted to €58.4 million (compared to €44.4 million as of December 31, 2018). The implementation of a new group benefit supplemental pension plan is expected in 2020, as described in the compensation policy of the Chairman and members of the Management Board, which is included in the report on corporate governance pursuant to

Article L. 225-68 of the French Commercial Code and included in Section 2 of Chapter 3 of this Annual Report – Universal Registration Document.

The Chairman of the Management Board, Mr. Arnaud de Puyfontaine, waived his employment contract. In accordance with the resolutions approved by the General Shareholders' Meeting held on April 17, 2015, he is entitled to severance compensation upon an involuntary termination, subject to the satisfaction of performance conditions. At its meeting held on February 14, 2019, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, decided:

- to increase from 80% to 90% the minimum achievement level of performance criteria conditioning the payment of the severance compensation; and
- to revoke his right to maintain all rights to performance shares. These rights may be maintained, if appropriate, pro rata to the duration of his presence within the Group during the vesting period, subject to the satisfaction of the related performance criteria.

On February 14, 2019, the Chairman of the Management Board was granted 40,000 Vivendi performance shares (compared to 50,000 shares granted on May 17, 2018).

At its meetings held on May 17, 2018 and July 30, 2018, after having examined the impact of the termination of his executive duties with Telecom Italia on April 24, 2018 **(1)**, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, decided (i) to no longer apply a pro rata factor to his reference compensation for 2018, (ii) to increase the fixed part of his reference compensation to €1,400,000, with the performance criteria and thresholds used to determine the variable part remaining unchanged, and (iii) to pay him a single amount of €390,000.

The report on corporate governance that is included in Chapter 3 of this Annual Report – Universal Registration Document contains a detailed description of the compensation policy to Vivendi's corporate officers for 2020. This chapter also contains details of the fixed and variable components of their compensation and the benefits of any kind paid in fiscal year 2019 or attributed with respect to the same fiscal year.

Other high-level management

At its meeting held on April 15, 2019, following the Shareholders' Meeting and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board unanimously appointed Mr. Vincent Bolloré as non-voting board member *(censeur)* for a four-year period and as Advisor to the Chairman of Vivendi's Management Board. As non-voting board member *(censeur)*, Mr. Vincent Bolloré receives no compensation. Pursuant to his employment contract as Advisor to the Chairman of Vivendi's Management Board, Mr. Vincent Bolloré's gross annual fixed compensation amounts to €500,000, with a variable portion (target: 80%; maximum: 100%) determined according to the same performance criteria as those used for Vivendi SA's main operational managers.

22.2. BOLLORÉ GROUP

On April 18, 2019, as part of Vivendi's payment of a dividend to its shareholders with respect to fiscal year 2018, Bolloré Group received a dividend of €165 million (compared to a dividend with respect to fiscal year 2017 of €134 million, which was paid in 2018).

Between June 5 and June 13, 2019, Bolloré Group declared the sale of 11.5 million call options on Vivendi shares maturing on June 25, 2019 for €36.6 million to finance the exercise, on June 13, 2019, of the remaining 1.8 million options giving right to an equivalent number of Vivendi shares, at a price of €20.1452 per share.

On June 25, 2019, Bolloré Group declared that the 11.3 million Vivendi shares held pursuant to a temporary share sale agreement maturing on June 25, 2019 had been returned.

On December 31, 2019, Bolloré Group held 320,517,374 Vivendi shares carrying an amount of 372,950,213 voting rights, i.e., 27.06% of Vivendi's share capital and 29.64% of the gross voting rights.

In light of the analysis conducted by Bolloré Group, following Vivendi's General Shareholders' Meeting held on April 25, 2017, of other facts and circumstances that indicate its ability to direct the relevant activities of Vivendi, Bolloré Group determined that the conditions of control within the meaning of IFRS 10 were fulfilled. The shareholding in Vivendi, which had previously been accounted for using the equity method since October 7, 2016, was fully consolidated as from April 26, 2017.

22.3. OTHER RELATED-PARTY TRANSACTIONS

Vivendi's other related parties are companies over which Vivendi exercises a significant influence (i.e., primarily Telecom Italia, Banijay Group Holding and Vevo: please refer to Note 12) and companies in which Vivendi's corporate officers or their close relatives hold significant voting rights. They notably included Bolloré Group and its subsidiaries, either directly or indirectly controlled by Mr. Vincent Bolloré, high-level management at Vivendi, and his family. Moreover, as Bolloré Group has fully consolidated Vivendi since April 26, 2017, Vivendi's related parties also include Bolloré Group's related parties (in particular Mediobanca).

In addition, certain Vivendi subsidiaries maintain business relationships, on an arm's-length basis, involving non-material amounts, with Groupe Nuxe (controlled by Ms. Aliza Jabès, a member of Vivendi's Supervisory Board) and Interparfums (controlled by Mr. Philippe Bénacin, Vice Chairman of Vivendi's Supervisory Board).

(1) Elimination of the payment by Telecom Italia of his fixed compensation with respect to fiscal year 2018 as from that date and non-payment of his variable compensation with respect to fiscal year 2017.

(in millions of euros)	December 31, 2019	December 31, 2018
Assets		
Non-current content assets	1	1
Rights-of-use relating to leases	7	n/a
Of which Bolloré Goup	*7*	*n/a*
Non-current financial assets	99	86
Of which Banijay Group Holding and Lov Banijay bonds	*88*	*73*
Trade accounts receivable and other	67	60
Of which Bolloré Goup	*4*	*5*
Telecom Italia **(a)**	*32*	*29*
Banijay Group Holding **(b)**	*2*	*2*
Mediobanca **(c)**	*4*	*3*
Liabilities		
Lease liabilities	8	n/a
Of which Bolloré Group	*8*	*n/a*
Trade accounts payable and other	35	29
Of which Bolloré Group	*18*	*13*
Banijay Group Holding **(b)**	*6*	*10*
Off-balance sheet contractual obligations, net	**77**	**168**
Of which Banijay Group Holding **(b)**	*90*	*140*

	Year ended December 31,	
(in millions of euros)	2019	2018
Statement of earnings		
Operating income	232	236
Of which Bolloré Group	*7*	*8*
Telecom Italia **(a)**	*8*	*24*
Banijay Group Holding **(b)**	*3*	*2*
Mediobanca **(c)**	-	*1*
Bleufontaine **(d)**	-	*2*
Other (Interparfums and Groupe Nuxe) **(e)**	*1*	-
Operating expenses	(114)	(108)
Of which Bolloré Group	*(31)*	*(24)*
Banijay Group Holding **(b)**	*(55)*	*(52)*
Mediobanca **(c)**	*(2)*	-
Bleufontaine **(d)**	-	-
Other (Interparfums and Groupe Nuxe) **(e)**	-	-

n/a: not applicable.

(a) Certain Vivendi subsidiaries have rendered operating services to Telecom Italia and its subsidiaries, on an arm's-length basis (mainly communication services and music sales): operating income of €5.2 million for Havas Group (€14.8 million in 2018), €1.7 million for Universal Music Group (€4.4 million in 2018) and €1.3 million for Gameloft (€4.2 million in 2018).

(b) Vivendi and its subsidiaries (mainly Canal+ Group) entered into production and program purchase agreements with certain Banijay Group Holding subsidiaries on an arm's-length basis.

(c) Certain Havas Group subsidiaries have rendered communications services to Mediobanca and its subsidiaries on an arm's-length basis.

(d) Between January 1 and April 15, 2019, Canal+ Group recorded an operating charge of €0.2 million over Bleufontaine (formerly Quinta Communications) relating to repayments on the operation of their Studiocanal catalog. In 2018, Canal+ Group sold rights to Studiocanal catalog movies to Bleufontaine, notably Paddington 2, representing an operating income of €1.7 million and recorded an operating charge of €0.3 million. Mr. Tarak Ben Ammar's term of office as member of the Supervisory Board expired on April 15, 2019. Mr. Tarak Ben Ammar did not ask for the renewal of his office. Since that date, Bleufontaine is no longer a related party to Vivendi.

(e) Certain Vivendi subsidiaries maintained business relationships, on an arm's-length basis, involving non-significant amounts with Interparfums and Groupe Nuxe.

The following constitutes complementary information about certain related-party transactions (of which the amounts are included in the table above):

- CanalOlympia (Vivendi Village's subsidiary) and Bolloré Africa Logistics (Bolloré Group's subsidiary) entered into an agreement to take over the operations of nine Bluezones and two Bluebus lines of Bolloré Africa Logistics, for an eight-year period starting January 1, 2018, with the aim to develop CanalOlympia's venues network in Africa. For the occupancy of land and buildings, and for the solar energy supply, CanalOlympia paid a rent of €1 million in 2019, and will pay rent of €1.5 million per year from 2020 to 2025. Given that CanalOlympia and Bolloré Africa Logistics have no common directors and executive managers, this agreement is not regulated by the procedure applying to related-party agreements.
- On June 2, 2017, Vivendi SA acquired a 5% interest in the Economic Interest Grouping (GIE – *Groupement d'intérêt économique*) Fleet Management Services, a Bolloré Group's subsidiary dedicated, among other things, to providing air transport operations, for a consideration of €0.1 million. This acquisition entailed the correlative transfer of the portion of the corresponding reciprocal receivables and payables related to the special depreciation of the GIE's assets, i.e., receivables for €1.9 million (compared to €1.8 million as of December 31, 2018) and payables for the same amount as of December 31, 2019 (compared to €1.8 million as of December 31, 2018). In addition, on the same date, Havas Group acquired a 2% interest in this GIE. The charge recognized with respect to the use of the GIE's services by Vivendi Group amounted to €3.5 million in 2019 (compared to €2.3 million in 2018).

In addition, the Supervisory Board, at its meeting on November 14, 2019, formalized a procedure for regularly assessing agreements on ordinary transactions and entered into on an arm's length basis, pursuant to Article L. 225-87 of the amended French Commercial Code. This procedure and its implementation is included in Section 1.2.10 of Chapter 3 of this Annual Report – Universal Registration Document.

NOTE 23. CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Vivendi's material contractual obligations and contingent assets and liabilities include:

- certain contractual obligations relating to the group's business operations, such as content commitments (please refer to Note 10.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including leases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to the group's consolidation scope made under acquisitions or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments under shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets;
- commitments related to the group's financing: undrawn confirmed bank credit facilities as well as the management of interest rate, foreign currency and liquidity risks (please refer to Note 20.3); and
- contingent assets and liabilities resulting from legal proceedings in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 24).

23.1. CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

		Minimum future payments as of December 31, 2019				
			Payments due in			Total minimum future payments as of December 31, 2018
(in millions of euros)	Note	Total	2020	2021-2024	After 2024	
Borrowings and other financial liabilities		6,809	1,450	3,401	1,958	4,558
Lease liabilities		(a) 1,459	236	720	503	n/a
Content liabilities	10.2	3,218	3,113	100	5	2,949
Consolidated statement of financial position items		**11,486**	**4,799**	**4,221**	**2,466**	**7,507**
Contractual content commitments	10.2	6,227	2,057	4,090	80	5,339
Commercial commitments		(728)	(1,017)	165	124	128
Net commitments not recorded in the Consolidated Statement of Financial Position		**5,499**	**1,040**	**4,255**	**204**	**5,467**
Operating leases and subleases		(a) n/a	n/a	n/a	n/a	1,453
Total contractual obligations and commitments		**16,985**	**5,839**	**8,476**	**2,670**	**14,427**

n/a: not applicable.

(a) As from January 1, 2019, Vivendi applies the new accounting standard IFRS 16 – *Leases*. In accordance with IFRS 16, the impact of the change of accounting standard was recorded in the opening balance sheet as of January 1, 2019. For a detailed description, please refer to Notes 1.1 and 11. Assessing the lease term relates to the non-cancellable period of the lease, and taking into account all options to extend the lease that Vivendi is reasonably certain to exercise and all options to terminate the lease that Vivendi is reasonably certain not to exercise.

Off-balance sheet commercial commitments

(in millions of euros)	Minimum future payments as of December 31, 2019				Total minimum future payments as of December 31, 2018
		Due in			
	Total	2020	2021-2024	After 2024	
Satellite transponders	502	107	311	84	471
Investment commitments	179	103	65	11	179
Other	620	276	315	29	560
Given commitments	**1,301**	**486**	**691**	**124**	**1,210**
Satellite transponders	(108)	(53)	(55)	-	(124)
Other (a)	(1,921)	(1,450)	(471)	-	(958)
Received commitments	**(2,029)**	**(1,503)**	**(526)**	**-**	**(1,082)**
Net total	**(728)**	**(1,017)**	**165**	**124**	**128**

(a) Includes minimum guarantees to be received by the group pursuant to distribution agreements entered into with third parties, notably Internet Service Providers and other digital platforms.

In addition, Canal+ Group and the telecom operators Free, Orange and Bouygues Telecom entered into distribution agreements of Canal channels. The variable amounts of these commitments, which are based on the number of subscribers, cannot be reliably determined and are not reported in either the Statement of Financial Position or described in the commitments. They are instead recorded as an expense or income in the period in which they were incurred.

On March 14, 2017, Boulogne Studios, a wholly-owned subsidiary of Vivendi, entered into a bilateral land purchase agreement with "Val de Seine Aménagement", the local public urban developer of the Parisian suburb Boulogne-Billancourt, for a construction project on the île Seguin. This purchase agreement was subject to certain conditions precedent, in particular the procurement of a building permit. This project consisted of building a campus of approximately 150,000 m^2 which would have, in five to seven years, housed a group of companies notably operating in business sectors such as media and content, as well as digital, sports and sustainable development. On that date, to guarantee the satisfaction of its purchase obligations amounting to a total of approximately €330 million, Vivendi paid a €70 million deposit that had to be returned if the transaction was not completed by Vivendi. At the end of the first quarter of 2019, the parties terminated the abovementioned purchase agreement by mutual agreement and, on March 25, 2019, the €70 million deposit was returned to Vivendi.

23.2. OTHER COMMITMENTS GIVEN OR RECEIVED RELATING TO OPERATIONS

Given commitments amounted cumulatively to €129 million (compared to €37 million as of December 31, 2018). In addition, Vivendi and Havas Group have granted guarantees in various forms to financial institutions or third parties on behalf of their subsidiaries in the course of their operations.

Received commitments amounted cumulatively to €36 million (compared to €10 million as of December 31, 2018).

23.3. SHARE PURCHASE AND SALE COMMITMENTS

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities:

- Vivendi gave an undertaking to Ubisoft to sell all the shares it owns by March 7, 2019, the settlement date. In addition, Vivendi made the commitment to refrain from purchasing Ubisoft shares for a period of five years (please refer to Note 2.4);
- On October 26, 2019, Banijay Group Holding entered into a final agreement to acquire 100% of Endemol Shine's share capital. With respect to this agreement, Vivendi gave an undertaking to participate in the financing of this acquisition for €100 million, with no significant change of its interest rate in Banijay Group Holding's share capital (please refer to Note 12.1); and
- certain liquidity rights relating to the strategic partnership entered into between Canal+ Group, ITI and TVN as described in Note 23.5 below.

In addition, Vivendi and its subsidiaries granted or received put and call options on shares in equity affiliates and unconsolidated investments.

23.4. CONTINGENT ASSETS AND LIABILITIES SUBSEQUENT TO GIVEN OR RECEIVED COMMITMENTS RELATED TO THE DIVESTITURE OR ACQUISITION OF SHARES

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
	Sale of Ubisoft (October 2018)	Unlimited specific warranties.	-
	Sale of GVT (May 2015)	Representations and warranties, limited to specifically identified tax matters, capped at BRL 180 million.	-
	Sale of Maroc Telecom group (May 2014)	Commitments undertaken in connection with the sale: – Customary representations and warranties given to Etisalat, capped at 50% of the sale price and at 100% in respect of claims related to SPT; – Warranties related to taxes; and – Warranties related to SPT.	- 2018 2018
(a)	Sale of Activision Blizzard (October 2013)	– Unlimited general warranties; and – Tax warranties capped at $200 million, under certain circumstances.	- -
(b)	Acquisition of Bolloré Group's channels (September 2012)	Commitments undertaken, in connection with the authorization of the acquisition, with: – the French Competition Authority; and – the French Broadcasting Authority.	2019
	Divestiture of PTC shares (December 2010)	Commitments undertaken to end litigation over the share ownership of PTC: – Guarantees given to the Law Debenture Trust Company (LDTC), for an amount up to 18.4% for the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and – Guarantee given to Poltel Investment's (Elektrim) judicial administrator.	- -
(c)	Canal+ Group's pay-TV activities in France (January 2007-July 2017)	Approval of the acquisition of TPS and CanalSatellite subject to compliance with injunctions ordered by the French Competition Authority.	2019
	Divestiture of PSG (June 2006)	Unlimited specific warranties.	2018
	NBC Universal transaction (May 2004) and subsequent amendments (2005-2010)	– Breaches of tax representations; and – Obligation to cover the Most Favored Nation provisions.	- -
	Other contingent liabilities	Cumulated amount of €33 million (compared to €20 million as of December 31, 2018).	-
	Contingent assets		
	Acquisition of the companies that own and manage all Paddington intellectual property rights, except for the publishing rights (June 2016)	General and specific warranties (including tax matters and guarantees related to the intellectual property).	2023
	Acquisition of EMI Recorded Music (September 2012)	– Commitments relating to full pension obligations in the United Kingdom assumed by Citi; and – Warranties relating to losses stemming from taxes and litigation claims, in particular those related to pension obligations in the United Kingdom.	- -
	Acquisition of Kinowelt (April 2008)	Specific warranties, notably on film rights granted by the sellers.	-
	Other contingent assets	Cumulated amount of €32 million (compared to €30 million as of December 31, 2018).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

(a) In connection with the sale of 88% of Vivendi's interest in Activision Blizzard, which was completed on October 11, 2013 (the "Closing Date"), Vivendi, ASAC II LP, and Activision Blizzard gave certain reciprocal commitments customary for this type of transaction (i.e., representations, warranties and covenants). Vivendi, ASAC II LP, and Activision Blizzard undertook to indemnify each other against any losses stemming from any breach of their respective commitments. Such indemnification is unlimited as to time and amount.
In addition, Vivendi has agreed to indemnify Activision Blizzard with respect to any tax or other liabilities of Amber Holding Subsidiary Co. ("Amber"), the Vivendi subsidiary acquired by Activision Blizzard, relating to periods preceding the Closing Date. Such indemnification is unlimited as to time and amount. Tax attributes (mainly net operating loss) held by Amber and assumed by Activision Blizzard were estimated at more than $700 million, which represent a potential future tax benefit of approximately $245 million. Vivendi agreed to indemnify Activision Blizzard, under certain circumstances, with respect to these tax attributes, subject to a cap of $200 million limited to fiscal years ending on or prior to December 31, 2016.
As a reminder, in connection with the creation of Activision Blizzard in July 2008, Activision and Vivendi entered into customary agreements for this type of transaction, including tax sharing and indemnity agreements.

(b) As part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively) granted on July 23, 2012 and renewed on April 2, 2014, Vivendi and Canal+ Group gave certain commitments for a five-year period, renewable once.
On June 22, 2017, the French Competition Authority decided to keep, lift or revise certain commitments.
These commitments provide for restrictions on the acquisition of rights to American movies and television series from certain American studios (Canal+ Group can henceforth enter into output deals bundling free-to-air and pay-TV rights with two American studios) and for French movies (the joint purchase of both free-to-air and pay-TV rights for more than 20 original French-language films per year is prohibited), the separate negotiation of pay-TV and free-to-air rights for certain recent movies and television series, limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal (limited to 50% of the total number and total value of French catalog movies purchased annually by each of these channels).
These commitments were operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these commitments be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and approved by the French Competition Authority on August 30, 2017, is responsible for monitoring the implementation of the commitments.
In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil supérieur de l'audiovisuel*) approved the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), subject to compliance with certain commitments relating to broadcasting, investment obligations and transfer rights.

(c) On August 30, 2006, the merger between Canal+ Group's pay-TV operations in France and TPS was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and Video-on-demand (VOD), which could not exceed five years.
On October 28, 2009, the French Competition Authority opened an enquiry regarding compliance with certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.
On July 23, 2012, the merger was once again cleared by the French Competition Authority, subject to compliance with 33 injunctions. These injunctions were issued for a five-year period, renewable once.
On June 22, 2017, following the reexamination of such injunctions, the French Competition Authority decided to maintain, lift or revise certain of these injunctions.
These injunctions, which have been implemented by Canal+ Group since June 22, 2017, consist of the following main components:
– Acquisition of movie rights:
  - prohibition on entering into output deals for French films except if another pay-TV producer were to enter into an output deal with any of the five main French producers/coproducers; and
  - disposal by the Canal+ Group of its interest in Orange Cinema Series – OCS SNC or, failing this, adoption of measures that can "neutralize" Canal+ Group's impact on Orange Cinema Series – OCS SNC.
– Distribution of pay-TV special-interest channels:
  - distribution of a minimum number of independent channels, distribution of any channel holding premium rights, exclusive or not, and preparation of a reference offer relating to taking over independent channels included in the Canalsat offer including, among other things, the assumptions and methods to calculate minimal compensation for these independent channels.
– Video-on-demand (VOD) and subscription video-on-demand (SVOD):
  - prohibition on purchasing VOD and SVOD exclusive broadcasting rights to original French-language films owned by French right holders and combining these rights with the purchases of rights for linear broadcast on pay-TV;
  - limitation on the exclusive transfer of VOD and SVOD rights to Canal+ Group from Studiocanal's French film catalog; and
  - prohibition on entering into exclusive distribution deals for the benefit of Canal+ Group's VOD and SVOD offers on Internet Service Provider platforms.

These injunctions were operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these injunctions be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and approved by the French Competition Authority on August 30, 2017, is responsible for monitoring the implementation of the injunctions.

Several guarantees given during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitation of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given notably in connection with the winding-up of certain businesses or the dissolution of entities are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

In addition, when settling disputes and litigation, Vivendi regularly delivers commitments for damages to third parties that are customary for transactions of this type.

Earn-out commitments related to the divestiture or acquisition of shares

Vivendi and its subsidiaries entered into agreements with certain minority shareholders providing for earn-out payments. They notably included capped earn-outs payable in 2020 and 2022 under the agreement entered into in June 2016 for the acquisition of 100% of the companies that own and manage all Paddington intellectual property rights, except for the publishing rights.

23.5. SHAREHOLDERS' AGREEMENTS

Under existing shareholders' or investors' agreements (primarily those relating to Canal+ Poland), Vivendi holds certain rights (e.g., pre-emptive rights and rights of first offer) that give it control over the capital structure of its consolidated companies having minority shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

Moreover, pursuant to other shareholders' agreements or the bylaws of other consolidated entities, equity affiliates or unconsolidated interests, Vivendi or its subsidiaries have given or received certain rights (pre-emptive and other rights) entitling them to maintain their rights as shareholder.

In addition, in compliance with Article L. 225-100-3 of the French Commercial Code, it is hereby stated that certain rights and obligations of Vivendi under existing shareholders' agreements may be amended or terminated in the event of a change of control of Vivendi or a tender offer for Vivendi's shares. These shareholders' agreements are subject to confidentiality provisions.

Strategic partnership among Canal+ Group, ITI and TVN

ITI Neovision SA (a Canal+ subsidiary in Poland) is working collaboratively with its shareholders and advisors to explore initial public offering (IPO) rights held by the minority shareholders under the shareholders agreement. Group Canal+ intends to retain its role as the strategic shareholder of ITI Neovision SA regardless of such a process and its actual outcome which will depend on various factors, including market conditions and obtaining the usual consents and approvals.

23.6. COLLATERALS AND PLEDGES

As of December 31, 2019 and 2018, no material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties.

NOTE 24. LITIGATION

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these Legal Proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk and is based on a case-by-case assessment of the risk level, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings. As of December 31, 2019, provisions recorded by Vivendi for all claims and litigation were €289 million, compared to €198 million as of January 1, 2019 (please refer to Note 17).

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous 12 months a material effect on the company and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019).

LBBW et al. against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxembourg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Subsequently, on April 5 and April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho, and the other by six German and British institutional investors. Lastly, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi based on the same grounds. On January 7, 2015, the Paris Commercial Court appointed an independent court officer responsible for verifying the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of securities. After the latter completed his work in the first half of 2018, the proceedings on the merits began and continued during 2019.

California State Teachers Retirement System et al. against Vivendi

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi between 2000 and 2002. On June 7 and September 5 and 6, 2012, 26 new plaintiffs joined these proceedings. In November 2012 and March 2014, 12 plaintiffs withdrew from these proceedings. On January 7, 2015, the Commercial Court of Paris appointed an independent court officer responsible for verifying the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of securities. After the latter completed his work in the first half of 2018, the proceedings on the merits began and continued during 2019.

Mediaset against Vivendi

On April 8, 2016, Vivendi and Mediaset entered into a strategic partnership agreement pursuant to which the parties agreed to swap a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions delivered by Mediaset to Vivendi in March 2016, which raised various questions within Vivendi that were addressed to Mediaset. As contractually agreed under the agreement dated April 8, 2016, a due diligence review was subsequently conducted (which was made on behalf of Vivendi by the advisory firm Deloitte). It became apparent from this audit and from Vivendi's analyses that the numbers provided by Mediaset prior to signing the agreement were not realistic and were founded on an artificially-inflated base.

Although Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the April 8, 2016 agreement, on July 26, 2016, Mediaset terminated these discussions by publicly rejecting the proposal Vivendi had submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares.

Subsequently, in August 2016, Mediaset together with its affiliate RTI, and Fininvest, Mediaset's majority shareholder, each filed a complaint against Vivendi before the Milan Civil Court seeking to obtain specific performance of the April 8, 2016 agreement and the related shareholders' agreement as well as compensation for alleged damages. In particular, the plaintiffs claim that Vivendi did not file its notification to the European Commission with respect to the transaction and thus prevented the last condition precedent to the completion of the transaction from being satisfied. Vivendi considers that despite its timely completion of the pre-notification process with the Commission, the Commission would not have accepted a formal filing while the parties were discussing their differences.

At the first hearing held in the case, the judge enjoined the parties to come closer to try to reach an amicable resolution of their dispute. To this end, on May 3, 2017, the parties began mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, on June 9, 2017, Mediaset, RTI and Fininvest filed a further complaint against Vivendi seeking damages totaling €2 billion for Mediaset and RTI, and €1 billion for Fininvest, in connection with Vivendi's acquisition of Mediaset shares at the end of 2016. According to the plaintiffs, who unsuccessfully requested that this action be consolidated with the first two, these acquisitions were made in breach of the April 8, 2016 agreement and of the Italian media regulations and constitutive of unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the Mediaset shares which were allegedly purchased in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs requested that, pending such divestiture, Vivendi be enjoined from exercising its rights (including voting rights) on such Mediaset shares.

On February 27, 2018, the Court noted the termination of the mediation proceedings. During a hearing held on December 4, 2018, Fininvest, RTI and Mediaset dropped, in respect of their first complaint, their claim to specific performance of the April 8, 2016 agreement, while pursuing their claim for compensation for alleged damages, in the amount of up to (i) €720 million for Mediaset and RTI, for non-performance of the April 8, 2016 agreement, and (ii) € 1.3 billion for Fininvest, for non-performance of the above-mentioned shareholders' agreement, for the loss resulting from the change in the Mediaset share price between July 26 and August 2, 2016 and various damages relating to the alleged illegal acquisition of Mediaset shares by Vivendi at the end of 2016. Fininvest is also seeking damages for an amount to be determined by the Court for damages to its decision-making process and image.

At a hearing held on March 12, 2019, Vivendi requested that the Court suspend part of the proceedings pending the ruling of the European Court of Justice on the analysis of the compatibility of the Italian law on the protection of media pluralism (the "TUSMAR") with the Treaty on the Functioning of the European Union, which suspension was granted (see below).

Other proceedings related to Vivendi's entry into the share capital of Mediaset

Following Vivendi's entry into the share capital of Mediaset by means of open market purchases of shares during the months of November and December 2016, culminating in a shareholding of 28.80%, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob, the Italian financial markets regulator.

In addition, on December 21, 2016, the AGCOM, the Italian communications authority, opened an investigation into the compatibility between the increase in Vivendi's holdings in Mediaset's share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

On April 18, 2017, the AGCOM issued a decision in which it determined that Vivendi was not in compliance with the regulations. Vivendi, which had 12 months to come into compliance, appealed against this decision to the Regional Administrative Court of Lazio. Pending the decision on this appeal, the AGCOM acknowledged Vivendi's proposed action plan setting out how it will comply with the decision. On April 9, 2018, in compliance with the undertakings given to the AGCOM, Vivendi transferred the portion of its shareholding in excess of 10% of Mediaset's voting rights to an independent trustee, Simon Fiduciaria SpA. On November 5, 2018, the Regional Administrative Court of Lazio decided to suspend its decision and referred to the European Court of Justice the analysis of the compatibility of the Italian rule under Article 43 of the TUSMAR, as applied by AGCOM, with the free movement principle enshrined in the Treaty on the Functioning of the European Union. On December 18, 2019, the Advocate General of the Court of Justice of the European Union (CJEU) issued opinions (which are not binding on the Court) in favor of Vivendi's position, considering in particular that the Italian regulations constitute a disproportionate obstacle to the freedom of establishment in relation to the objective of protecting the pluralism of information. The CJEU is expected to rule in the first half of 2020, after which the Italian court will render its decision.

Proceedings related to the change in Mediaset's corporate structure

On July 2, 2019, Vivendi filed a complaint against Mediaset and Fininvest before the Milan Civil Court requesting the Court to (i) annul the resolution of the Mediaset Board of Directors adopted on April 18, 2019, preventing Vivendi from exercising the voting rights associated with the shares not transferred to Simon Fiduciaria following the AGCOM's decision of April 18, 2017 (representing 9.61% of the share capital and 9.9% of the voting rights) at Mediaset's Extraordinary General Shareholders' Meeting held on April 18, 2019, and (ii) annul the resolution adopted by that meeting approving the implementation of a double voting rights system for shareholders who have held their shares for at least two years and who request such rights.

On June 7, 2019, Mediaset announced a plan to create MediaforEurope (MFE), a Netherlands-based holding company that would result from the merger of Mediaset SpA and Mediaset España. On September 4, 2019, the merger plan was approved by the Shareholders' Meetings of the Italian and Spanish companies, and then re-approved (due to the appeals filed by Vivendi) by the Shareholders' Meetings of Mediaset SpA and Mediaset España on January 10 and February 5, 2020, respectively. At both of the meetings held in Italy, Simon Fiduciaria was deprived of its voting rights by Mediaset's Board of Directors and Vivendi initiated legal proceedings in Spain, Italy and the Netherlands:

- on September 16, 2019, Vivendi brought summary proceedings before the Madrid Commercial Court requesting the suspension of the resolution authorizing the creation of MFE adopted by Mediaset España's General Shareholders' Meeting of September 4, 2019. In a decision issued on October 11, 2019, the Madrid Commercial Court granted Vivendi's request, a decision which Mediaset has appealed. Vivendi has also initiated proceedings on the merits to annul the resolution;
- on October 1, 2019, Vivendi filed a motion on the merits with the Court of Milan seeking the annulment of the resolution authorizing the creation of MFE adopted by Mediaset SpA's Shareholders' Meeting of September 4, 2019, which resolution was suspended following an interlocutory action brought in parallel by Vivendi on October 15, 2019. Following the amendments made to MFE's by-laws proposed by Mediaset's Board of Directors and approved by the Shareholders' Meeting of January 10, 2020, Vivendi again filed a motion for summary judgment on the merits with the Court of Milan. In a decision issued on February 3, 2020, the Court of Milan denied Vivendi's request for suspension of the planned merger. Vivendi announced that it would appeal against this decision; and
- on October 29, 2019, Vivendi initiated proceedings on the merits before the District Court of Amsterdam seeking an injunction to prohibit Mediaset Investment N.V. (the future MFE) from amending its articles of association by including certain provisions which, according to Vivendi, infringe upon the rights of minority shareholders. Vivendi has also filed an interlocutory action in the Netherlands seeking to obtain the suspension of the resolution adopted by Mediaset SpA's General Shareholders' Meeting of January 10, 2020.

Telecom Italia

On August 5, 2017, the Italian Government informed Vivendi that it was opening a formal investigation into whether certain provisions of Law Decree No. 21 of March 15, 2012 on special powers of the Italian Government relative to the defense and national security sectors (Article 1) and to activities of strategic importance in the fields of energy, transport and communications (Article 2), had been respected by Telecom Italia and Vivendi. Vivendi considered the provisions of that decree inapplicable to Vivendi. In particular, (i) Article 1, concerning the defense and national security sectors had never been hitherto declared and communicated to the market given the nature of the activities carried out by Telecom Italia, and (ii) Article 2, which relates to the energy, transport and communications sectors, does not apply to Vivendi since it refers to purchases of significant shareholdings made by non-European entities.

Additionally, and in the same timeframe as the above-mentioned investigation, on September 13, 2017, the Consob declared that Vivendi exercises de facto control over Telecom Italia. Vivendi and Telecom Italia formally contest this position and appealed to the Lazio Regional Administrative Court. On April 17, 2019, the Lazio Regional Administrative Court dismissed the appeal brought by Telecom Italia and Vivendi, each of which filed an appeal with the Italian Council of State on July 16 and 17, 2019, respectively.

On September 28, 2017, the Presidency of the Council of Ministers declared that (i) the notification made by Vivendi under Article 1 of the aforementioned legislative decree as a precautionary measure was made late and (ii) Telecom Italia had not made a notification under Article 1 of the decree following a change of control over its assets that are of strategic importance in the fields of energy, transport and communications. Therefore, the Presidency of the Council of Ministers launched proceedings against Telecom Italia for failing to make the required notification under Article 2 of the same legislative decree. Vivendi and Telecom Italia have appealed this finding.

Furthermore, by a decree dated October 16, 2017, the Italian Government decided to exercise the special powers laid down in Article 1 of the 2012 legislative decree, relative to the defense and national security sectors. This decree imposes a number of organizational and governance measures on Vivendi and Telecom Italia and its two subsidiaries, Telecom Italia Sparkle Spa ("Sparkle") and Telsy Elettronica e Telecomunicazioni Spa ("Telsy"). In particular, Telecom Italia, Sparkle and Telsy must have a division in charge of supervising all activities related to defense and national security, which is fully autonomous and endowed with human and financial resources sufficient to guarantee its independence, and to appoint to their governing bodies a member who is an Italian citizen, who is approved by the Italian Government and who has security clearance. It also requires the establishment of a supervisory committee under the auspices of the Council of Ministers *(Comitato di monitoraggio)* to monitor compliance with these obligations. On February 13, 2018, Vivendi and Telecom Italia filed an appeal against this decree with the Italian Presidency of the Council of Ministers. This appeal was dismissed on November 13, 2019.

In addition, by a decree dated November 2, 2017, the Italian Government decided to implement the special powers conferred by Article 2 of the 2012 legislative decree, relative to the fields of energy, transport and communications. This decree imposes on Telecom Italia the obligation to implement development, investment and maintenance plans for its networks to guarantee their operation and security, to provide universal service, and, more generally, to satisfy public interest in the medium and long term, under the control of the *Comitato di monitoraggio*, who must be notified of any reorganization of the Telecom Italia group's holdings or any project having an impact on the security, availability and operation of the networks. On March 2, 2018, Vivendi and Telecom Italia filed an appeal against this decree with the Italian Presidency of the Council of Ministers.

Finally, by a decree dated May 8, 2018, the Italian Government imposed an administrative fine of €74 million on Telecom Italia for failure to comply with its information obligations (failure to notify under Article 2 of Law Decree No. 21 of March 15, 2012, see above). On July 5, 2018, the Regional Administrative Court of Lazio suspended the enforcement of such fine.

Etisalat against Vivendi

On May 12, 2017, Etisalat and EINA filed a request for arbitration before the International Court of Arbitration of the International Chamber of Commerce pursuant to the terms of the agreement for the sale of SPT/Maroc Telecom entered into on November 4, 2013, the closing of which took place on May 14, 2014. This request concerned several claims in respect of representations and warranties made by Vivendi and SFR in connection with the sale agreement. On January 3, 2019, the Arbitral Tribunal rendered its decision, rejecting Etisalat's claim for compensation in its entirety.

Parabole Réunion

In July 2007, Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels (or replacement channels that have substituted these channels) and was ordered to replace the TPS Foot channel in the event it was dropped. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was unsuccessful in its claims concerning the content of the channels in question. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion.

On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre seeking enforcement of the fine imposed by the Paris Tribunal of First Instance and confirmed by the Court of Appeal. On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He noted that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal which, on May 12, 2016, upheld the decision of the Court of First Instance and dismissed all of Parabole Réunion's claims. In a decision issued on September 28, 2017, the French Supreme Court dismissed Parabole Réunion's appeal against the decision of the Court of Appeal of Paris.

At the same time, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages. On April 26, 2012, Parabole Réunion also filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance requesting the Tribunal to acknowledge the failure of the companies of the group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy. These two actions have been consolidated into a single action. On April 29, 2014, the Paris Tribunal of First Instance partially recognized the admissibility of Parabole Réunion's claim with respect to the period following June 19, 2008 and recognized the contractual liability of Canal+ Group due to the degradation of the quality of channels made available to Parabole Réunion. The Tribunal also ordered an expert report on the damages suffered by Parabole Réunion, rejecting the assessment produced by the latter. On June 3, 2016, the Paris Court of Appeal upheld the April 29, 2014 decision of the Paris Tribunal of First Instance. Canal+ Group filed an appeal against this decision to the French Supreme Court, which was dismissed on January 31, 2018.

In an order issued on October 25, 2016, the Pre-Trial Judge held that the April 29, 2014 decision in which Canal+ Group was ordered to compensate Parabole Réunion established in principle a debt of the latter, even if the assessment of its amount was still to be finalized. The Judge ordered Canal+ Group to pay the sum of €4 million as an advance. On January 17, 2017, the Paris Tribunal of First Instance ordered Canal+ Group to pay the sum of €37,720,000, with provisional enforceability. On February 23, 2017, Parabole Réunion appealed against that decision to the Paris Court of Appeal. On July 20, 2017, Canal+ Group filed its response to the appeal and a cross-appeal. Due to the failure of Parabole Réunion group to file its response within the time period prescribed by law, on December 8, 2017, Canal+ Group filed a motion raising the failure to meet such deadline and, consequently, seeking an invalidation of the expertise ordered on October 12, 2017 (see below). On June 7, 2018, the Pre-Trial Judge of the Paris Court of Appeal issued an order, dismissing the request for the invalidation of the expertise underway. Canal+ Group lodged a petition for review against this order, which it withdrew in October 2018, noting the progress of the expertise.

On May 29, 2017, Parabole Réunion raised an incidental question in order to have the court appoint an additional expert to assess the loss in value of its business. On October 12, 2017, the Pre-Trial Judge of the Paris Court of Appeal granted this request and a judicial expert was appointed. On December 17, 2018, Parabole Réunion raised a new incidental question before the Pre-Trial Judge of the Paris Court of Appeal in order to have the court clarify the mission of the judicial expert who had halted his work. In an order issued on April 4, 2019, the Pre-Trial Magistrate of the Paris Court of Appeal decided that the judicial expert would formulate a hypothetical estimate of damages for the loss in value of the business based on the number of subscribers proposed by Parabole Réunion (i.e., 40,000), with the judicial expert specifying, if appropriate, whether the loss in value of the business resulted from the 40,000 lost and/or missed subscribers attributable to Canal+ Group. However, the Pre-Trial Magistrate (i) rejected Parabole Réunion's request to include in the judicial expert's additional work the assumption that the 40,000 subscribers referred to above had generated a certain EBIT margin and (ii) ordered Parabole Réunion to bear the costs of the incidental procedure. The judicial expert resumed his work in mid-April 2019, which is still ongoing.

Canal+ Group against TF1, M6 and France Télévision

On December 9, 2013, Canal+ Group filed a complaint with the French Competition Authority against the practices of the TF1, M6 and France Télévision groups in the French-language film market. Canal+ Group claims that the defendants added certain pre-emption rights to co-production contracts aimed at restricting competition. On February 23, 2018, the French Competition Authority served a notification of grievances on France Télévision, TF1 and M6. On February 13, 2019, the case was reviewed by the French Competition Authority, which, on May 25, 2019, rendered a decision dismissing the case. On July 2, 2019, Canal+ Group appealed against this decision.

TF1 and M6 agreements

On September 30, 2017, Canal+ Group filed summary requests before the French Council of State (*Conseil d'État*) seeking an annulment of the decisions of the French Broadcasting Authority (*Conseil supérieur de l'audiovisuel*) (the "CSA") of July 20 and 27, 2017 relating to the TF1 and M6 channels, respectively. These decisions renew the authorizations for the terrestrial transmission of TF1 and M6, in the context of the requests of the two groups to obtain compensation for the distribution of their free-to-air DTT channels, including their eponymous TF1 and M6 channels. On November 26, 2018, after reaching an agreement with TF1, Canal+ Group withdrew from the proceedings against TF1. On July 22, 2019, Canal+ Group subsequently withdrew from the proceedings against M6.

Aston France and Strong against Canal+ Group

On September 25, 2014, Aston notified the French Competition Authority about Canal+ Group's decision to stop selling its satellite subscription called "cards only" (enabling the reception of Canal+/Canalsat programs on Canal Ready-labeled satellite set-top boxes, manufactured and distributed by third parties, including Aston). In parallel, on September 30, 2014, Aston filed a request for injunctive relief against Canal+ Group before the Commercial Court of Paris, seeking a stay of the decision of the Canal+ Group to terminate the Canal Ready partnership agreement and thus stop the marketing of satellite subscriptions called "cards only". On October 17, 2014, the Paris Commercial Court issued an order denying Aston's requests. On November 4, 2014, Aston appealed this decision and, on January 15, 2015, the Paris Court of Appeal, ruling in chambers, granted its requests and suspended the decision of Canal+ Group to stop selling its "cards only" subscriptions until the French Competition Authority rendered its decision on the merits of the case. On March 21, 2018, Canal+ Group received the French Competition Authority's preliminary assessment setting out its competition concerns and submitted to the French Competition Authority a proposal for commitments. On July 24, 2018, the French Competition Authority, considering that the commitments, in force until December 31, 2021, met both the need to combat piracy and maintain an alternative offer of set-top boxes to the ones leased by Canal+ Group, decided to make them compulsory and closed the proceedings.

In addition, on January 18, 2019, another company, Strong, filed an application with the Paris Commercial Court for injunctive relief requesting the Court to order the suspension of Canal+ Group's decision to stop marketing subscriptions on Canal Ready-labeled satellite set-top boxes following the above-mentioned decision of the French Competition Authority. Aston, which had not contested the commitments made by Canal+ Group to the French Competition Authority, voluntarily intervened in this injunctive relief proceeding. On February 22, 2019, the Paris Commercial Court dismissed Strong's and Aston's claims and ordered them, jointly and severally, to pay Canal+ Group €20,000.

Touche Pas à Mon Poste

On June 7, 2017, the French Broadcasting Authority *(Conseil supérieur de l'audiovisuel)* (the "CSA") decided to sanction C8 for a sequence broadcast on the show "TPMP" on December 7, 2016. The CSA considered that this sequence in which the presenter of the show, Cyril Hanouna, and one of its columnists, Capucine Anav, are seen engaging in a game on set during an "off" sequence, undermined the image of women. The sanction consisted of the suspension of advertising broadcasts during the show, *Touche Pas à Mon Poste* and its rebroadcasts, as well as well during the 15 minutes before and the 15 minutes after its broadcast, for a period of two weeks from the second Monday following notification of the decision.

On the same date, the CSA sanctioned C8 for another sequence broadcast on the show *TPMP! La grande Rassrah* on November 3, 2016. The CSA considered that this new sequence, the filming by hidden camera of Matthieu Delormeau, a columnist for the show, violated his dignity. This sanction consisted of the suspension of advertising broadcasts during the show, *Touche Pas à Mon Poste* and its rebroadcasts, as well as during the 15 minutes before and the 15 minutes after its broadcast, for a period of one week.

On July 3, 2017, following the two decisions of the CSA, C8 filed two actions for annulment with the French Council of State *(Conseil d'État)*. On July 4, 2017, C8 filed two claims for compensation with the CSA, which were rejected by implied decision. On November 2, 2017, C8 appealed against each of these to the Council of State. On June 18, 2018, the Council of State dismissed C8's action for annulment of the CSA's first decision, but granted the second application, overturning the CSA's second decision. The Council of State's decision to dismiss C8's action for annulment of the CSA's first decision is the subject of an appeal pending before the European Court of Human Rights, filed in December 2018. On November 13, 2019, the Council of State rejected the first claim for compensation but upheld the second, ordering the CSA to pay €1.1 million to C8 in compensation for the loss of a week's worth of advertising on its airwaves.

On July 26, 2017, the CSA decided to sanction C8 for a sequence broadcast on the show *TPMP Baba hot line* on May 18, 2017, considering that the channel violated the principle of respect for privacy and its obligation to combat discrimination, and imposed a monetary fine of €3 million. Following this decision, on September 22, 2017, C8 filed an action for annulment before the Council of State, which was dismissed on June 18, 2018. This decision is the subject of an appeal pending before the European Court of Human Rights, filed in December 2018. In addition, C8 filed a claim for compensation with the CSA, whose implicit rejection of it was challenged before the Council of State on January 25, 2018. On September 7, 2018, C8 withdrew its claim for compensation.

In connection with the same case, on February 18, 2019, Canal+ Group sent a letter to the CSA requesting the cancellation of the aforementioned €3 million fine in light of the November 2018 statements made by a representative of the French association, *Le Refuge*, explaining that it had not received a complaint from an alleged victim of the hoax, contrary to its initial statements. On April 5, 2019, this request was rejected. An appeal against this decision was filed with the Council of State on June 5, 2019.

In addition, on November 28, 2018, an Independent Rapporteur, upon referral by the Managing Director of the CSA, commenced sanction proceedings against C8 and served a notification of grievances on C8. The facts that may lead to a sanction relate to a sequence on the September 12, 2018 TPMP show during which Cyril Hanouna made remarks that could be considered as insulting against two executives of the TF1 channel. On April 24, 2019, the CSA decided not to sanction C8.

Finally, on June 4, 2019, the CSA's Independent Rapporteur commenced sanction proceedings against C8 and served it with a notification of grievances. The facts that may lead to a sanction relate to a sequence from the October 31, 2018 TPMP show during which old nude photos of a TF1 host were shown on the air. On December 18, 2019, the CSA imposed a fine of €10,000 on C8.

Rovi Guides, Inc. against Canal+ Group

Rovi Guides filed a request for mediation before the International Chamber of Commerce for the breach by Canal+ Group of an electronic program guide license agreement entered into in 2008 and for the non-payment of royalties related thereto between January 1, 2016 and June 30, 2017.

The mediation terminated without an agreement and Rovi Guides filed a request for arbitration on June 1, 2018. A decision is expected in the first half of 2020.

Harry Shearer and Century of Progress Productions against Studiocanal, Universal Music Group and Vivendi

A complaint was filed in California federal court against Studiocanal and Vivendi by Harry Shearer, through his company Century of Progress Productions, in his capacity as a creator, actor and composer of the film "This Is Spinal Tap", an American film produced and financed in 1984 by Embassy Pictures (Studiocanal is the successor to Embassy's rights). Mr. Shearer is seeking damages for breach of contractual obligations to provide operating accounts, fraud, and failure to use the film's trademark, and is also seeking attribution of the trademark. On February 8, 2017, four new plaintiffs, co-creators of the film, joined the proceedings. On February 28, 2017, in response to the complaint, the defendants filed a motion to dismiss, in which they asked the Court to declare the claims of the new plaintiffs to be inadmissible and to deny the claim for fraud. On September 28, 2017, the Court issued its decision. With respect to inadmissibility, it dismissed the claims of three of the four co-creators as well as the fraud claim but gave permission to the plaintiffs to file amended complaints in their individual capacities as well as to supplement their fraud claim. On October 19, 2017, a new complaint (the "Second Amended Complaint") was filed, which reintroduced the claims of three plaintiffs previously found to be inadmissible and added Universal Music Group (UMG) as a plaintiff. On December 21, 2017, UMG and Studiocanal each filed a motion to dismiss in response. By decision of August 28, 2018, the Court denied Studiocanal's motion to dismiss the plaintiffs' fraud claim. While the Court did not recognize the existence of fraud, it left open the possibility for the plaintiffs to prove it in the subsequent proceedings on the merits and granted some of UMG's motions but with leave for the plaintiffs to file an amended complaint with respect to these claims. The Court also denied UMG's motion to dismiss the plaintiffs' application for declaratory relief to terminate and recover from UMG the copyrights in the sound recordings from the motion picture in the United States. On September 18, 2018, the plaintiffs filed their new complaint (the "Third Amended Complaint"). In parallel, the parties decided to enter into a first round of mediation which did not result in a settlement in the case of Studiocanal and Vivendi. However, the plaintiffs and Studiocanal have agreed to begin an audit of the operating accounts sent to the plaintiffs to determine whether they contain any accounting irregularities. On October 24, 2019, UMG and the plaintiffs entered into an agreement under which the film's soundtrack will continue to be distributed by UMG, and payment of all royalties will be made exclusively and directly to the plaintiffs by UMG, which is no longer a party to the proceeding. Although negotiations are continuing between Studiocanal and the plaintiffs, the proceedings on the merits have resumed. Following a hearing on January 24, 2020, the Court imposed mediation on the parties. A meeting between the parties will be held on March 18, 2020.

Maitena Biraben against Canal+

Maitena Biraben challenged her termination by Canal+ for gross misconduct before the French Labor Court *(Conseils de Prud'hommes)*. On September 27, 2018, the French Labor Court rendered its decision, finding that Ms. Biraben's termination was without justified cause. The Court ordered Canal+ to pay total amount of €3,246,456, representing €38,456 in backpay and paid leave, €148,000 in severance pay, €510,000 in damages and €2,550,000 in termination compensation. Canal+ appealed against this judgment.

Investigation by the Departmental Directorate for the Protection of Populations in the Hauts de Seine

On April 20, 2018, the Departmental Directorate for the Protection of the Populations of the Hauts de Seine *(Direction Départementale de la Protection des Populations des Hauts de Seine)* (DDPP92) ordered Canal+ Group to stop positioning enriched offers to its subscribers during the term of their contract, a practice which the Court described as selling without prior order. On June 19, 2018, Canal+ Group filed a notice of appeal with the French Minister of the Economy, which was rejected on August 9, 2018. On October 5, 2018, Canal+ Group filed an appeal with the Administrative Court of Cergy-Pontoise.

In parallel, the DDPP92 informed Canal+ Group that it had referred the case to the Public Prosecutor's Office of Nanterre and, in relation to this, sent it a note stating that it considered that Canal+ Group had committed the offense of the forced sale of services, punishable under the provisions of the French Consumer Code *(Code de la consommation)*. The *inter partes* procedure is ongoing.

Canal+ Group against the French Professional Football League

On July 4, 2019, following the cancellation between December 2018 and April 2019 of a number of Ligue 1 matches due to the "Yellow Vest" protests in France with their postponement having been decided by the French Professional Football League *(Ligue de Football Professionnel)* (LFP) unilaterally, Canal+ Group filed a complaint against the LFP seeking damages for the loss suffered as a result of these postponements. Canal+ Group considers that, having acquired, at the time of the call for tenders for the periods 2016/2017 to 2019/2020, the broadcasting rights to matches and magazines for the identified time slots, the LFP breached the terms of the call for tenders. Canal+ Group is seeking €46 million in damages. During a hearing held on November 25, 2019, the LFP requested the dismissal of Canal+ Group's claims and raised a counterclaim requesting that the Canal+ Group be ordered to pay damages for the prejudice allegedly caused to it by the publicity surrounding these proceedings.

Proceedings before the Bobigny Labor Court

Several employees of the Canal+ Group telephone call center located in Saint-Denis brought an action against Canal+ Group before the Bobigny Labor Court seeking the annulment of their dismissal on the grounds that the job protection plan implemented in the call center is discriminatory.

Thierry Ardisson, Ardis, Télé Paris against C8 and SECP

On September 24, 2019, following the non-renewal of the television programs *les Terriens du samedi* and *les Terriens du dimanche,* Thierry Ardisson, Ardis and Télé Paris brought an action against C8 and SECP before the Paris Commercial Court for the termination of commercial relations without prior notice. The plaintiffs, claiming a situation of economic dependence, sought an award in solidum against C8 and SECP to pay damages to Ardis in the amount of €5,821,680, Télé Paris in the amount of €3,611,429, and Thierry Ardisson in the amount of €1 million. On January 21, 2020, the Court issued a judgment ordering C8 to pay €811,500 to Ardis and €269,333 to Télé Paris. Thierry Ardisson's claim was dismissed and SECP was acquitted.

Canal+ Group against Technicolor

On September 2, 2019, Canal+ Group filed a complaint before the Paris Commercial Court against Technicolor for breach of its contractual commitments. In its complaint, Canal+ Group alleged that Technicolor failed to deliver the G9 and G9 light set-top boxes in accordance with the manufacturing and delivery agreements entered into between the two companies. Canal+ Group is seeking reimbursement of additional costs incurred, alternative transportation costs, late payment penalties and the payment of damages. On October 9, 2019, Technicolor filed a complaint against Canal+ Group, Canal+ Reunion, Canal+ Antilles and Canal+ Caledonia before the Nanterre Commercial Court.

Canal+ Group against Pace

On November 14, 2019, Canal+ Group filed a complaint before the Paris Commercial Court against Pace, a supplier of G5 satellite and DTT set-top boxes, alleging that a number of malfunctions and defects in the G5 decoders prevent it from offering them to its customers.

Aspire against Cash Money Records and UMG

On April 7, 2017, Aspire Music Group filed a complaint with the New York State Supreme Court against Cash Money Records alleging breach of contract and non-payment of profits from Drake's first six albums. Following unsuccessful negotiations, the plaintiff amended its complaint to add UMG as a defendant on April 12, 2018. UMG filed a motion to dismiss on the grounds that it lacks privity with Aspire and is not liable for Cash Money's contractual obligations to Aspire. The Court denied UMG's motion to dismiss, and UMG appealed that decision. On February 7, 2019, the Appellate Division granted UMG's appeal. On July 17, 2019, the parties entered into a settlement agreement putting an end to this dispute.

Soundgarden, Hole, Steve Earle and the estates of Tom Petty and Tupac Shakur against UMG

On June 21, 2019, the groups Soundgarden and Hole, Steve Earle, Tom Petty's ex-wife and Tupac Shakur's estate filed a class action lawsuit against UMG in the Central District Court of California relating to a 2008 fire that allegedly destroyed thousands of archived recordings.

The plaintiffs allege that UMG breached the terms of the contracts with the artists by failing to adequately protect the recordings. It is also argued that the Group should have shared the settlement proceeds received as a result of its negotiations with the insurance companies and NBC Universal. On July 17, 2019, UMG filed a motion to dismiss the lawsuit. On August 16, 2019, the plaintiffs filed an amended complaint removing Hole as a plaintiff, and adding a number of claims. On September 6, 2019, UMG filed a new motion to dismiss.

John Waite and Joe Ely against UMG Recordings, Inc.

On February 5, 2019, a class action lawsuit was filed against UMG Recordings, Inc. on behalf of a putative class of all recording artists who had requested the termination of their contracts with UMG pursuant to Section 203 of the Copyright Act which allows, under certain conditions, a creator who has contractually transferred the rights to his or her work to a third party to terminate such contract after 35 years. The complaint seeks to have the Court recognize the termination of the contracts of the artists involved in the litigation and also alleges copyright infringement, as UMG continued to use the recordings after the purported end date of the contract. On May 3, 2019, UMG Recordings filed a motion to dismiss. On June 15, 2019, the plaintiffs filed a First Amended Complaint adding artists Syd Straw, Kasim Sulton and The Dickies as additional plaintiffs. On June 26, 2019, UMG Recordings, Inc. filed a new motion to dismiss.

UMG Recordings, Inc. and Universal Music Publishing Group (along with the other major labels and publishers) against Cox Communications, Inc. and CoxCom LLC

On July 31, 2018, a complaint for copyright infringement was filed by UMG Recordings, Inc. and Universal Music Publishing Group (along with the other major labels and publishers including Sony and Warner) against Cox Communications, an Internet access and service provider, and its parent company CoxCom, for knowingly inducing and supporting copyright infringement by its customers, contrary to the provisions of the Digital Millennium Copyright Act (DMCA), which requires an Internet service provider to implement a termination policy against its repeat infringing customers. At the end of the trial, which took place in December 2019, the jury awarded the plaintiffs $1 billion in damages.

Investigation by U.S. federal prosecutors into business practices in the advertising industry

On June 11, 2018, Havas received a subpoena for documents relating to one of its Spanish subsidiaries, Havas Media Alliance WWSL. These documents have been provided to the relevant US authorities. This request by the federal prosecutors appears to relate to business practices involving discounts and rebates. At this stage, Havas is not a party to any proceedings and is not being interviewed.

Investigation into the services provided by Havas Paris to Business France

On February 7, 2019, Havas Paris, a subsidiary of Havas SA, was indicted for having benefited from favoritism in an amount of €379,319. This indictment was brought in the context of a judicial investigation opened by the Paris Public Prosecutor's Office for the offence of favoritism allegedly committed by Business France when it organized a communication event which it entrusted to Havas Paris. Havas Paris denies the claims against it and has appealed against this decision.

Glass Egg vs. Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi

On August 23, 2017, Glass Egg, a company specializing in the design of 3D cars for use in video games, sued Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi in the U.S. District Court for the Northern District of California. It is seeking damages for copyright infringement, unfair competition and misappropriation of trade secrets. The Court allowed the plaintiff to amend its initial complaint three times. On September 17, 2018, Gameloft Inc. responded to Glass Egg's fourth amended complaint, denying all its claims. Discovery is ongoing. In addition, in an order dated February 12, 2018, the Court determined that it had no jurisdiction over Gameloft Iberica and Vivendi SA. The admissibility of the complaint against Gameloft SE remains challenged and the Court has ordered limited discovery to determine whether it has jurisdiction.

Swiss Competition Commission against Interforum Suisse

On March 13, 2008, following a complaint lodged by local booksellers, the Secretariat of the Swiss Competition Commission (COMCO) opened an investigation into distributors of French-language books operating in Switzerland, including Interforum Suisse.

On May 27, 2013, COMCO imposed a fine of CHF 3,792,720 on Interforum Suisse, considering that Interforum Suisse was a party to unlawful market-partitioning agreements. On July 12, 2013, Interforum Suisse filed an appeal with the Swiss Federal Administrative Court (TAF) challenging this decision.

On October 30, 2019, the appeal was dismissed and the amount of the fine imposed by the COMCO was confirmed. On January 13, 2020, Interforum Suisse filed an appeal before the Swiss Federal Supreme Court and requested a suspension of the provisional enforcement of the TAF's decision, which it was granted on January 31, 2020.

Reti Televisive Italiane (RTI) against Dailymotion

Since 2012, several legal actions have been filed by RTI, a subsidiary of Mediaset, against Dailymotion before the Civil Court of Rome. Similar to claims it has made against other major online video platforms, RTI is seeking damages for infringement of its neighboring rights (audiovisual production and broadcasting rights) and unfair competition as well as the removal of the contested content from the Dailymotion platform. In one of these cases, on July 15, 2019, following a complaint filed on April 12, 2012, the Civil Court of Rome ordered Dailymotion to pay €5.5 million in damages to RTI and to remove the videos in question under penalty of fine. On September 11, 2019, Dailymotion appealed the decision to the Rome Court of Appeal and filed an application for a suspension of the provisional execution of the decision, which was granted on October 31, 2019.

NOTE 25. MAJOR CONSOLIDATED ENTITIES OR ENTITIES ACCOUNTED FOR UNDER THE EQUITY METHOD

As of December 31, 2019, approximately 1,185 entities were consolidated or accounted for under the equity method (compared to approximately 1,140 entities as of December 31, 2018).

		December 31, 2019			December 31, 2018		
	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.	**France**	**Parent company**			**Parent company**		
Universal Music Group, Inc.	**United States**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Universal Music Group Holdings, Inc.	United States	C	100%	100%	C	100%	100%
UMG Recordings, Inc.	United States	C	100%	100%	C	100%	100%
Vevo	United States	E	49.4%	49.4%	E	49.4%	49.4%
Universal Music Group S.A.S.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Universal International Music B.V.	Netherlands	C	100%	100%	C	100%	100%
Universal Music Entertainment GmbH	Germany	C	100%	100%	C	100%	100%
Universal Music LLC	Japan	C	100%	100%	C	100%	100%
Universal Music France S.A.S.	France	C	100%	100%	C	100%	100%
Universal Music Holdings Ltd.	United Kingdom	C	100%	100%	C	100%	100%
EMI Group Worldwide Holding Ltd.	United Kingdom	C	100%	100%	C	100%	100%
Universal Music Group Treasury S.A.S.	France	C	100%	100%	C	100%	100%
Groupe Canal+ S.A.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Société d'Édition de Canal Plus	France	C	100%	100%	C	100%	100%
Multithématiques S.A.S.	France	C	100%	100%	C	100%	100%
Canal+ International S.A.S.	France	C	100%	100%	C	100%	100%
C8	France	C	100%	100%	C	100%	100%
Studiocanal S.A.	France	C	100%	100%	C	100%	100%
M7 (a)	Luxembourg	C	100%	100%	-	-	-
ITI Neovision	Poland	C	51%	51%	C	51%	51%
VSTV (b)	Vietnam	C	49%	49%	C	49%	49%
Havas S.A.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Havas Health, Inc	United States	C	100%	100%	C	100%	100%
Havas Media Group USA, LLC	United States	C	100%	100%	C	100%	100%
Havas Worldwide New York, Inc.	United States	C	100%	100%	C	100%	100%
BETC	France	C	100%	100%	C	100%	100%
Havas Edge, LLC	United States	C	100%	100%	C	100%	100%
Havas Paris	France	C	99%	99%	C	99%	99%
Arnold Worldwide, LLC	United States	C	100%	100%	C	100%	100%
Havas Media France	France	C	100%	100%	C	100%	100%
Creative Lynx Ltd.	United Kingdom	C	100%	78%	C	100%	78%
Havas Media Ltd.	United Kingdom	C	100%	100%	C	100%	100%
BETC Digital	France	C	100%	100%	C	100%	100%
Editis – Antinéa 6 S.A. (c)	**France**	**C**	**100%**	**100%**	**-**	**-**	**-**
Editis Holding S.A.	France	C	100%	100%	-	-	-
Editis S.A.S.	France	C	100%	100%	-	-	-
SEJER	France	C	100%	100%	-	-	-
Interforum	France	C	100%	100%	-	-	-
Edi 8	France	C	100%	100%	-	-	-
Univers Poche	France	C	100%	100%	-	-	-

		December 31, 2019			December 31, 2018		
	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Gameloft S.E.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Gameloft Inc.	United States	C	100%	100%	C	100%	100%
Gameloft Inc. Divertissement	Canada	C	100%	100%	C	100%	100%
Gameloft Iberica S.A.	Spain	C	100%	100%	C	100%	100%
Gameloft Software Beijing Ltd.	China	C	100%	100%	C	100%	100%
Gameloft S. de R. L. de C.V.	Mexico	C	100%	100%	C	100%	100%
Vivendi Village S.A.S.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
See Tickets	(d)	C	100%	100%	C	100%	100%
L'Olympia	France	C	100%	100%	C	100%	100%
CanalOlympia	France	C	100%	100%	C	100%	100%
Olympia Production	France	C	100%	100%	C	100%	100%
Festival Production	France	C	70%	70%	C	70%	70%
Paddington and Company Ltd.	United Kingdom	C	100%	100%	C	100%	100%
New Initiatives							
Dailymotion	France	C	100%	100%	C	100%	100%
Group Vivendi Africa	France	C	100%	100%	C	100%	100%
Vivendi Content	France	C	100%	100%	C	100%	100%
Banijay Group Holding	France	E	31.4%	31.4%	E	31.4%	31.4%
Corporate							
Telecom Italia	Italia	E	23.94%	17.15%	E	23.94%	17.15%
Boulogne Studios	France	C	100%	100%	C	100%	100%
Poltel Investment	Poland	C	100%	100%	C	100%	100%

C: consolidated; E: equity affiliates.

(a) Canal+ Group has fully consolidated M7 since September 12, 2019 (please refer to Note 2.3).

(b) VSTV (Vietnam Satellite Digital Television Company Limited) is held at 49% by Canal+ Group and 51% by VTV (the Vietnamese public television company). This company has been consolidated by Vivendi because Canal+ Group has both operational and financial control over it pursuant to an overall delegation of power that was granted by the majority shareholder and under the company's bylaws.

(c) Vivendi has fully consolidated Editis since February 1, 2019 please refer to Note 2.2).

(d) Includes See Tickets France (formerly Digitick), See Tickets UK, See Tickets US and See Tickets B.V. (formerly Paylogic, a ticketing and technology company based in Amsterdam, acquired by Vivendi Village on April 16, 2018) and Starticket (a ticketing company based in Switzerland, acquired by Vivendi Village on December 30, 2019).

NOTE 26. STATUTORY AUDITORS FEES

Fees paid by Vivendi SA in 2019 and 2018 to its Statutory Auditors and members of the Statutory Auditor firms were as follows:

	Deloitte et Associés				Ernst & Young et Autres				Total	
	Amount		%		Amount		%			
(in millions of euros)	2019	2018	*2019*	*2018*	2019	2018	*2019*	*2018*	2019	2018
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.6	0.6	*6%*	*6%*	0.7	0.7	*13%*	*12%*	1.3	1.3
Fully consolidated subsidiaries	8.8	9.0	*87%*	*92%*	4.2	3.7	*76%*	*64%*	13.0	12.7
Subtotal	**9.4**	**9.6**	***93%***	***98%***	**4.9**	**4.4**	***89%***	***76%***	**14.3**	**14.0**
Services other than certification of financial statements as required by laws and regulations (a)										
Issuer	-	-	-	-	0.1	0.1	*2%*	*2%*	0.1	0.1
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**2%**	**2%**	**0.1**	**0.1**
Services other than certification of financial statements provided upon the entity's request (a)										
Issuer	-	0.1	-	*1%*	0.3	-	*5%*	-	0.3	0.1
Fully consolidated subsidiaries	0.7	0.1	*7%*	*1%*	0.2	1.3	*4%*	*22%*	0.9	1.4
Subtotal	**0.7**	**0.2**	***7%***	***2%***	**0.5**	**1.3**	***9%***	***22%***	**1.2**	**1.5**
Total	**10.1**	**9.8**	***100%***	***100%***	**5.5**	**5.8**	***100%***	***100%***	**15.6**	**15.6**

(a) Includes services required by law and regulation (e.g., reports on capital transactions, comfort letters, validation of the consolidated statement of extra-financial performance) as well as services provided upon request of Vivendi or its subsidiaries (due diligence, legal and tax assistance, various reports).

NOTE 27. AUDIT EXEMPTIONS

Vivendi S.A. has provided guarantees to the following subsidiaries, incorporated in England and Wales, under the registered number indicated, in order for them to claim audit exemptions, with respect to fiscal year 2019, under Section 479A of the UK Companies Act 2006.

Name	Company Number
AMAAD Holdings Ltd.	12003313
A Man about a Dog Ltd.	08817956
E.M.I. Overseas Holdings Ltd.	00403200
EMI (IP) Ltd.	03984464
EMI Group (Newco) Ltd.	07800879
EMI Group Electronics Ltd.	00461611
EMI Group International Holdings Ltd.	01407770
EMI Group Worldwide	03158106
EMI Group Worldwide Holdings Ltd.	06226803
EMI Ltd.	00053317
EMI Recorded Music (Chile) Ltd.	07934340
Estupendo Records Ltd.	03278620
Mawlaw 388 Ltd.	03590255

Name	Company Number
Relentless 2006 Ltd.	03967906
Trinifold Music Ltd.	01781138
Universal/Anxious Music Ltd.	01862328
Universal Music (UK) Holdings Ltd.	03383881
Universal Music Holdings (UK) Ltd.	00337803
Universal Music Leisure Ltd.	03384487
Universal Music Publishing MGB Holding UK Ltd.	05092413
Universal SRG Group Ltd.	00284340
UTB events Ltd.	10461061
V2 Music Group Ltd.	03205625
Virgin Music Group	02259349
Virgin Records Overseas Ltd.	00335444

In addition, Vivendi S.A. has provided guarantees to the following Universal Music Group subsidiaries, incorporated in the Netherlands, under the registered number indicated, under Section 403 of Book 2 of the Dutch Civil Code. As the financial data of the companies is consolidated within these financial statements, the Dutch entities are allowed to prepare abridged financial statements which are exempt from publication and audit.

Name	Company Number
Universal International Music B.V.	31018439
Universal Music B.V.	31019600
Universal Music Publishing International B.V.	31037866
Universal Music Publishing B.V.	32101966
CMHL B.V.	32140273

NOTE 28. SUBSEQUENT EVENTS

The significant event that occurred between the closing date as of December 31, 2019 and February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2019) was as follows:

- on January 7, 2020, Vivendi was registered in its new form as a European Company. As from that date, its name is followed by the words "Société Européenne" or the abbreviation "SE". Vivendi is subject to the provisions of French commercial company law that are applicable to it in France, including the Council Regulation EC No. 2157/2001 of October 8, 2001 on the statute for a European company and the French Commercial Code *(Code de commerce)*.

IV — 2019 Statutory Financial Statements

1. Statutory Auditors' Report on the Financial Statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2019

To the Annual General Meeting of Vivendi SE,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Vivendi SE for the year ended 31 December 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de Commissaire aux comptes).*

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments (notes 1.3 and 7 of the notes to the financial statements)

Key audit matter	Our response
Equity investments and equity portfolio securities amount to a net value of €19,635 million as at 31 December 2019, for a total balance sheet of €26,052 million. The realizable value of equity investments is determined in relation to their value in use, generally calculated based on discounted future cash flows, a method that involves a significant amount of judgements and assumptions, notably concerning, as the case may be: ► Future cash flow forecasts; ► Perpetual growth rates used for projected flows; ► Discount rates applied to estimated cash flows. Consequently, any variation in these assumptions may have a significant impact on the value in use of these equity investments and necessitate the recognition of an impairment loss, where applicable. We consider the valuation of the equity investments to be a key audit matter due to (i) their materiality in your Company's accounts, (ii) the judgements and assumptions required to determine their value in use.	We analyzed the compliance of the methods adopted by your Company with the accounting standards in force, concerning the method of estimating the value in use of equity investments. We obtained the valuation reports for each of the equity investments concerned or the analysis carried out by your Company where applicable and paid particular attention to those where the carrying amount is close to the estimated value in use, those where the historical performance showed differences in relation to the forecasts and those operating in volatile economic environments. We assessed the competence of the experts appointed by your Company. In particular, for the equity investments valued according to the discounted future cash flows method, we took note of the key assumptions used and, as the case may be: ► compared the business forecasts underpinning the determination of cash flows with the information available, including the market prospects and past achievements, and in relation to management's latest estimates (assumptions, budgets and strategic plans where applicable); ► compared the perpetual growth rates used for the projected flows with market analyses and the consensus of the main professionals concerned; ► compared the discount rates used with our internal databases, assisted by financial valuation specialists included in our teams. For evaluations based on a comparison method, we examined the selection of companies included among the transaction or stock market comparables in order to compare it with the relevant samples according to market analysts and our knowledge of the market, and compared the market data used with the available public and non-public information. We obtained and reviewed the sensitivity analyses performed by management, which we compared with our own calculations to assess what level of variation in the assumptions would require the recognition of an impairment loss on the equity investments concerned. Lastly, we reviewed the information relating to these risks presented in the notes to the financial statements.

Analysis of disputes with the Mediaset group and with the foreign institutional investors (notes 1.7 and 24 of the notes to the financial statements)

Key audit matter	Our response
Your Company's activities are conducted in a constantly evolving environment and within a complex international regulatory framework. Your Company is not only subject to significant changes in the legislative environment and in the application and interpretation of regulations, but it also has to contend with litigation arising in the normal course of its business. Your Company exercises its judgement in assessing the risks run relative to the disputes with the Mediaset group and with certain foreign institutional investors, and recognizes a provision when the expense liable to result from these disputes is probable and the amount can either be quantified or estimated within a reasonable range. We consider these disputes to be a key audit matter given the amounts at stake and the level of judgement required for the determination of the provisions.	We analyzed all the information made available to us, including, when applicable, the written confirmations from external legal advisors mandated by your Company, relating to (i) the disputes between your Company and the Mediaset group and its shareholders and its shareholders, and (ii) the disputes between your Company and certain foreign institutional investors concerning alleged harm resulting from financial communications of your Company and its former CEO between 2000 and 2002. We examined the estimates of the risk performed by the management and notably compared them with the information made available to us by your Company's advisers. In addition, we analyzed the lawyers' answers received in response to our requests for confirmation concerning these disputes. Finally, we assessed the appropriateness of the information disclosed in the notes to the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French legal and regulatory texts.

Information provided in the Management Report and in the Other Documents Provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

We attest that the information relating to payment times referred to in article D. 441-4 of the French Commercial Code *(Code de commerce)* is fair and consistent with the financial statements.

Report on Corporate Governance

We confirm the existence in the Report on Corporate Governance of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the members of the Executive Board and of the Supervisory Board and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies that are in the consolidation scope. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code *(Code de commerce)*, we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Vivendi by the annual general meetings held on 25 April 2017 for DELOITTE & ASSOCIÉS and on 15 June 2000 for ERNST & YOUNG et Autres.

As at 31 December 2019, DELOITTE ET ASSOCIÉS and ERNST & YOUNG et Autres were in the third year and twentieth year of total uninterrupted engagement respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by your Management Board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de Commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-la Défense, 13 February 2020

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Queron	Géraldine Segond	Jacques Pierres	Claire Pajona

2. 2019 Statutory Financial Statements

I. STATEMENT OF EARNINGS

(in millions of euros)	Note	2019	2018
Operating income:			
Total revenues		73.5	68.3
Reversal of provisions and expense reclassifications		25.5	10.2
Other income		0.1	0.1
Total I		**99.0**	**78.6**
Operating expenses:			
Other purchases and external charges		108.7	133.5
Duties and taxes other than income tax		12.3	3.2
Wages and salaries and social security contributions		72.4	70.6
Depreciation. amortization and charges to provisions		30.4	26.2
Other expenses		1.2	1.4
Total II		**225.0**	**234.9**
Loss from operations (I-II)	2	**(126.0)**	**(156.3)**
Financial income:			
From equity affiliates and other long-term securities (dividends)		1,078.5	1,076.8
From long-term receivables		62.1	59.7
Other interest and similar income		116.7	109.9
Reversal of provisions and expense reclassifications		55.7	28.6
Foreign exchange gains		407.0	512.6
Net proceeds from the sale of marketable securities		0.1	
Total III		**1,720.2**	**1,787.7**
Financial expenses:			
Amortization and charges to financial provisions		154.8	1,151.5
Interest and similar charges		133.4	186.7
Foreign exchange losses		406.6	512.1
Net expenses on marketable securities sales		1.6	0.9
Total IV		**696.5**	**1,851.2**
Net financial income/(loss) (III - IV)	3	**1,023.7**	**(63.5)**
Earnings/(losses) from ordinary operations before tax (I - II + III - IV)		**897.6**	**(219.9)**
Exceptional income:			
From non-capital transactions		11.9	
From capital transactions		219.9	1,876.7
Reversals of provisions and expense reclassifications		504.4	218.4
Total V		**736.2**	**2,095.1**
Exceptional expenses:			
Related to non-capital transactions		15.9	17.1
Related to capital transactions		3.2	989.5
Exceptional depreciation, amortization and charges to provisions		45.3	47.6
Total VI		**64.4**	**1,054.2**
Net exceptional items (V - VI)	4	**671.8**	**1,040.8**
Income tax (charge) / credit (VII)	5	**160.4**	**130.3**
Total income (I + III + V + VII)		**2,715.7**	**3,961.4**
Total expenses (II + IV + VI)		**986.0**	**3,010.1**
EARNINGS FOR THE YEAR		**1,729.8**	**951.3**

II. STATEMENT OF FINANCIAL POSITION

ASSETS

(in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net 12/31/2019	Net 12/31/2018
Non-current assets					
Intangible assets	6	**3.2**	**2.3**	**0.9**	**1.3**
Property, plant and equipment	6	**57.5**	**55.7**	**1.9**	**2.8**
Long-term investments (a)	7	**24,429.1**	**4,347.3**	**20,081.9**	**20,562.8**
Investments in affiliates and Long-term portfolio securities		22,319.5	2,684.4	19,635.0	19,453.3
Loans to subsidiaries and affiliates		1,664.7	1,662.8	1.9	1.9
Other long-term investment securities		281.5		281.5	599.8
Loans					
Other		163.4		163.4	507.9
Total I		**24,489.9**	**4,405.2**	**20,084.7**	**20,566.8**
Current assets	8				
Receivables (b)		**4,831.6**	**338.9**	**4,492.7**	**2,632.4**
Trade accounts receivable and related accounts		15.0	3.6	11.4	19.3
Other receivables		4,816.6	335.3	4,481.3	2,613.1
Marketable securities		**1,270.5**		**1,270.4**	**2,761.8**
Treasury shares	9	47.8		47.8	57.6
Other securities	10	1,222.7		1,222.7	2,704.1
Cash at bank and in hand	10	**169.5**		**169.5**	**235.3**
Prepayments (b)		**22.0**		**22.0**	**16.3**
Total II		**6,293.6**	**338.9**	**5,954.6**	**5,645.8**
Deferred charges (III)	12	**12.4**		**12.4**	**5.4**
Unrealized foreign exchange losses (IV)	13				
Total assets (I + II + III + IV)		**30,795.9**	**4,744.1**	**26,051.8**	**26,218.1**
(a) Portion due in less than one year				170.4	517.1
(b) Portion due in more than one year				12.8	34.1

EQUITY AND LIABILITIES

(in millions of euros)	Note	12/31/2019	12/31/2018
Equity	14		
Share capital		6,515.2	7,184.3
Additional paid-in capital		7,167.0	9,288.5
Reserves			
Legal reserve		752.7	752.7
Other reserves			
Retained earnings		1,923.1	1,607.3
Earnings for the year		1,729.8	951.3
Interim dividends			
Total I		**18,087.8**	**19,784.1**
Provisions	16	136.7	574.9
Total II		**136.7**	**574.9**
Liabilities (a)			
Convertible and other bond issues	17	5,065.9	3,665.8
Bank borrowings (b)	17	939.1	84.3
Other borrowings	17	1,726.8	2,016.8
Trade accounts payable and related accounts		21.3	28.9
Tax and employee-related liabilities		33.2	29.8
Amounts payable in respect of PP&E and related accounts			2.9
Other liabilities		38.0	26.2
Deferred income		0.1	
Total III		**7,824.3**	**5,854.8**
Unrealized foreign exchange gains (IV)	13	**3.0**	**4.3**
Total equity and liabilities (I + II + III + IV)	13	**26,051.8**	**26,218.1**
(a) Portion due in more than one year		5,059.9	2,959.9
Portion due in less than one year		2,764.4	2,894.9
(b) Includes current bank facilities and overdrafts		69.2	84.3

III. STATEMENT OF CASH FLOWS

(in millions of euros)	2019	2018
Earnings for the year	1,729.8	951.3
Elimination of non-cash income and expenses		
Charges to amortization	4.6	3.3
Charges to depreciation and provisions net of reversals		
Operating	11.1	12.7
Financial	100.0	1,122.1
Exceptional	(459.2)	(170.8)
Capital gains	(194.1)	(866.2)
Dividends received in kind		(9.6)
Other income and charges without cash impact	(10.7)	16.7
Operating cash flows before changes in working capital	**1,181.6**	**1,059.5**
Changes in working capital	10.8	(34.6)
Net cash provided by/(used in) operating activities	**1,192.3**	**1,024.8**
Capital expenditure	(0.6)	(0.7)
Purchases of investments in affiliates and securities	(421.7)	(8.0)
Increase in loans to subsidiaries and affiliates	(62.1)	(59.8)
Receivables related to the sale of non-current assets and other financial receivables	422.1	(465.6)
Proceeds from sales of intangible assets and PP&E		1.4
Proceeds from sales of investments in affiliates and securities	429.0	2,220.7
Decrease in loans to subsidiaries and affiliates		
Increase in deferred charges relating to financial instruments	(10.8)	
Net cash provided by/(used in) investing activities	**355.9**	**1,687.9**
Net proceeds from issuance of shares	174.9	189.5
Dividends paid	(635.6)	(567.5)
New long-term borrowings secured	2,089.5	
Principal payments on long-term borrowings	(700.0)	
Increase (decrease) in short-term borrowings	854.8	(16.5)
Net change in current accounts	(2,215.0)	(550.1)
Treasury shares	(2,664.2)	
Net cash provided by/(used in) financing activities	**(3,095.7)**	**(944.6)**
Change in cash	(1,547.3)	1,768.2
Opening net cash (a)	2,939.4	1,171.2
Closing net cash (a)	**1,392.1**	**2,939.4**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

3. Notes to the 2019 Statutory Financial Statements

Preliminary note: all references to dollars are in U.S. dollars.

SIGNIFICANT EVENTS IN 2019

Opening of Universal Music Group's share capital

Following the preliminary negotiations announced on August 6, 2019, on December 31, 2019, Vivendi entered into an agreement with a Tencent-led consortium, which includes Tencent Music Entertainment and international financial investors, for the planned equity investment in UMG. This agreement provides for the purchase by the consortium of 10% of UMG's share capital, based on an enterprise value of €30 billion for 100% of UMG's share capital.

The Consortium has the option to acquire, on the same price basis, an additional amount of up to 10% of UMG's share capital until January 15, 2021.

This agreement will be shortly complemented by a second agreement allowing Tencent Music Entertainment to acquire a minority interest in the share capital of UMG's subsidiary that houses its operations in Greater China.

The transaction has been submitted to the relevant regulatory authorities. The closing of the transaction is expected by the end of the first half of 2020.

In addition, Vivendi's Supervisory Board was informed of ongoing negotiations regarding the possible sale of additional minority interests, which negotiation engagement, based on a minimum valuation of €30 billion for 100% of UMG's share capital, was announced on December 31, 2019. Eight banks have been mandated by Vivendi to assist it in this matter.

Acquisition of Editis

On January 31, 2019, Vivendi completed the acquisition of 100% of the share capital of Antinea 6, the holding company of Editis, the second-largest French-language publishing group. The purchase price amounted to €829 million, including the repayment of Editis Group's debt on that date. On January 2, 2019, the French Competition Authority authorized the transaction unconditionally.

Sale of the remaining interest in Ubisoft

On March 5, 2019, Vivendi sold the remaining part of its interest in Ubisoft (5.87% of the share capital) for €428.7 million, representing a capital gain of €219.7 million. Vivendi is no longer a Ubisoft shareholder and maintains its commitment to refrain from purchasing Ubisoft shares for a period of five years. In total, the sale of Vivendi's interest in Ubisoft represented €2 billion, i.e., a capital gain of €1.2 billion.

Share capital

During fiscal year 2019, under the share buyback program authorized by the General Shareholders' Meeting of April 15, 2019, with an authorized maximum price of €25 per share, implemented pursuant to the decision of the Management Board meeting of May 24, 2019, and in accordance with Articles 241-1 and 241-2 of the General Regulations of the French *Autorité des marchés financiers* (AMF), Vivendi acquired 107.9 million treasury shares with the purpose of canceling the shares acquired, at an average price of €24.69 per share, for an aggregate amount of €2,664.3 million.

At a meeting held on June 17, 2019, the Management Board decided to reallocate all of the treasury shares previously held for share exchange or external growth transactions as follows:

- 29,982,105 shares were reallocated for the purpose of share cancellation; and
- 5,111,404 shares were reallocated to cover performance share plans (see Note 9, Treasury Shares); these shares are classified as marketable securities for accounting purposes.

At a meeting held on November 26, 2019, the Management Board also decided to reallocate 4,169,149 shares previously covering performance shares plans to the cancellation of treasury shares.

Lastly, during 2019, the Management Board, pursuant to the authorization granted by the General Shareholders' Meeting of April 15, 2019 (28th resolution), carried out the following share cancellations:

- on June 17, 2019, 50,000,000 shares for an amount of €990.4 million;
- on July 25, 2019, 44,679,319 shares for an amount of €1,104.7 million; and
- on November 26, 2019, 36,251,491 shares for an amount of €870.4 million.

Consequently, 130,930,810 shares were canceled, i.e., 10% of the share capital as of the implementation date of the share buyback program, representing an overall reduction in share capital and additional paid-in capital of €2,965.5 million.

As of December 31, 2019, Vivendi held 11,130,285 treasury shares in the process of cancellation for an amount of €275.3 million (market value of €287.4 million) and 2,869,833 shares allocated to covering performance share plans for an amount of €47.8 million, representing a total of 14,000,118 treasury shares, i.e., 1.18% of the share capital, and recorded for an amount of €323.1 million. As of December 31, 2018, Vivendi held 35.1 million treasury shares for the purpose of share exchange or external growth transactions for a total amount of €589.3 million and no shares in the process of cancellation.

NOTE 1. ACCOUNTING RULES AND METHODS

1.1. GENERAL PRINCIPLES AND CHANGE IN ACCOUNTING METHODS

The statutory financial statements for the fiscal year ended December 31, 2019 have been prepared and presented in accordance with applicable French laws and regulations, and in particular the regulations of the *ANC (Autorité des Normes Comptables)*, France's national accounting standards authority, relating to the general accounting plan (*Plan Comptable Général* or "PCG"), in particular ANC Regulation No. 2014-03.

The accounting principles and methods are identical to those applied for the preparation of the 2018 statutory financial statements.

The company makes certain estimates and assumptions that it considers reasonable and reliable. Despite regular review, in particular based on past or anticipated events, facts and circumstances may lead to changes in such estimates and assumptions, which may have an impact on the amount of assets, liabilities, equity or earnings recognized by the company. These estimates and assumptions relate in particular to the measuring of asset impairment (see Note 7, Long-term Investments) and provisions (see Note 16, Provisions) as well as to employee benefits (see Note 1.9, Employee benefit plans).

The annual Statutory Financial Statements are available online at vivendi.com.

Consolidating companies

The Vivendi group is fully consolidated by Bolloré Group, whose parent companies are Bolloré SA (Siren: 055 804 124) and Financière de l'Odet (Siren: 056 801 046).

Vivendi SA is the parent company of the Vivendi group.

1.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are valued at acquisition cost.

Depreciation and amortization are calculated using the straight-line method and, where appropriate, the declining balance method over the useful lives of the relevant assets.

1.3. LONG-TERM INVESTMENTS

Investments in affiliates and long-term portfolio securities and other investment securities

Shares of companies, the long-term ownership of which is deemed to be beneficial to Vivendi's business, are classified as investments in affiliates.

Long-term portfolio securities include securities of companies for which Vivendi expects to realize satisfactory returns over the medium to long term without interfering with the management of such companies.

Investments in affiliates, long-term portfolio securities and other investment securities are recorded at acquisition cost. If their value exceeds their value-in-use, an impairment loss is recorded for the difference between the two.

Investments in affiliates are valued based on their value-in-use (PCG, Article 221-3). Value-in-use is generally determined based on the discounted value of future cash flows. However, a more suitable method may be used where appropriate, such as comparative stock market values, values resulting from recent transactions, stock market prices in the case of listed entities, or the share held in net equity.

Long-term portfolio securities are valued based on their market value taking into consideration the general prospects of the companies concerned (PCG, Article 221-5).

The value-in-use of securities in foreign currencies is calculated using the exchange rate applicable on the closing date for both listed securities (PCG, Article 420-3) and unlisted securities.

Vivendi expenses investment and security acquisition costs in the fiscal year during which they are incurred.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates consist of medium and long-term loans to group companies. They do not include current account agreements with group subsidiaries that are used for day-to-day management of cash surpluses and shortfalls. Impairment losses are recorded based on the risk of non-recovery.

Treasury shares

All treasury shares held by Vivendi that are: (i) in the process of cancellation, (ii) allocated to covering performance share plans and external growth transactions, or (iii) acquired pursuant to a liquidity contract, are recorded as Long-term Investments. Impairment losses are recorded on shares held for the purpose of a share exchange or external growth transactions and on shares acquired under a liquidity contract if their value-in-use, which corresponds to the average share price during the closing month, is lower than their book value (PCG, Article 221-6).

All remaining treasury shares held by Vivendi are recorded as marketable securities (see Note 1.5, Marketable securities).

1.4. OPERATING RECEIVABLES

Operating receivables are recorded at nominal value. A provision is therefore made, as appropriate, based on the risk of non-recovery.

1.5. MARKETABLE SECURITIES

Treasury shares

Treasury shares purchased for delivery to employees pursuant to performance share plans are recorded as marketable securities.

At year-end, the shares allocated to specific plans are not depreciated but the probable outflow of resources corresponding to the expected loss in value when the shares are delivered to the beneficiaries is subject to a provision (see Note 1.8, Stock option plans and performance share plans). For those shares not allocated to specific plans, an impairment loss is recognized, as appropriate, to reduce their net value down to their stock market value based on the average share price during the month of closing.

Other marketable securities

All other marketable securities are recorded at acquisition cost. An impairment loss is recorded for the difference between the two if the estimated value-in-use at the end of the period is lower than the acquisition cost. The value-in-use of securities in foreign currencies is calculated using the exchange rates applicable on the closing date.

1.6. DEFERRED CHARGES RELATING TO FINANCIAL INSTRUMENTS

Issue costs in relation to bonds and lines of credit are amortized equally over the term of such instruments.

1.7. PROVISIONS

A provision is recorded if Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of equivalent consideration from the third party.

The provision is equal to the best estimate, taken at period-end, of the outflow of resources necessary to settle the obligation, where the risk exists at the end of the period.

The assumptions underlying the provisions are regularly reviewed and any necessary adjustments are recorded.

Where it is not possible to provide a reliable estimate for the amount of the obligation, a provision is not recorded and disclosure is made in the notes to the financial statements (see Note 24, Litigation).

1.8. STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

A provision is recognized when the company implements a performance share plan or a stock option plan that is settled by the delivery of treasury shares. This provision is calculated based on the market price of Vivendi shares as at the grant date or the estimated share purchase price at year-end. In the case of stock option plans, the probable outflow of resources making up the provision is equal to the cost of the shares repurchased less the exercise price paid by the employees (PCG, Article 624-8).

Pursuant to the PCG, Article 624-14, expenses, charges and reversals in relation to the grant of stock options and free shares to company employees are recorded as personnel costs.

1.9. EMPLOYEE BENEFIT PLANS

Vivendi applies the reference method defined by ANC Regulation No. 2018-01 (PCG, Article 324-1) and uses method 1 of ANC Recommendation No. 2013-02 regarding the valuation of, and accounting methods for, pension commitments and similar benefits.

The provision recorded for obligations in relation to employee benefit plans includes all Vivendi employee benefit plans, i.e., retirement/termination payments, pensions and supplemental pensions. It is calculated as the difference between the value of the actuarial obligations and plan assets, net of actuarial gains and losses and unrecognized past service costs.

The actuarial obligation is calculated using the projected unit credit method (each period of activity generates additional entitlement). Actuarial gains and losses are recognized using the «corridor method». This consists of recording, in the profit and loss account for the relevant period, the amortization calculated by dividing the portion of actuarial gains and losses that exceeds the greater of 10% of: (i) the obligation and (ii) the fair value of the plans' assets as of the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

1.10. FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Foreign currency-denominated income and expense items are translated using average monthly rates or, as applicable, using the exchange rate negotiated during specific transactions.

Foreign currency-denominated receivables, payables, loans, marketable securities and cash balances are translated at the exchange rates applicable on the accounting closing date (PCG, Article 420-5).

Unrealized gains and losses recognized on translation of foreign currency borrowings, loans, receivables and payables, using exchange rates prevailing on the accounting closing date, are recorded in the Statement of Financial Position as unrealized foreign exchange gains and losses. A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses (PCG, Article 420-5).

Cash and foreign currency current accounts existing at the end of the fiscal year are converted into local currency at the exchange rate on the last business day of the period. Translation differences recognized on these assets and liabilities are recorded in the profit and loss account for the year, except when the provisions relating to hedging transactions are applicable (PCG, Article 420-7).

Vivendi seeks to secure the exchange rate of assets and liabilities denominated in foreign currencies, particularly through the implementation of derivative financial instruments. Foreign exchange gains and losses realized on the hedging instruments are classified in the Statement of Financial Position as deferred revenue or expenses until the gain or loss on the hedged item is recognized (see Note 1.11, Derivative financial instruments and hedging operations).

1.11. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING OPERATIONS

Vivendi uses derivative financial instruments to: (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations and (ii) secure the value of certain financial assets. These instruments are traded over-the-counter with highly-rated counterparties.

Pursuant to Article 628-11 of the PCG, unrealized or realized income and expenses generated by interest rate and currency hedging instruments are recorded with the income and expenses of the hedged items.

Unrealized gains on derivative instruments not eligible for hedge accounting (isolated open positions) are not included in the calculation of income. Conversely, unrealized losses on these instruments are recorded as Net financial charges.

As a result, changes in the value of hedging instruments are not recognized in the Statement of Financial Position, unless the full or partial recognition of these variations ensures a symmetrical treatment with the hedged item.

Premiums and discounts associated with foreign currency forward sales and purchases are spread over the duration of the hedge and recognized as financial income or expense.

NOTE 2. OPERATING LOSSES

2.1. REVENUES

Revenues consisting of charges for services provided by Vivendi and rebilling of costs to its subsidiaries amounted to €73.5 million in 2019, compared to €68.3 million in 2018.

2.2. OPERATING EXPENSES AND EXPENSE RECLASSIFICATIONS

Operating expenses amounted to €225.0 million in 2019, compared to €234.9 million in 2018.

Within this total, "other purchases and external charges" represented €108.7 million in 2019, compared to €133.5 million in 2018. Other purchases and external charges, including amounts rebilled to subsidiaries (recorded in revenues) and expense reclassifications (recorded in the Statement of Earnings as reversal of provisions and expense reclassifications), are broken down as follows:

(in millions of euros)	2019	2018
Non-stored purchases	0.7	0.8
Rent	9.1	9.5
Insurance	19.5	16.8
Service providers, temporary staff and sub-contracting	7.6	24.5
Commissions and professional fees	47.9	66.2
Bank services (a)	8.5	0.2
Other external services	15.4	15.5
Sub-total other purchases and external charges	**108.7**	**133.5**
Amounts rebilled to subsidiaries (revenues)	(15.8)	(21.4)
Expense reclassifications (a)	(10.7)	
Total net of rebilled expenses and expense reclassifications	**82.2**	**112.1**

(a) Includes €8.1 million related to the signing, in January 2019, of the extension of the syndicated bank credit facility and committed bilateral credit facilities, and the new €2.1 billion bond issue in June 2019. These costs have been recorded as deferred charges; see Note 12, Deferred Charges and Note 17, Borrowings.

NOTE 3. NET FINANCIAL INCOME/(LOSS)

Net financial income/(loss) is broken down as follows:

(in millions of euros)	2019	2018
Income from long-term receivables	62.1	59.7
Interest and similar income and charges – External	(48.1)	(35.0)
Interest income & charges – Group Current Accounts	32.4	14.4
Dividends received	1,078.5	1,076.8
Foreign exchange gains & losses	0.4	0.6
Net proceeds and expenses on the sales of marketable securities	(1.5)	(0.9)
Movements in financial provisions	(99.1)	(1,123.0)
Other financial income and expenses	(1.0)	(56.1)
Total	**1,023.7**	**(63.5)**

3.1. INTEREST AND SIMILAR INCOME AND EXPENSES – EXTERNAL

The net external cost of interest and similar income and expenses was -€48.1 million in 2019, compared to -€35.0 million in 2018, which, among other items, included:

- expenses resulting from bond issuances of -€72.8 million in 2019, compared to -€67.9 million in 2018 (see Note 17, Borrowings);
- investment income of €12.8 million in 2019, compared to €10.2 million in 2018; and
- premiums and discounts associated with forward currency transactions used for hedging, resulting in a positive net amount of €14.9 million in 2019, compared to €25.1 million in 2018.

3.2. DIVIDENDS RECEIVED

In 2019, Income from affiliates was €1,078.5 million, which primarily comprised dividends from Universal Music Group, Inc. (UMG Inc.) of €758.1 million ($850 million), from UMG SAS of €244.0 million and from Havas of €76.3 million.

In 2018, Income from affiliates amounted to €1,076.8 million, which primarily comprised dividends from Universal Music Group, Inc. of €745.1 million ($850 million) in cash and in shares, from UMG SAS of €245.8 million, from Havas of €76.1 million and from Telefonica of €9.7 million.

3.3. FINANCIAL PROVISIONS AND IMPAIRMENTS

- Based on multiple valuations observed in recent acquisitions, Vivendi considers that Canal+ Group's recoverable amount is at least equal to its carrying value.
- On December 31, 2019, Vivendi and a consortium of global financial investors led by Tencent entered into an agreement that provides for the sale of 10% of UMG's share capital, based on an enterprise value of €30 billion for 100% of UMG's share capital. On this basis, Vivendi considers that UMG's recoverable amount exceeds its carrying value.

  The values of the two music holding companies held by Vivendi SA, UMG Inc. and UMG SAS, increased in 2019 and continue to exceed their book values.
- As of December 31, 2019, no impairment test relating to the book value of Editis was carried out given the proximity between the date of the acquisition of Editis (January 31, 2019) and the closing date.
- Vivendi Management considers that the recoverable amounts of Gameloft and Dailymotion as of December 31, 2019 and as of December 31, 2018, which were determined using standard valuation methods (fair value, determined on the basis of market data: stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions) are at least equal to their value at the acquisition date.

  In 2019, Vivendi recognized an impairment loss of €68 million on the current account advanced to Dailymotion.
- As of December 31, 2019, the stock market price of Telecom Italia ordinary shares (€0.556) decreased compared to the average purchase price paid by Vivendi (€1.08). As a reminder, as of December 31, 2018, Vivendi wrote-down the value of its interest in Telecom Italia by €801 million, to a net book value of Telecom Italia shares of €3,130 million (€0.86 per share). As of December 31, 2019, Vivendi assessed whether there was any indication that its interest in Telecom Italia may have become impaired in 2019. As every year, the test was implemented with the assistance of a third-party appraiser and the value determined using standard valuation methods (the value in use, determined as the discounted value of future cash flows, and the fair value, determined on the basis of market data: stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent acquisition transactions). Vivendi Management concluded that there were no triggering events that would indicate any reduction in the value of its interest compared to December 31, 2018. In Vivendi SA's Financial Statements for the year ended December 31, 2019, the net book value of Telecom Italia shares was €3,130 million.
- Concerning Mediaset, impairment losses and reversals recorded in 2019 were (i) the impairment charge of €19 million on the rights over the shares transferred to an independent Italian trustee in April 2018, calculated based on the annual closing price of Mediaset shares, and (ii) the impairment reversal of €9 million on the Mediaset shares held by Vivendi on December 31, 2019, calculated based on the average price of Mediaset shares during December (PCG, Article 833-7).

NOTE 4. NET EXCEPTIONAL ITEMS

In 2019, a net exceptional gain of €671.8 million was recorded, compared to a net exceptional gain of €1,040.8 million in 2018, which primarily comprised the following items:

- a net capital gain of €219.7 million related to the sale of 6,550,000 shares of Ubisoft (see Significant Events in 2019);
- a reversal of provision for €442.4 million related to risks associated with the tax refund request filed by Vivendi and its use of foreign tax receivables following its exit from the Consolidated Global Profit Tax System: €239.3 million in respect of the fiscal year ended December 31, 2012, and €203.1 million in respect of the fiscal year ended December 31, 2015 (see Note 5, Income Taxes and Note 16, Provisions);
- a total charge of €12.2 million related to the coverage of performance share plans benefiting employees of Vivendi subsidiaries:
  - a charge of €6.4 million in respect of deliveries of Vivendi shares in 2019 and (ii) a net charge to provision of €9.1 million to cover performance share plans benefiting employees other than Vivendi SA employees, and
  - a charge of €8.8 million (deliveries in 2019) and (ii) a net reversal of provision of €12.1 million to cover deliveries of Vivendi shares to beneficiaries of Havas performance share plans who did not sign a liquidity undertaking following the public share buyback offer (OPRA) made by Vivendi for the shares of Havas in 2017 (see Note 9, Treasury Shares and Note 16, Provisions).

NOTE 5. INCOME TAXES

Vivendi SA benefits from the French Tax Group System and considers that, until December 31, 2011 inclusive, it benefited from the Consolidated Global Profit Tax System pursuant to Article 209 quinquies of the French Tax Code. As from January 1, 2012, Vivendi only benefits from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of French subsidiaries that are at least 95% owned, directly or indirectly, by it. As of December 31, 2019, this mainly applies to Universal Music Group, Canal+ Group, Havas and Gameloft entities in France, as well as the companies involved in the group's development projects in France (e.g., Vivendi Village, Dailymotion). At year-end 2019, Vivendi recorded an income tax credit of €111.5 million under the French Tax Group System.
- Up until December 31, 2011, the Consolidated Global Profit Tax System enabled Vivendi to obtain a tax authorization. This allowed the company to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that were at least 50% owned, directly or indirectly, by it and that were also located in France or abroad. This authorization was granted for an initial five-year period (from January 1, 2004 to December 31, 2008) and was then renewed, on May 19, 2008, for a three-year period (from January 1, 2009 to December 31, 2011). As a reminder, on July 6, 2011, Vivendi filed a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period (from January 1, 2012 to December 31, 2014).
- In 2011, pursuant to changes in French Tax Law, the Consolidated Global Profit Tax System was terminated as of September 6, 2011, and the deduction for tax losses carried forward was capped at 60% of taxable income. Since 2012, the deduction for tax losses carried forward has been capped at 50% of taxable income.

The French Tax Group and Consolidated Global Profit Tax Systems have the following impact on the valuation of Vivendi's tax attributes (tax losses, foreign tax receivables and tax credits carried forward):

- In 2012, Vivendi, considering that it was entitled to use the Consolidated Global Profit Tax System up until the end of the authorization period granted by the French Ministry of Finance (i.e., until December 31, 2011), filed a contentious claim for a €366 million refund in respect of fiscal year 2011. In a decision dated October 25, 2017, marking the end of legal proceedings brought before administrative courts, the French Council of State *(Conseil d'État)* recognized that Vivendi had a legitimate expectation that it would be afforded the Consolidated Global Profit Tax System for the entire period covered by the authorization, including for the fiscal year ending December 31, 2011. Given that the power of final adjudication is vested in the French Council of State *(Conseil d'État)*, the amount of €366 million paid to Vivendi, coupled with moratorium interest of €43 million, was definitively acquired by Vivendi. As a result, Vivendi recorded a reversal of tax provision of €409 million for the fiscal year ended December 31, 2017.
- Moreover, considering that Vivendi's foreign tax receivables available at the exit from the Consolidated Global Profit Tax System can be carried forward upon the end of the authorization, Vivendi requested a tax refund for the fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a refund of €201 million. This refund was then challenged by the tax authorities in relation to a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained and increased this provision by €11 million (the amount of additional default interest), for a total amount of €232 million, which was subsequently decreased to €228 million as of December 31, 2015 after the deduction of ordinary tax credits. On March 31, 2015, as part of this tax audit, Vivendi made a payment of €321 million, corresponding to the amounts of €221 million and €11 million mentioned above, increased by additional penalties of €89 million.
- On June 29, 2015, after the tax audit was completed, Vivendi challenged the tax authorities in regard to the tax payment, the default interest and the penalties, for which no provision had been accrued upon the recommendation of its advisors. Vivendi has since brought this case before the Administrative Court of Montreuil. On March 16, 2017, the Administrative Court of Montreuil ruled in favor of Vivendi. On April 18, 2017, pursuant to this decision, Vivendi received (i) a €315 million refund relating to the principal tax amount due in 2012 (€218 million), as well as default interest (€10 million) and additional penalties (€87 million), and (ii) moratorium interest (€31 million), which totaled €346 million. The Ministry appealed this decision with respect to the principal tax amount due; therefore, in its Financial Statements for the year ended December 31, 2017, Vivendi maintained the provision relating to the principal refund (€218 million), the default interest (€10 million), and the moratorium interest (€23 million), i.e., a total provision of €251 million. Given that the Ministry's appeal did not include penalties (€87 million), Vivendi recorded a tax income of €9 million in its Financial Statements as of December 31, 2017, relating to the portion of moratorium interest irrevocably earned by Vivendi. On November 22, 2018, the Versailles Administrative Court of Appeal quashed the March 16, 2017 decision of the Administrative Court of Montreuil and ordered Vivendi to pay the amount of the additional contributions to which it was subject for the year ended December 31, 2012. However, it granted discharge of the default interest charged to Vivendi. In its financial statements for the fiscal year ended December 31, 2018, Vivendi recorded a reversal of provision of €12 million related to the discharge of default interest (€10 million) and the corresponding moratorium interest (€2 million), reducing the total amount provisioned to €239 million (€218 million with respect to the principal amount and €21 million with respect to moratorium interest; see Note 16, Provisions). On December 31, 2018, Vivendi filed an appeal with the French Council of State

(Conseil d'État) to cancel the decision of the Versailles Administrative Court of Appeal. On February 11, 2019, pursuant to the decision of the Versailles Administrative Court of Appeal, Vivendi received from the tax authorities a refund request of €239 million, satisfied on February 15, 2019.

- On June 15, 2017, following the Administrative Court of Montreuil ruling of March 16, 2017, Vivendi made a claim for the repayment of the tax amount due for the year ended December 31, 2015 (€203 million; see Note 8, Current Assets). Vivendi recorded a provision as of December 31, 2017 in the amount of the refund requested (€203 million) and maintained this provision in its Financial Statements for the year ended December 31, 2018 pending the decision of the French Council of State *(Conseil d'État)* mentioned above (see Note 16, Provisions).
- On December 19, 2019, the French Council of State *(Conseil d'État)* ruled in favor of Vivendi regarding the use of foreign tax receivables upon exit from the Global Profit Tax System, reversing the decision of the Versailles Administrative Court of Appeal and settling this litigation on the merits. The decision of the French Council of State *(Conseil d'État)* on December 24, 2019 resulted in the following measures:
  - in its Financial Statements for the year ended December 31, 2019, Vivendi recorded (i) a reversal of provision for €442 million, including €239 million with respect to fiscal year 2012 (€218 million principal and €21 million in moratorium interest) and €203 million with respect to fiscal year 2015 (see Note 4, Net Exceptional Items and Note 16, Provisions) and (ii) a current tax income of €31 million relating to additional moratorium interest, i.e., €5 million with respect to fiscal year 2012 and €26 million with respect to fiscal year 2015; and
  - on December 27, 2019, the tax authorities repaid €223 million to Vivendi (€218 million principal and €5 million in moratorium interest). In addition, in January 2020, the tax authorities repaid €250 million to Vivendi, i.e., a balance of €21 million with respect to moratorium interest for fiscal year 2012 and €229 million with respect to fiscal year 2015 (€203 million principal and €26 million in moratorium interest).
- In the Financial Statements for the year ended December 31, 2019, the tax results of the subsidiaries comprised within the scope of Vivendi SA's French Tax Group System are calculated based on estimates. As a result, the amount of tax attributes as of December 31, 2019 could not be reliably determined. As of December 31, 2019, taking into account the impact of the estimated 2019 tax results and before the effects of the ongoing tax audits on the amount of tax attributes (see Tax litigation below), it is anticipated that Vivendi SA will likely be able to achieve €765 million in tax savings from tax attributes (based on the income tax rate applicable as of January 1, 2020, i.e., 32.02%). At a rate of 25.83% applicable in 2022, it is anticipated that Vivendi would achieve €618 million in tax savings from tax attributes.

TAX LITIGATION

In the normal course of its business, Vivendi SA is subject to tax audits by the relevant tax authorities. In litigation situations, Vivendi's policy is to pay the taxes it intends to contest, and to seek a refund through appropriate legal proceedings. Regarding ongoing tax audits, no provision is recorded where the impact that could result from an unfavorable outcome cannot be reliably assessed. To date, Vivendi Management believes that these tax audits are unlikely to have a material impact on the company's financial position or liquidity.

Regarding the tax audit for fiscal years 2008 to 2012, Vivendi SA is subject to a rectification procedure for which the tax authorities challenge the accounting and tax treatment of NBC Universal shares received in consideration of the sale of Vivendi Universal Entertainment shares in 2004. Additionally, the tax authorities challenge the deduction of the €2.4 billion loss recorded as part of the sale of these shares in 2010 and 2011. Proceedings were brought before the National Direct Tax System *(Commission Nationale des Impôts Directs)*, which rendered its opinion on December 9, 2016 (which was notified to Vivendi SA on January 13, 2017), in which it declared the discontinuation of the adjustments suggested by the tax authorities. Moreover, given that the disagreement was based on administrative doctrine, Vivendi asked for its cancellation on the ground that it was tantamount to adding to the law. On May 29, 2017, the French Council of State *(Conseil d'État)* favorably received Vivendi's appeal for misuse of authority. By letter dated April 1, 2019 and following various appeals, the tax authorities confirmed the continuation of the rectification procedure. On June 18, 2019, Vivendi therefore initiated a legal proceeding before the tax department. As no reply was received from the tax authorities, on December 30, 2019, Vivendi filed a complaint before the Administrative Court of Montreuil. In addition, the tax audit for fiscal years 2013 to 2016 is ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for all the fiscal years under audit.

NOTE 6. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1. GROSS VALUES

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	9.9	0.3	(7.0)	3.2
Property, plant and equipment	58.8	0.3	(1.6)	57.5
Total	**68.7**	**0.6**	**(8.6)**	**60.7**

6.2. DEPRECIATION AND AMORTIZATION

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal	Closing accumulated depreciation/ amortization
Intangible assets	8.7	0.6	(7.0)	2.3
Property, plant and equipment	56.0	1.3	(1.6)	55.7
Total	**64.7**	**1.9**	**(8.6)**	**58.0**

NOTE 7. LONG-TERM INVESTMENTS

7.1. CHANGE IN LONG-TERM INVESTMENTS

(in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and Long-term portfolio securities	22,159.7	368.8	(209.0)		22,319.5
Loans to subsidiaries and affiliates	1,602.5	62.2			1,664.7
Other long-term investment securities	599.8	2,664.3	(2,982.6)		281.5
Loans and other long-term investments	507.9	196.0	(539.1)	(1.3)	163.4
Total	**24,869.9**	**3,291.3**	**(3,730.7)**	**(1.3)**	**24,429.1**

7.2. INVESTMENTS IN AFFILIATES AND LONG-TERM PORTFOLIO SECURITIES

The main changes in investments in affiliates and long-term portfolio securities are as follows:

- the acquisition of Editis (Antinea 6) for an amount of €332.7 million (see Significant Events in 2019);
- the sale of the remaining Ubisoft shares for a cash consideration of €428.7 million, representing a capital gain of €219.7 million (see Significant Events in 2019); and
- in 2019, the acquisition of Havas shares from employees who signed the liquidity undertaking in connection with Havas's performance share plans for €10.9 million.

The transfer in April 2018 of a portion of the Mediaset shares representing 19.19% of its share capital and 19.95% of its voting rights to an independent Italian trustee resulted in the recording in 2018 of €757.3 million in net asset rights, classified as investments (PCG, Article 821-1).

7.3. LOANS TO SUBSIDIARIES AND AFFILIATES

The value of loans to subsidiaries and affiliates, including accrued interest and net of depreciation, was €1.9 million at year-end 2019.

7.4. OTHER LONG-TERM INVESTMENTS

Treasury shares held for the purpose of share exchange or external growth transactions or for cancellation

See Significant Events in 2019.

7.5. LOANS AND OTHER LONG-TERM INVESTMENTS

Other cash assets

In 2019, Vivendi invested €145.7 million and sold cash assets with a book value of €537.5 million. As of December 31, 2019, these investments amounted to €153.9 million (€100.0 million and $60.0 million) compared to €497.1 million as of December 31, 2018 (€295.0 million and $230.0 million).

7.6. IMPAIRMENT

(in millions of euros)	Opening accumulated depreciatio/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income	Closing accumulated depreciatio/ amortization
Investments in affiliates and Long-term portfolio securities	2,706.4	20.1	(42.1)		2,684.5
Loans to subsidiaries and affiliates	1,600.6	62.2			1,662.8
Other long-term investment securities	0.0				0.0
Loans and other long-term investments	0.0				0.0
Total	**4,307.0**	**82.3**	**(42.1)**	**0.0**	**4,347.3**

NOTE 8. CURRENT ASSETS

8.1. RECEIVABLES

As of December 31, 2019, receivables, net of impairment, amounted to €4,492.7 million, compared to €2,632.4 million as of December 31, 2018. They included:

- current account advances by Vivendi to its subsidiaries for a net amount of €4,155 million, including an advance of €1.1 billion to Groupe Canal+ to finance the acquisition of M7 in September 2019, compared to €2,289.6 million as of December 31, 2018; and
- a tax receivable of €203.1 million in respect of the claim for a refund of the tax paid for fiscal year 2015 that was filed with the French tax authorities and obtained on January 16, 2020, including moratorium interest of €47.4 million relating to the 2012 and 2015 tax receivables (see Note 5, Income Taxes).

8.2. PREPAID EXPENSES

(in millions of euros)	2019	2018
Expenses relating to the following periods	5.5	6.7
Discount paid to subscribers of bonds	16.5	9.7
Total	**22.0**	**16.3**

NOTE 9. TREASURY SHARES

CHANGE IN TREASURY SHARES

	Long-term investment securities				Marketable securities	
	Shares held for cancellation		Shares held for exchange or delivery for purposes of external growth transactions		Shares backing performance shares	
	No. Shares	Gross value	No. Shares	Gross value	No. Shares	Gross value
		(in millions of euros)		(in millions of euros)		(in millions of euros)
As of 12/31/2018	0	0.0	35,093,509	589.2	3,169,677	57.7
Purchases	107,909,841	2,664.3				
Cancellations	(130,930,810)	(2,965.5)				
Reallocations	34,151,254	576.5	(35,093,509)	(589.2)	942,255	12.7
Deliveries					(1,242,099)	(22.6)
As of 12/31/2019	**11,130,285**	**275.3**	**0**	**0.0**	**2,869,833**	**47.8**

During fiscal year 2019, Vivendi:

- acquired 107,909,841 treasury shares for the purpose of cancellation;
- reallocated 29,982,105 shares initially intended for growth transactions and 4,169,149 treasury shares previously allocated to covering performance share plans, to the cancellation of treasury shares; and
- canceled 130,930,810 treasury shares, representing a reduction in share capital and additional paid-in capital of €2,965.5 million.

As of December 31, 2019, the 2,869,833 treasury shares classified as marketable securities are allocated to covering (i) Vivendi performance share plans and (ii) Havas performance share and restricted share plans for employees who did not sign the liquidity undertaking given by Vivendi following the completion of the public share buyback offer (OPRA) made by Vivendi for the shares of Havas in 2017.

The 14,000,118 treasury shares represent 1.18% of the share capital and had a market value of €361.5 million as of December 31, 2019, calculated based on the closing price for Vivendi shares on that date.

NOTE 10. OTHER MARKETABLE SECURITIES AND CASH

(in millions of euros)	2019	2018
Monetary and Bonds funds	187.7	1,405.2
Medium-term negotiable notes		
Other similar accounts	1,035.0	1,299.9
Depreciation		(0.9)
Sub-total marketable securities equivalent receivables	**1,222.7**	**2,704.1**
Cash	169.5	235.3
Total	**1,392.2**	**2,939.4**

As of December 31, 2019, marketable securities and equivalent receivables, excluding treasury shares (see Note 9, Treasury Shares), were €1,222.7 million, including €4.9 million in accrued interest, compared to €2,704.1 million as of December 31, 2018, including €4.2 million in accrued interest.

NOTE 11. RECEIVABLES MATURITY SCHEDULE

(in millions of euros)	Gross value	Maturing in less than one year	Maturing in more than one year
Non-current assets			
Loans to subsidiaries and affiliates	1,664.7	11.2	1,653.5
Other long-term investments	163.4	159.1	4.3
Current assets			
Trade accounts receivable and related accounts	15.0	15.0	
Other receivables	4,816.6	4,803.8	12.8
Prepaid expenses	22.0	22.0	
Total	**6,681.7**	**5,011.2**	**1,670.5**

NOTE 12. DEFERRED CHARGES

DEFERRED CHARGES RELATING TO FINANCIAL INSTRUMENTS

(in millions of euros)	Opening balance	Increase	Amortization	Closing balance
Deferred charges relating to credit lines	0.9	4.4	(1.7)	3.5
Issue costs of bonds	4.5	6.4	(2.0)	8.9
Total	**5.4**	**10.8**	**(3.7)**	**12.4**

The €10.8 million increase in deferred charges relating to financial instruments is related to the signing, in January 2019, of the extension of the syndicated bank credit facility and committed bilateral credit facilities, and the new €2.1 billion bond issue in June 2019 (see Note 2, Operating Losses and Note 17, Borrowings).

NOTE 13. UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

As of December 31, 2019, there were no unrealized foreign exchange losses.

As of December 31, 2019, unrealized foreign exchange gains amounted to €3.0 million, corresponding to the revaluation at the closing rate of other cash assets in U.S. dollars (see Note 7, Long-term Investments), compared to €4.3 million as at December 31, 2018.

NOTE 14. EQUITY

14.1. CHANGES IN EQUITY

Transactions (in millions of euros)	**Number of shares (1)**	**Share capital**	**Additional paid-in capital**	**Legal Reserve**	**Retained earnings**	**Earnings**	**Total**
As of 12/31/2018	1,306,234,196	7,184.3	9,288.5	752.7	1,607.3	951.3	19,784.1
Allocation of earnings and dividends					315.8	(951.3)	(635.5)
Group savings plan	5,376,208	29.5	83.9				113.4
Stock options	3,896,610	21.5	40.0				61.5
Earnings for the year						1,729.8	1,729.8
Cancellation of shares	(130,930,810)	(720.1)	(2,245.4)				(2,965.5)
As of 12/31/2019	**1,184,576,204**	**6,515.2**	**7,167.0**	**752.7**	**1,923.1**	**1,729.8**	**18,087.8**

(1) Par value of €5.50 per share.

14.2. ALLOCATION OF EARNINGS AND DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS

On February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2019, and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.60 per share representing a total distribution of approximately €698.3 million, based on the number of issued shares outstanding as of January 31, 2020, excluding treasury shares. This proposed distribution was presented to and approved by Vivendi's Supervisory Board at its meeting held on February 13, 2020 and will be submitted to the approval of the Annual General Shareholders' Meeting to be held on April 20, 2020.

The allocation of distributable earnings to be proposed to the Annual General Shareholders' Meeting to be held on April 20, 2020, is as follows:

Distributable earnings (in euros)	
Retained Earnings	1,923,051,007.43
2019 Earnings	1,729,825,578.28
Total	**3,652,876 585.71**
Allocation (in euros)	
Allocation to the legal reserve	
Allocation to other reserves	
Total dividend to shareholders (a)	698,335,593.60
Allocation to Retained Earnings	2,954,540 992.11
Total	**3,652,876 585.71**

(a) This amount is based on the number of treasury shares held on January 31, 2020 and will be adjusted to reflect the actual number of shares entitled to the dividend on the ex-dividend date.

Dividends paid in respect of the past three fiscal years were as follows:

Year	**2018**	**2017**	**2016**
Number of shares (in millions) (a)	1,271.1	1,261.2	1,247.9
Dividend per share (in euros)	(b) 0.50	0.45	0.40
Total distribution (in millions of euros)	**635.5**	**567.5**	**499.2**

(a) Number of shares entitled to the dividend as of January 1 of the relevant year, after elimination of treasury shares held at the dividend payment dates.

(b) On April 15, 2019, with respect to fiscal year 2018, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €0.50 per share, representing a total distribution of €635.5 million.

14.3. SHARE REPURCHASES AND CANCELLATIONS

On April 15, 2019, the General Shareholders' Meeting renewed the authorization given to Vivendi's Management Board to repurchase shares of the company within the limit of 10% of Vivendi's share capital and at a maximum price of €25 per share (see Significant Events in 2019).

As of December 31, 2019, Vivendi held 14,000,118 treasury shares, representing 1.18% of the share capital (compared to 2.93% of the share capital as of December 31, 2018).

Among the resolutions to be submitted to a vote at the Shareholders' Meeting to be held on April 20, 2020, the shareholders will be asked to approve two resolutions relating to share repurchases:

- authorization to repurchase shares of the company at a maximum price of €26 per share, within the limit of 10% of the share capital (2020-2021 program), and to cancel the shares acquired within the legal limit of 10% of the share capital; and
- authorization to purchase shares of the company by way of a public share buyback offer (OPRA) at a maximum price of €26 per share, within the limit of 30% of the share capital (or 20% depending on the number of shares repurchased under the 2020-2021 program, which is deducted from the 30% limit), and to cancel the shares acquired.

NOTE 15. STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

The main features of the plans granted during the current and prior fiscal years are as follows (please refer to the PCG, Article 833-20/2):

15.1. STOCK SUBSCRIPTION OPTION PLANS

No stock option plans were granted in 2018 or 2019.

As of December 31, 2019, the number of shares that may be issued upon the exercise of stock subscription options granted prior to 2013 is 3,077,770.

15.2. PERFORMANCE SHARE PLANS

	Number of performance share rights granted						Number of performance share rights		
	Total number of		governing bodies						
Grant date	beneficiaries	performance share rights	Number of beneficiaries	Number of performance share rights	Vesting date (*)	Availability date	Number of performance share rights cancelled in 2019	Number of shares created at the end of the vesting period in 2019	Number of performance share rights outstanding as of December 31, 2019
05/17/2018	5	175,000	5	175,000	05/18/2021	05/19/2023			175,000
05/17/2018	522	1,456,750	11	226,000	05/18/2021	05/19/2023	69,700	1,000	(a) 1,378,550
12/10/2018	2	4,000	0	0	12/13/2021	12/14/2023			4,000
02/14/2019	5	165,000	5	165,000	02/15/2022	02/16/2024			165,000
02/14/2019	566	1,435,580	10	219,580	02/15/2022	02/16/2024	24,760		(b) 1,411,070
10/07/2019	4	18,250	0	0	10/10/2022	10/11/2024			18,250
11/12/2019	7	28,000	1	10,000	11/14/2022	11/15/2024			28,000
						Total	**94,460**	**1,000**	**3,179,870**

(*) First day following the end of the three-year vesting period.

(a) Granted to international beneficiaries to be registered in an account in their respective names in 2023.

(b) Granted to international beneficiaries to be registered in an account in their respective names in 2024.

All performance shares granted in 2018 are subject to the satisfaction of performance criteria. These criteria are based on (i) two internal indicators (70%): the group's earnings before interest and income taxes (EBIT) (35%) and the group's cash flow from operations after interest and taxes (CFAIT) (35%), for fiscal year 2020, and (ii) an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020, compared to two indices: the STOXX® Europe Media index (20%) and the CAC 40 (10%).

The definitive grant of performance shares will be effective upon satisfaction of the above performance criteria, at the end of a three-year period (vesting period) and provided that: (i) 100% of the performance shares granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%, (ii) 50% of the performance shares granted will vest if the weighted total of the indicators reaches the applicable value thresholds, and (iii) no shares will vest if the weighted total of the indicators is lower than the applicable value thresholds. An arithmetic calculation is made for interim results.

Performance shares definitively vest at the end of a three-year period, subject to the presence of the beneficiaries within the group. Performance shares must be retained by their holders for an additional two-year period following the definitive acquisition date (retention period).

All performance shares granted in 2019 are subject to the satisfaction of performance criteria. These criteria are based on (i) two internal indicators (70%): the group's adjusted net income per share (50%) and the group's cash flow from operations after interest and taxes (CFAIT) (20%), between January 1, 2019 and December 31, 2021, and (ii) an external indicator (30%): Vivendi share performance between January 1, 2019 and December 31, 2021, compared to two indices: the STOXX® Europe Media index (20%) and the CAC 40 (10%).

The satisfaction of such performance criteria is assessed over a three-year period.

The definitive grant of performance shares will be effective upon satisfaction of the above performance criteria, subject to the presence of the beneficiaries in the group at the end of a three-year period (vesting period) and provided that: (i) 100% of the performance shares granted will vest if each internal and external indicator reaches or exceeds 100% and (ii) no shares will vest if either indicator is less than 50%. An arithmetic calculation is made for interim results.

As of December 31, 2019, the total number of outstanding rights to performance shares (2015 to 2019 plan years) amounted to 5,281,515.

NOTE 16. PROVISIONS

SUMMARY TABLE OF PROVISIONS

Nature of provisions (in millions of euros)	**Opening balance**	**Charge**	**Reversal**	**Utilization**	**Closing balance**
Employee benefits	53.1	22.4		(13.4)	62.2
Other provisions	521.8	47.7	(475.7)	(19.2)	74.5
Total – Provisions	**574.9**	**70.1**	**(475.7)**	**(32.6)**	**136.7**
Charges and reversals:					
– *operating*		*25.8*		*(17.3)*	
– *financial*					
– *exceptional*		*44.3*	*(475.7)*	*(15.3)*	

The provision for employee benefits increased by €9.1 million from €53.1 million at year-end 2018 to €62.2 million at year-end 2019 (see Note 1.9, Employee benefit plans).

Related obligations are valued using the following assumptions: (i) 3.5% to 4.0% wage increase rates, (ii) a 0.5% discount rate for the general statutory scheme (retirement termination payments) and "Article 39" schemes (compared to 1.50% for 2018) and (iii) an assumed retirement age at 65 years. As of December 31, 2019, pension commitments amounted to €208.1 million, compared to €162.4 million as of December 31, 2018.

Supplemental pension obligations, other than retirement termination payments, are partially funded by external insurance policies, the present value of which is deducted from the actuarial obligation. The expected rate of return on plan assets is 2.5%.

As of December 31, 2019, plan assets (consisting of 77% bonds and 14% equities) and unrecognized actuarial losses were €32.3 million and €134.3 million, respectively, compared to €25.7 million and €83.3 million, respectively, as of December 31, 2018.

As of December 31, 2019, «other provisions» totaled €74.5 million, mainly including a provision of €54.7 million (compared to €60.2 million as of December 31, 2018) to cover (i) up to €37.3 million for the performance share plans granted to employees of Vivendi and its subsidiaries in 2015 and 2016 (residual plans) and in 2017, and (ii) €17.4 million for shares deliverable in 2020 under Havas performance share plans to employees who did not sign a liquidity undertaking following the public share buyback offer (OPRA) made by Vivendi for the shares of Havas in 2017 (see Note 4, Net Exceptional Items).

A total provision of €442.4 million, recorded as of December 31, 2018, related to two tax refund requests filed in relation to the Consolidated Global Profit Tax System (see Note 5, Income Taxes), was fully reversed:

- €239.3 million related to the effects of the use of foreign tax receivables available at the Group's exit from the Consolidated Global Profit Tax System with respect to the fiscal year ended December 31, 2012, including interest; and
- €203.1 million related to the effects of the use of foreign tax receivables available at the Group's exit from the Consolidated Global Profit Tax System with respect to the fiscal year ended December 31, 2015.

NOTE 17. BORROWINGS

As of December 31, 2019, the aggregate amount of borrowings totaled €7,731.8 million, compared to €5,766.9 million as of December 31, 2018.

17.1. BOND ISSUES

As of December 31, 2019, bond issues totaled €5,050.0 million, compared to €3,650.0 million as of December 31, 2018. During fiscal year 2019, Vivendi issued a new €2.1 billion bond, in three tranches of €700 million (see detailed table below). In December 2019, Vivendi fully redeemed at maturity the €700 million bond issued in December 2009. Accrued interest on bonds was €15.9 million as of December 31, 2019, compared to €15.8 million as of December 31, 2018.

Amounts (in millions of euros)	**Issue date**	**Maturity date**	**Nominal rate**
1,000.0	05/2016	05/2021	0.75%
500.0	05/2016	05/2026	1.88%
600.0	11/2016	11/2023	1.13%
850.0	09/2017	09/2024	0.88%
700.0	06/2019	06/2022	0.00%
700.0	06/2019	06/2025	0.625%
700.0	06/2019	12/2028	1.125%
5,050.0			

On March 23, 2018, Vivendi set up a €3 billion Euro Medium-Term Note (EMTN) program giving Vivendi full flexibility to issue bonds. This program was renewed on March 22, 2019 and filed with the AMF *(Autorité des marchés financiers)* for a 12-month period.

The EMTN program amount was increased from €3 billion to €5 billion (the prospectus supplement was granted a visa by the AMF on July 4, 2019), and may be increased to €8 billion, subject to the approval of Vivendi's Supervisory Board at its meeting held on February 13, 2020.

Bonds issued by Vivendi SA contain customary provisions related to events of default, negative pledge and rights of payment (pari-passu ranking). They also contain an early redemption clause in the event of a change of control (for the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision) if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

17.2. BANK BORROWINGS

As of December 31, 2019, the aggregate amount of loans and borrowings from credit institutions was €939.1 million, compared to €84.3 million as of December 31, 2018. The majority of loans and borrowings comprised:

- accounting overdrafts for €68.2 million, compared to €83.6 million as of December 31, 2018; and
- drawdowns on credit lines for an amount of €869.9 million as of December 31, 2019.

On January 16, 2019, Vivendi SA's syndicated bank credit facility maturing on October 29, 2021 was amended for an amount of €2.2 billion and its maturity was extended to January 16, 2024 (with two one-year extension options). On January 21, 2020, Vivendi extended the maturity to January 16, 2025 (with a one-year extension option). In addition, in January 2019, Vivendi signed committed bilateral credit facilities granted by leading banks, for an aggregate available amount of €1.2 billion maturing in January 2024.

All these credit facilities are no longer required to comply with financial covenants but they contain customary provisions relating to events of default and covenants applicable to Vivendi in terms of negative pledge and merger transactions.

Vivendi SA's short-term marketable securities program authorized by the Banque de France is €3.4 billion.

As of December 31, 2019, €2,530 million of Vivendi SA's facilities were available, taking into account the short-term marketable securities issued and backed by these credit facilities for €870 million.

17.3. OTHER BORROWINGS

As of December 31, 2019, other borrowings amounted to €1,697.9 million, compared to €1,985.0 million as of December 31, 2018. They comprised current account deposits made by subsidiaries.

The change in the balance as of December 31, 2019, compared to December 31, 2018, is due in particular to the distribution by UMG Inc. of a dividend of €758.1 million ($850 million) charged against the current account.

NOTE 18. DEBT MATURITY SCHEDULE

Liabilities (including accrued interest) (in millions of euros)	**Gross value**	**Due in less than one year**	**Due in one to five years**	**Due within more than five years**
Bond issues	5,065.9	15.9	3,150.0	1,900.0
Bank borrowings	939.1	939.1		
Other borrowings	1,726.8	1,726.8		
Trade accounts payable and related accounts	21.3	21.3		
Tax and employee-related liabilities	33.2	33.2		
Amounts payable in respect of PP&E and related accounts				
Other liabilities	38.0	28.1	9.9	
Deferred income	0.1	0.1		
Total	**7,824.3**	**2,764.4**	**3,159.9**	**1,900.0**

NOTE 19. ITEMS IMPACTING SEVERAL ITEMS OF THE STATEMENT OF FINANCIAL POSITION

The assets in the table below are shown at gross value.

ASSETS

(in millions of euros)	**Accrued income**
Investments in affiliates	
Loans to subsidiaries and affiliates	11.3
Other long-term investment securities	
Loans	
Other long-term investments	0.2
Trade accounts receivable and related accounts	
Other receivables	2.9
Deferred charges	
Prepaid expenses	
Unrealized foreign exchange losses	
Total	**14.4**

LIABILITIES

(in millions of euros)	**Accrued expenses**
Other bond issues	15.9
Bank borrowings	1.1
Other borrowings	
Trade accounts payable and related accounts	19.3
Tax and employee-related liabilities	27.1
Amounts payable in respect of PP&E and related accounts	
Other liabilities	
Deferred income	
Unrealized foreign exchange gains	
Total	**63.3**

NOTE 20. COMPENSATION OF CORPORATE OFFICERS

Total gross compensation (including benefits in kind) for the members of the Management Board was €9.9 million in 2019, compared to €9.1 million in 2018.

Members of the Management Board who received compensation from Vivendi SA also benefited from a supplemental pension plan, the cost of which was €9.3 million in 2019. As part of new requirements of French Executive Order No. 2019-697 of July 3, 2019 relating to supplemental occupational pension plans, the Supervisory Board decided, at its meeting held on November 14, 2019, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, to set the rights of the group supplemental defined-benefit pension plan according to the seniority acquired as of December 31, 2019. The cost of the supplemental pension plan was €7.0 million in 2018.

With respect to fiscal year 2019, the aggregate gross amount of compensation paid to the members of the Supervisory Board was €1.1 million, and the gross compensation paid to the Chairman of the Supervisory Board was €400,000, including the amount paid pursuant to Article L. 225-83 of the French Commercial Code *(Code de commerce)* ("allocated compensation", formerly directors' fees) of €60,000.

NOTE 21. MANAGEMENT SHARE OWNERSHIP

As of December 31, 2019, members of the Management Board, the Supervisory Board and General Management directly held an aggregate of 0.085% of the share capital of the company.

NOTE 22. NUMBER OF EMPLOYEES

In 2019, the annual average number of employees, as defined in Article D 123-200 of the French Commercial Code (PCG, Article 833-19), was 233 (including 35 employees rebilled to subsidiaries) compared to 247 in 2018 (including 57 employees rebilled to subsidiaries).

The breakdown of employees by category is as follows:

	2019	2018
Engineers and executives	188	203
Supervisors	22	23
Other employees	23	21
Total	**233**	**247**

NOTE 23. FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

Vivendi SA has entered into various commitments on its own account or on behalf of its subsidiaries, the main terms and conditions of which are detailed below.

23.1. SHARE PURCHASE AND SALE COMMITMENTS

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities:

- Following the completion of a share buyback program launched pursuant to the 27th resolution of the General Shareholders' Meeting of April 15, 2019, as described in the program description published on May 27, 2019 and its supplement published on August 6, 2019, Vivendi is committed to an independent banking institution in connection with an irrevocable mandate to purchase treasury shares (Mandate No. 3), the purpose of which is the cancellation and, if applicable, the sale of up 8,250,000 shares to employees or corporate officers of group companies participating in the group savings plan or the international group savings plan. The total number of shares that may be repurchased under this mandate was 37,599,576 shares, with a maximum price of €25, expiring on February 12, 2020.

  As of December 31, 2019, 14,578,607 shares had been acquired under this mandate, a number which had increased to 21,262,037 shares as of January 31, 2020.
- Sale of 10% of UMG's share capital (December 2019):
  - Following the announcement made on August 6, 2019, on December 31, 2019, Vivendi entered into an agreement with a consortium led by Tencent (the "Consortium") for the planned acquisition of a stake in UMG by the Consortium. This agreement provides for the purchase by the Consortium, led by Tencent with the participation of Tencent Music Entertainment and certain global financial investors, of 10% of UMG's share capital, based on an enterprise value of €30 billion for 100% of UMG's share capital.

 – The Consortium has the option to acquire, on the same price basis, an additional amount of up to 10% of UMG's share capital until January 15, 2021.

- Restricted and performance share plans granted by Havas:
  – In light of both the implementation of the mandatory squeeze-out (2017) resulting in the absence of liquidity for Havas shares and the change of control of Havas to Vivendi, Vivendi's Supervisory Board resolved that the restricted and performance shares granted by Havas would be replaced by Vivendi shares, on the basis of 0.44 Vivendi share for every one Havas share.
  – In 2018, beneficiaries of Havas restricted or performance shares were individually given the option of being definitively granted the corresponding shares initially granted to them, subject to having entered into a liquidity contract with Vivendi, which contains:
    - a put option, giving such beneficiaries the right to sell their Havas restricted and performance shares to Vivendi within thirty calendar days from the first business day following the date of vesting of their Havas restricted and performance shares; and
    - a call option, giving Vivendi the right to acquire the relevant Havas restricted and performance shares within fifteen calendar days following the expiry of the exercise period of the abovementioned put option.
    - The exercise price of these options will be the cash equivalent, for one Havas share, of the market value of 0.44 Vivendi share calculated on the basis of the average stock market price for Vivendi shares on Euronext Paris, weighted by the daily trading volumes on the regulated market of Euronext Paris, during the ten trading days preceding the date of vesting of Havas restricted and performance shares.
  – As of December 31, 2019, the number of outstanding Havas restricted and performance shares was 3,635 thousand.
- In addition, on March 14, 2017, Boulogne Studios, a wholly-owned subsidiary of Vivendi, entered into a bilateral land purchase agreement with "Val de Seine Aménagement", the local public urban developer of the Parisian suburb of Boulogne-Billancourt, for a construction project on the île Seguin. This purchase agreement is subject to certain conditions precedent, in particular the procurement of a building permit. This project would consist of building a campus of approximately 150,000 m² that could, in five to seven years, house a group of companies operating in business sectors such as media and content, as well as digital, sports and sustainable development. On that date, to guarantee the satisfaction of its purchase obligations amounting to a total of approximately €330 million, Boulogne Studios paid a €70 million deposit that had to be returned if the transaction was not completed by Vivendi. At the end of the first quarter of 2019, the parties terminated the abovementioned purchase agreement by mutual agreement and, on March 25, 2019, the €70 million deposit was returned to Boulogne Studios.

23.2. CONTINGENT LIABILITIES SUBSEQUENT TO GIVEN OR RECEIVED COMMITMENTS RELATED TO THE DIVESTITURE OR ACQUISITION OF SHARES

The principal contingent liabilities include:

- sale of the remaining interest in Ubisoft: on March 5, 2019, Vivendi sold its remaining interest in Ubisoft (5.87% of the share capital) for €428.7 million. Vivendi is no longer a Ubisoft shareholder and maintains its commitment to refrain from purchasing Ubisoft shares for a period of five years. The specific uncapped guarantees granted at the time of the October 2018 sale remain in place;
- on October 26, 2019, Banijay Group Holding entered into a final agreement to acquire 100% of Endemol Shine's share capital. With respect to this agreement, Vivendi gave an undertaking to participate in the financing of this acquisition for €100 million, with no significant change of its share ownership in the share capital of Banijay Group Holding;
- sale of GVT (May 2015): representations and warranties limited to specifically-identified tax matters, capped at BRL 180 million;
- sale of the Maroc Telecom group (May 2014): customary representations and warranties given to Etisalat, capped at 50% of the sale price and at 100% in respect of claims related to SPT (holding company of the Maroc Telecom group);
- sale of Activision Blizzard (October 2013): unlimited general warranties and tax warranties capped at $200 million, subject to certain conditions;
- divestiture of Polska Telefonia Cyfrowa (PTC) shares (December 2010), with commitments to end litigation over the share ownership of PTC:
  – guarantees given to the Law Debenture Trust Company (LDTC), for an amount of up to 18.4% of the first €125 million, 46% between €125 million and €288 million, and 50% thereafter, and
  – guarantees given to Poltel Investment's administrator (Elektrim);
- merger between NBC and VUE (May 2004) and subsequent amendments (2005-2010): breaches of tax representations and an obligation to apply the Most Favored Nation provisions;
- Vivendi and its subsidiaries have entered into agreements with certain minority shareholders providing for purchase price supplements. They include, in particular, the cap applicable on earn-outs payable in 2020 and 2022 under the contract signed in June 2016 for the acquisition of 100% of the companies that own and manage all Paddington intellectual property rights (except for the publishing rights). These purchase price supplements are part of an overall guarantee capped at £80 million expiring on December 31, 2024;
- several warranties given in connection with asset acquisitions or disposals during previous years have expired. However, the time periods or statutes of limitations of certain warranties relating, among other things, to employee, environment and tax liabilities, in consideration for share ownership or given in connection with the dissolution or winding-up of certain businesses, are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date; and
- in addition, Vivendi regularly delivers commitments for damages to third parties at the settlement of disputes and litigation. These commitments are typical in such transactions.

23.3. OTHER GUARANTEES

- As of December 31, 2019, in addition to standard comfort letters, Vivendi provided guarantees to several banks that have granted credit facilities to certain UMG or Canal+ subsidiaries to cover working capital requirements, in particular in an amount of approximately €4 million for UMG, approximately €5 million and $31 million for Canal+ and €2 million for GVA.
- Vivendi renewed a guarantee given to PRI pensions on behalf of UMG Sweden. This guarantee was increased to SEK60 million and expires on March 31, 2022.
- Vivendi provided guarantees to certain UMG companies to cover their third-party commitments.
- Vivendi gave counter-guarantees to US financial institutions that issued a certain number of letters of credit in favor of certain US operating subsidiaries for an aggregate amount of $7 million.
- As of December 31, 2019, Vivendi had given a certain number of real estate lease commitments for a total net amount of €105 million, including €57 million on its own behalf, €41 million on behalf of Canal+, and $7 million on behalf of Dailymotion.
- Vivendi issued a counter-guarantee of €19 million in favor of a bank in Spain in connection with the Mediaset litigation.
- Vivendi gave financial guarantees to cover several of its affiliates in the course of their operations. And
- In connection with the reorganization of the USH English pension plan for certain current and former employees based in the United Kingdom, and the transfer of pension commitments under this plan to Metlife, Vivendi SA, on behalf of Centenary Holdings Limited, its subsidiary, guaranteed the liabilities under the plan for an estimated amount of £7 million as of December 31, 2019, which does not represent an additional financial commitment for the group.

23.4. COLLATERALS AND PLEDGES

- The 6,550,000 shares of Ubisoft pledged in favor of one financial institution were sold, as planned, on March 5, 2019. And
- As of December 31, 2019 and December 31, 2018, no other material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties.

23.5. FINANCIAL COVENANTS

On January 16, 2019, Vivendi SA's syndicated bank credit facility was amended for an amount of €2.2 billion and its maturity was extended by one year on January 21, 2020 until January 16, 2025 (with a one-year extension option). In addition, in January 2019, Vivendi signed committed bilateral credit facilities granted by leading banks, for an aggregate available amount of €1.2 billion maturing in January 2024.

All these credit facilities are no longer required to comply with financial covenants but they contain customary provisions relating to events of default and covenants applicable to Vivendi in terms of negative pledge and merger transactions.

NOTE 24. LITIGATION

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these Legal Proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk and is based on a case-by-case assessment of the risk level, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings.

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous 12 months a material effect on the company and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2019).

24.1. LBBW *ET AL.* AGAINST VIVENDI

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxembourg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Subsequently, on April 5 and April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho, and the other by six German and British institutional investors. Lastly, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi based on the same grounds. On January 7, 2015, the Paris Commercial Court appointed an independent court officer responsible for verifying the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of securities. After the latter completed his work in the first half of 2018, the proceedings on the merits began and continued during 2019.

24.2. CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM ET *AL.* AGAINST VIVENDI

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi between 2000 and 2002. On June 7 and September 5 and 6, 2012, 26 new plaintiffs joined these proceedings. In November 2012 and March 2014, 12 plaintiffs withdrew from these proceedings. On January 7, 2015, the Commercial Court of Paris appointed an independent court officer responsible for verifying the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of securities. After the latter completed his work in the first half of 2018, the proceedings on the merits began and continued during 2019.

24.3. MEDIASET AGAINST VIVENDI

On April 8, 2016, Vivendi and Mediaset entered into a strategic partnership agreement pursuant to which the parties agreed to swap a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions delivered by Mediaset to Vivendi in March 2016, which raised various questions within Vivendi that were addressed to Mediaset. As contractually agreed under the agreement dated April 8, 2016, a due diligence review was subsequently conducted (which was made on behalf of Vivendi by the advisory firm Deloitte). It became apparent from this audit and from Vivendi's analyses that the numbers provided by Mediaset prior to signing the agreement were not realistic and were founded on an artificially-inflated base.

Although Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the April 8, 2016 agreement, on July 26, 2016, Mediaset terminated these discussions by publicly rejecting the proposal Vivendi had submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares.

Subsequently, in August 2016, Mediaset together with its affiliate RTI, and Fininvest, Mediaset's majority shareholder, each filed a complaint against Vivendi before the Milan Civil Court seeking to obtain specific performance of the April 8, 2016 agreement and the related shareholders' agreement as well as compensation for alleged damages. In particular, the plaintiffs claim that Vivendi did not file its notification to the European Commission with respect to the transaction and thus prevented the last condition precedent to the completion of the transaction from being satisfied. Vivendi considers that despite its timely completion of the pre-notification process with the Commission, the Commission would not have accepted a formal filing while the parties were discussing their differences.

At the first hearing held in the case, the judge enjoined the parties to come closer to try to reach an amicable resolution of their dispute. To this end, on May 3, 2017, the parties began mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, on June 9, 2017, Mediaset, RTI and Fininvest filed a further complaint against Vivendi seeking damages totaling €2 billion for Mediaset and RTI, and €1 billion for Fininvest, in connection with Vivendi's acquisition of Mediaset shares at the end of 2016. According to the plaintiffs, who unsuccessfully requested that this action be consolidated with the first two, these acquisitions were made in breach of the April 8, 2016 agreement and of the Italian media regulations and constitutive of unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the Mediaset shares which were allegedly purchased in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs requested that, pending such divestiture, Vivendi be enjoined from exercising its rights (including voting rights) on such Mediaset shares.

On February 27, 2018, the Court noted the termination of the mediation proceedings. During a hearing held on December 4, 2018, Fininvest, RTI and Mediaset dropped, in respect of their first complaint, their claim to specific performance of the April 8, 2016 agreement, while pursuing their claim for compensation for alleged damages, in the amount of up to (i) €720 million for Mediaset and RTI, for non-performance of the April 8, 2016 agreement, and (ii) €1.3 billion for Fininvest, for non-performance of the above-mentioned shareholders' agreement, for the loss resulting from the change in the Mediaset share price between July 26 and August 2, 2016 and various damages relating to the alleged illegal acquisition of Mediaset shares by Vivendi at the end of 2016. Fininvest is also seeking damages for an amount to be determined by the Court for damages to its decision-making process and image.

At a hearing held on March 12, 2019, Vivendi requested that the Court suspend part of the proceedings pending the ruling of the European Court of Justice on the analysis of the compatibility of the Italian law on the protection of media pluralism (the "TUSMAR") with the Treaty on the Functioning of the European Union, which suspension was granted (see below).

24.4. OTHER PROCEEDINGS RELATED TO VIVENDI'S ENTRY INTO THE SHARE CAPITAL OF MEDIASET

Following Vivendi's entry into the share capital of Mediaset by means of open market purchases of shares during the months of November and December 2016, culminating in a shareholding of 28.80%, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob, the Italian financial markets regulator.

In addition, on December 21, 2016, the AGCOM, the Italian communications authority, opened an investigation into the compatibility between the increase in Vivendi's holdings in Mediaset's share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

On April 18, 2017, the AGCOM issued a decision in which it determined that Vivendi was not in compliance with the regulations. Vivendi, which had 12 months to come into compliance, appealed against this decision to the Regional Administrative Court of Lazio. Pending the decision on this appeal, the AGCOM acknowledged Vivendi's proposed action plan setting out how it will comply with the decision. On April 9, 2018, in compliance with the undertakings given to the AGCOM, Vivendi transferred the portion of its shareholding in excess of 10% of Mediaset's voting rights to an independent trustee, Simon Fiduciaria SpA. On November 5, 2018, the Regional Administrative Court of Lazio decided to suspend its decision and referred to the European Court of Justice the analysis of the compatibility of the Italian rule under Article 43 of the TUSMAR, as applied by AGCOM, with the free movement principle enshrined in the Treaty on the Functioning of the European Union. On December 18, 2019, the Advocate General of the Court of Justice of the European Union (CJEU) issued opinions (which are not binding on the Court) in favor of Vivendi's position, considering in particular that the Italian regulations constitute a disproportionate obstacle to the freedom of establishment in relation to the objective of protecting the pluralism of information. The CJEU is expected to rule in the first half of 2020, after which the Italian court will render its decision.

24.5. PROCEEDINGS RELATED TO THE CHANGE IN MEDIASET'S CORPORATE STRUCTURE

On July 2, 2019, Vivendi filed a complaint against Mediaset and Fininvest before the Milan Civil Court requesting the Court to (i) annul the resolution of the Mediaset Board of Directors adopted on April 18, 2019, preventing Vivendi from exercising the voting rights associated with the shares not transferred to Simon Fiduciaria following the AGCOM's decision of April 18, 2017 (representing 9.61% of the share capital and 9.9% of the voting rights) at Mediaset's Extraordinary General Shareholders' Meeting held on April 18, 2019, and (ii) annul the resolution adopted by that meeting approving the implementation of a double voting rights system for shareholders who have held their shares for at least two years and who request such rights.

On June 7, 2019, Mediaset announced a plan to create MediaforEurope (MFE), a Netherlands-based holding company that would result from the merger of Mediaset SpA and Mediaset España. On September 4, 2019, the merger plan was approved by the Shareholders' Meetings of the Italian and Spanish companies, and then re-approved (due to the appeals filed by Vivendi) by the Shareholders' Meetings of Mediaset SpA and Mediaset España on January 10 and February 5, 2020, respectively. At both of the meetings held in Italy, Simon Fiduciaria was deprived of its voting rights by Mediaset's Board of Directors and Vivendi initiated legal proceedings in Spain, Italy and the Netherlands:

- On September 16, 2019, Vivendi brought summary proceedings before the Madrid Commercial Court requesting the suspension of the resolution authorizing the creation of MFE adopted by Mediaset España's General Shareholders' Meeting of September 4, 2019. In a decision issued on October 11, 2019, the Madrid Commercial Court granted Vivendi's request, a decision which Mediaset has appealed. Vivendi has also initiated proceedings on the merits to annul the resolution.
- On October 1, 2019, Vivendi filed a motion on the merits with the Court of Milan seeking the annulment of the resolution authorizing the creation of MFE adopted by Mediaset SpA's Shareholders' Meeting of September 4, 2019, which resolution was suspended following an interlocutory action brought in parallel by Vivendi on October 15, 2019. Following the amendments made to MFE's by-laws proposed by Mediaset's Board of Directors and approved by the Shareholders' Meeting of January 10, 2020, Vivendi again filed a motion for summary judgment on the merits with the Court of Milan. In a decision issued on February 3, 2020, the Court of Milan denied Vivendi's request for suspension of the planned merger. Vivendi announced that it would appeal against this decision. And
- On October 29, 2019, Vivendi initiated proceedings on the merits before the District Court of Amsterdam seeking an injunction to prohibit Mediaset Investment N.V. (the future MFE) from amending its articles of association by including certain provisions which, according to Vivendi, infringe upon the rights of minority shareholders. Vivendi has also filed an interlocutory action in the Netherlands seeking to obtain the suspension of the resolution adopted by Mediaset SpA's General Shareholders' Meeting of January 10, 2020.

24.6. TELECOM ITALIA

On August 5, 2017, the Italian Government informed Vivendi that it was opening a formal investigation into whether certain provisions of Law Decree No. 21 of March 15, 2012 on special powers of the Italian Government relative to the defense and national security sectors (Article 1) and to activities of strategic importance in the fields of energy, transport and communications (Article 2), had been respected by Telecom Italia and Vivendi. Vivendi considered the provisions of that decree inapplicable to Vivendi. In particular, (i) Article 1, concerning the defense and national security sectors had never been hitherto declared and communicated to the market given the nature of the activities carried out by Telecom Italia, and (ii) Article 2, which relates to the energy, transport and communications sectors, does not apply to Vivendi since it refers to purchases of significant shareholdings made by non-European entities.

Additionally, and in the same timeframe as the above-mentioned investigation, on September 13, 2017, the Consob declared that Vivendi exercises de facto control over Telecom Italia. Vivendi and Telecom Italia formally contest this position and appealed to the Lazio Regional Administrative Court. On April 17, 2019, the Lazio Regional Administrative Court dismissed the appeal brought by Telecom Italia and Vivendi, each of which filed an appeal with the Italian Council of State on July 16 and 17, 2019, respectively.

On September 28, 2017, the Presidency of the Council of Ministers declared that (i) the notification made by Vivendi under Article 1 of the aforementioned legislative decree as a precautionary measure was made late and (ii) Telecom Italia had not made a notification under Article 1 of the decree following a change of control over its assets that are of strategic importance in the fields of energy, transport and communications. Therefore, the Presidency of the Council of Ministers launched proceedings against Telecom Italia for failing to make the required notification under Article 2 of the same legislative decree. Vivendi and Telecom Italia have appealed this finding.

Furthermore, by a decree dated October 16, 2017, the Italian Government decided to exercise the special powers laid down in Article 1 of the 2012 legislative decree, relative to the defense and national security sectors. This decree imposes a number of organizational and governance measures on Vivendi and Telecom Italia and its two subsidiaries, Telecom Italia Sparkle Spa ("Sparkle") and Telsy Elettronica e Telecomunicazioni Spa ("Telsy"). In particular, Telecom Italia, Sparkle and Telsy must have a division in charge of supervising all activities related to defense and national security, which is fully autonomous and endowed with human and financial resources sufficient to guarantee its independence, and to appoint to their governing bodies a member who is an Italian citizen, who is approved by the Italian Government and who has security clearance. It also requires the establishment of a supervisory committee under the auspices of the Council of Ministers (*Comitato di monitoraggio*) to monitor compliance with these obligations. On February 13, 2018, Vivendi and Telecom Italia filed an appeal against this decree with the Italian Presidency of the Council of Ministers. This appeal was dismissed on November 13, 2019.

In addition, by a decree dated November 2, 2017, the Italian Government decided to implement the special powers conferred by Article 2 of the 2012 legislative decree, relative to the fields of energy, transport and communications. This decree imposes on Telecom Italia the obligation to implement development, investment and maintenance plans for its networks to guarantee their operation and security, to provide universal service, and, more generally, to satisfy public interest in the medium and long term, under the control of the *Comitato di monitoraggio*, who must be notified of any reorganization of the Telecom Italia group's holdings or any project having an impact on the security, availability and operation of the networks. On March 2, 2018, Vivendi and Telecom Italia filed an appeal against this decree with the Italian Presidency of the Council of Ministers.

Finally, by a decree dated May 8, 2018, the Italian Government imposed an administrative fine of €74 million on Telecom Italia for failure to comply with its information obligations (failure to notify under Article 2 of Law Decree No. 21 of March 15, 2012, see above). On July 5, 2018, the Regional Administrative Court of Lazio suspended the enforcement of such fine.

24.7. ETISALAT AGAINST VIVENDI

On May 12, 2017, Etisalat and EINA filed a request for arbitration before the International Court of Arbitration of the International Chamber of Commerce pursuant to the terms of the agreement for the sale of SPT/Maroc Telecom entered into on November 4, 2013, the closing of which took place on May 14, 2014. This request concerned several claims in respect of representations and warranties made by Vivendi and SFR in connection with the sale agreement. On January 3, 2019, the Arbitral Tribunal rendered its decision, rejecting Etisalat's claim for compensation in its entirety.

24.8. HARRY SHEARER AND CENTURY OF PROGRESS PRODUCTIONS AGAINST STUDIOCANAL, UNIVERSAL MUSIC GROUP AND VIVENDI

A complaint was filed in California federal court against Studiocanal and Vivendi by Harry Shearer, through his company Century of Progress Productions, in his capacity as a creator, actor and composer of the film "This Is Spinal Tap", an American film produced and financed in 1984 by Embassy Pictures (Studiocanal is the successor to Embassy's rights). Mr. Shearer is seeking damages for breach of contractual obligations to provide operating accounts, fraud, and failure to use the film's trademark, and is also seeking attribution of the trademark. On February 8, 2017, four new plaintiffs, co-creators of the film, joined the proceedings. On February 28, 2017, in response to the complaint, the defendants filed a motion to dismiss, in which they asked the Court to declare the claims of the new plaintiffs to be inadmissible and to deny the claim for fraud. On September 28, 2017, the Court issued its decision. With respect to inadmissibility, it dismissed the claims of three of the four co-creators as well as the fraud claim but gave permission to the plaintiffs to file amended complaints in their individual capacities as well as to supplement their fraud claim. On October 19, 2017, a new complaint (the "Second Amended Complaint") was filed, which reintroduced the claims of three plaintiffs previously found to be inadmissible and added Universal Music Group (UMG) as a plaintiff. On December 21, 2017, UMG and Studiocanal each filed a motion to dismiss in response. By decision of August 28, 2018, the Court denied Studiocanal's motion to dismiss the plaintiffs' fraud claim. While the Court did not recognize the existence of fraud, it left open the possibility for the plaintiffs to prove it in the subsequent proceedings on the merits and granted some of UMG's motions but with leave for the plaintiffs to file an amended complaint with respect to these claims. The Court also denied UMG's motion to dismiss the plaintiffs' application for declaratory relief to terminate and recover from UMG the copyrights in the sound recordings from the motion picture in the United States. On September 18, 2018, the plaintiffs filed their new complaint (the «Third Amended Complaint»). In parallel, the parties decided to enter into a first round of mediation which did not result in a settlement in the case of Studiocanal and Vivendi. However, the plaintiffs and Studiocanal have agreed to begin an audit of the operating accounts sent to the plaintiffs to determine whether they contain any accounting irregularities. On October 24, 2019, UMG and the plaintiffs entered into an agreement under which the film's soundtrack will continue to be distributed by UMG, and payment of all royalties will be made exclusively and directly to the plaintiffs by UMG, which is no longer a party to the proceeding. Although negotiations are continuing between Studiocanal and the plaintiffs, the proceedings on the merits have resumed. Following a hearing on January 24, 2020, the Court imposed mediation on the parties. A meeting between the parties will be held on March 18, 2020.

24.9. GLASS EGG VS. GAMELOFT INC., GAMELOFT SE, GAMELOFT IBERICA AND VIVENDI

On August 23, 2017, Glass Egg, a company specializing in the design of 3D cars for use in video games, sued Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi in the U.S. District Court for the Northern District of California. It is seeking damages for copyright infringement, unfair competition and misappropriation of trade secrets. The Court allowed the plaintiff to amend its initial complaint three times. On September 17, 2018, Gameloft Inc. responded to Glass Egg's fourth amended complaint, denying all its claims. Discovery is ongoing. In addition, in an order dated February 12, 2018, the Court determined that it had no jurisdiction over Gameloft Iberica and Vivendi SA. The admissibility of the complaint against Gameloft SE remains challenged and the Court has ordered limited discovery to determine whether it has jurisdiction.

NOTE 25. INSTRUMENTS USED TO MANAGE BORROWINGS

Vivendi manages its financial liquidity, interest rate and foreign currency exchange rate risks centrally. Vivendi's Financing and Treasury Department takes responsibility for these risk management operations, reporting directly to Vivendi's Chief Financial Officer, who is also a member of the Management Board. The Financing and Treasury Department has the necessary expertise, resources (in particular, technical resources) and information systems to fulfill its duties.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are traded over-the-counter with highly-rated counterparties. The majority of the Group's financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

As of December 31, 2019 and December 31, 2018, there were no instruments hedging interest rate risk.

As of December 31, 2019, there were no internal interest rate hedging arrangements between Vivendi SA and its subsidiaries.

NOTE 26. FOREIGN CURRENCY RISK MANAGEMENT

The group's foreign currency risk management is centralized at Vivendi's Financing and Treasury Department for all controlled subsidiaries, except in some instances where, during a transition period, an acquired subsidiary is permitted to continue spot foreign exchange transactions or standard forward foreign exchange hedging transactions at its level.

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures (at 80%), resulting primarily from monetary flows generated by transactions performed in currencies other than the euro and from firm commitment contracts (100%) in relation to the acquisition by subsidiaries of editorial content including sports, audiovisual and film rights and certain capital expenditures, realized in foreign currencies. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity of less than one year.

The table below shows the notional amount of currency to be delivered or received under currency instruments (currency swaps and forward contracts). Positive amounts indicate currencies receivable and negative amounts represent currencies to be delivered.

	December 31, 2019				
(in millions of euros)	USD	PLN	GBP	Other currencies	Total
Sales against the euro	(151.7)	(185.4)	(56.4)	(130.4)	(523.9)
Purchases against the euro	785.7	120.9	118.6	278.2	1 303.4
Other	(225.4)	139.6	50.8	35.0	0.0
	408.6	**75.1**	**113.0**	**182.8**	**779.5**

NOTE 27. FAIR VALUE OF DERIVATIVE INSTRUMENTS

As of December 31, 2019, the market values of derivative instrument portfolios classified as interest rate and currency hedges were €0 million and €16.1 million, respectively (theoretical cost of unwinding). As of December 31, 2018, the fair values of these hedging portfolios were €0 million and €16.3 million, respectively.

As of December 31, 2019 and December 31, 2018, there were no derivative financial instruments not eligible for hedge accounting.

NOTE 28. SUBSEQUENT EVENTS

The significant events that occurred between the closing date as of December 31, 2019 and February 10, 2020 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2019) were as follows:

- On January 7, 2020, Vivendi was registered in its new form as a European Company. As from that date, its name is followed by the words *"Société Européenne"* or the abbreviation "SE". Vivendi is subject to the provisions of French commercial company law that are applicable to it in France, including Council Regulation EC No. 2157/2001 of October 8, 2001 on the statute for a European company and the French Commercial Code *(Code de commerce)*.

4. Subsidiaries and Affiliates

(in millions of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments		Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendi	2018 Revenues	2019 Revenues	2018 Earnings	2019 Earnings	Dividends received by Vivendi during 2019	Comments
				Gross	Net								
Subsidiaries and Affiliates													
Universal Music Group Inc. (c) 2220 Colorado Avenue Santa Monica California 90404 (USA)	$0.0 million	$1,785.7 million	100.00	2,735.1	2,735.1	-	-	-	-	$(78.6) million	$(67.8) million	758.1	
UMG SAS (d) 59 bis, avenue Hoche 75008 Paris	2,704.3	242.8	100.00	2,704.2	2,704.2	-	-	-	-	322.6	205.2	244.0	
Groupe Canal+ SA (e) 1, place du Spectacle 92130 Issy-les-Moulineaux	100.0	1,971.7	100.00	5,198.1	4,158.1	2,421.6	56.4	1,610.0	1,517.7	(82.2)	(13.3)		
SECP 1, place du Spectacle 92130 Issy-les-Moulineaux	95.0	195.4	51.52	522.1	522.1	-	-	1,502.4	1,516.4	(17.2)	(9.4)		
Havas 29/30 Quai de Dion Bouton 92800 Puteaux	170.0	1,805.0	100.00	3,932.3	3,932.3	-	-	94.9	96.2	6.3	20.3	76.3	
Gameloft 14, rue Aube 75009 Paris	4.4	36.4	100.00	624.4	624.4	31.0	-	222.0	204.8	0.1	(46.1)	-	-
Compagnie du Dôme 59 bis, avenue Hoche 75008 Paris	331.8	(144.4)	100.00	443.6	188.0	33.9	-	-	-	(0.5)	32.5		
Poltel Investment (ex-Electrim Telekomcajka) ul. Emilii Plater 53 00-113 Warszawa (Poland)	PLN 10,008.1 million	PLN (16,970.7) million	(f) 100.00	207.1	0.0	1,662.8	-	-	n/d	PLN (470.3) million	n/d		of advances 1,662.8
Telecom Italia SpA (g) Via Gaetano Negri 1 20123 Milan (Italy)	11,656.3	(f) 6,481.9	(g) 23.94	3,931.2	3,130.4	-	-	13,901.5	n/d	(1,853.6)	n/d	-	-
Mediaset (h) Viale Europa 46 Clogno Monzese (MI) (Italy)	614.2	(f) 1,283.7	9.61	493.2	305.4	-	-	5,532.9	n/d	11.8	n/d		-
Other subsidiaries and Affiliates (Global Information) (i)	-	-	-	1,528.2	1,335.0	1,651.0	105.7	-	-	-	-	0.1	Impairment of advances 320.7
Total	**-**	**-**	**-**	**22,319.5**	**19,635.0**	**5,800.3**	**162.1**	**-**	**-**	**-**	**-**	**1,078.5**	

(a) Includes earnings (losses) of the year.

(b) Includes current accounts advances, excluding accrued interest.

(c) UMG Inc. holding UMG's entities in the United States.

(d) Company holding UMG's entities other than United States.

(e) The entity holding of the Canal+ group.

(f) For information as of December 31, 2018.

(g) As of December 31, 2019, Vivendi holds 23.94% of the voting rights representing 17.15 % of the share capital, taking into account priority dividend shares without voting rights.

(h) Shares held, excluding the shares transferred to an independent Italian trustee on April 9, 2018.

(i) Including net asset rights (Mediaset) transferred to an independent Italian trustee: gross value €757.2 million and net value €603,1 million.

5. Maturity of Trade Payables and Trade Receivables

Pursuant to Article L. 441-6-1 of the French Commercial Code, unpaid invoices received from suppliers that were past due as of December 31, 2019 amounted to €2.9 million. This amount is broken down as follows:

	As of December 31, 2019				
(in millions of euros)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
I. Past due					
Invoices from suppliers (a)	0.4	0.4	0.00	0.00	0.8
	0.4	**0.4**	**0.0**	**0.0**	**0.8**
II. Payable excluded from (I), related to payables in litigation					
Invoices from suppliers (b)	2.1				2.1
	2.1	**0.0**	**0.0**	**0.0**	**2.1**
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
(a) As a percentage of total purchases for the year (excl. VAT)	0.5%	0.4%	0.0%	0.0%	0.9%

(b) Invoice recorded and credit note pending, received in January 2020

Pursuant to Article D 441-4 of the French Commercial Code, unpaid invoices issued to customers that were past due as of December 31, 2019 amounted to €4.9 million. This amount is broken down as follows:

	As of December 31, 2019				
(in millions of euros)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
I. Past due					
Accounts receivable (a):	0.1	0.1	0.7	(b) 0.4	1.3
	0.1	**0.1**	**0.7**	**0.4**	**1.3**
II. Receivables excluded from (I), related to receivables in litigation					
Accounts receivable:					3.6
	0.0	**0.0**	**0.0**	**0.0**	**3.6**
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
(a) As a percentage of total revenue of the year (excl. VAT)	0.1%	0.2%	1.0%	0.5%	1.8%

(b) Invoices from Group entities

6. Financial Results of the Last Five Years

(in millions of euros)	2019	2018	2017	2016	2015
Share capital at the end of the year					
Share capital	6,515.2	7,184.3	7,128.3	7,079.0	7,525.6
Number of shares outstanding	1,184,576,204	1,306,234,196	1,296,058,883	1,287,087,844	1,368,322,570
Potential number of shares to be issued upon:					
Exercise of stock subscription options	3,077,770	7,244,977	13,201,910	24,620,359	31,331,489
Grant of bonus shares or performance shares	(a) 3,455,322	(a) 0	0	2,873,214	2,544,944
Results of operations:					
Revenues	73.5	68.3	66.5	46.0	42.1
Earnings/(loss) before tax, depreciation, amortization and provisions	1,225.1	1,789.2	153.6	883.4	3,063.8
Income tax – income/(charge)	(b) 160.4	(b) 130.3	(b) 518.3	(b) 55.7	(b) (212.2)
Earnings/(loss) after tax, depreciation, amortization and provisions	1,729.8	951.3	703.1	1,609.5	2,827.0
Earnings distributed	(c) 698.3	(d) 635.5	(d) 567.6	(d) 499.2	(d) 3,951.3
Per share data (in euros)**:**					
Earnings/(loss) after tax but before depreciation, amortization and provisions (e)	1.17	1.47	0.52	0.73	2.08
Earnings/(loss) after tax, depreciation, amortization and provisions (e)	1.46	0.73	0.54	1.25	2.07
Dividend per share	(c) 0.60	0.50	0.45	0.40	3.00
Employees					
Number of employees (annual average)	233	247	237	207	190
Payroll (f)	45.8	43.8	40.3	38.5	43.1
Employee benefits (social security contributions, social works, etc.)	21.9	20.1	20.4	18	18.3

(a) Amount net of treasury shares held to cover performance share plans (see Note 9, Treasury shares).

(b) The amount of income taxes includes (i) the net income or net tax expense generated by the French Tax Group System, of which Vivendi is the head, and (ii) where applicable, the 3% tax on dividend distributions.

(c) The distribution of a dividend of €0.60 per share in relation to 2019 will be proposed for approval at the Annual General Shareholders' Meeting to be held on April 20, 2020. This represents a total distribution of €698.3 million, calculated based on the number of treasury shares held on January 31, 2020; this amount will be adjusted to reflect the actual number of shares entitled to the dividend on the ex-dividend date.

(d) Based on the number of shares entitled to a dividend as of January 1, after deduction of treasury shares at the dividend payment date.

(e) Based on the number of shares outstanding at year-end.

(f) Excludes performance shares.

7. Statutory Auditors' Special Report on Regulated Agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2019

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in French and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness, or to ascertain the existence of other agreements. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code *(Code de commerce),* to assess the relevance of these agreements prior to approving them.

We are also required, where applicable, to inform you in accordance with Article R. 225-58 of the French Commercial Code of the implementation, during the year ended 31 December 2019, of agreements previously approved by the Shareholders' Meeting.

We performed the procedures that we considered necessary in compliance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements authorized and concluded during the year ended December 31, 2019

In accordance with Article L.225-86 of the French Commercial Code, we have been notified of the following agreements concluded during the year ended December 31, 2019 which received prior authorization from your Supervisory Board.

Amendments to the employment contracts concluded between Vivendi and Mr Gilles Alix, Mr Simon Gillham and Mr Hervé Philippe, members of the Management Board

As a result of the entry into force of Ordinance No. 2019-697 of July 3, 2019 on supplementary occupational pension plans, the rights accrued under the supplementary defined-benefit pension plan, implemented in December 2005 and approved by the Combined General Meeting of April 20, 2006, were determined with regard to length of service as of December 31, 2019.

Mr Gilles Alix, Mr Simon Gillham and Mr Hervé Philippe, who previously held positions within the Havas Group, are eligible for this supplementary pension plan, under their employment contracts with the Company.

As Havas, a former subsidiary of the Vivendi group, once again became part of the group scope on July 3, 2017, your Supervisory Board, on the recommendation of the Governance, Appointment and Remuneration Committee, at its meeting of November 14, 2019, decided to authorize the modification of the employment contracts of the following members of the Executive Board, in order to take into account their length of service within the Havas Group:

Corporate officer	Positions held	Length of service transferred
Gilles Alix	Advisor to the General Management of Havas Media between 2007 and 2017	10 years
Simon Gillham	Havas Vice President Communication between 2001 and 2007	6 years
Hervé Philippe	Havas Chief Financial Officer between 2005 and 2013	9 years

The amount of the provision for 2019, recorded as a liability in the accounts in respect of the supplementary pension plan referred to in a) and b) above, for all the members of the Management Board in office at December 31, 2019, based on the length of service at that date, amounts to €9.3 million after taking into account the determination of the rights vested at December 31, 2019.

Corporate officers concerned (members of the Management Board): Gilles Alix
Simon Gillham
Hervé Philippe

Reasons justifying why the Company benefits from this agreement

Your Supervisory Board gave the following reasons for this agreement: Your Supervisory Board found that the modifications to these employment contracts were in the interest of the Company and all its shareholders, on account of the contribution that the expertise in the Havas Group activities, possessed by the Management Board members concerned, represents for the Company's General Management.

Furthermore, for the purposes of resolutions nos. 20 to 26, we report on the modification set out below of the elements for calculating the contingent commitments under supplementary defined-benefit pension plan which corresponded to a regulated commitment under Article L. 225-90-1 of the French Commercial Code in force until Ordinance No. 2019-1234 of November 27, 2019.

Modification of the elements for calculating the contingent commitments under the supplementary defined-benefit pension plan from which the Chairman and the members of the Management Board benefit (authorization of the Supervisory Board of March 9, 2005 and approval of the Shareholders' Meeting of April 20, 2006), subject to performance conditions (decision of the Supervisory Board of November 10, 2015 and approval by the Shareholders' Meeting of April 21, 2016)

Your Supervisory Board, at its meeting of November 14, 2019, noted that following the entry into force of the new provisions of Article L. 137-11 of the Social Security Code, resulting from Ordinance No. 2019-697 of July 3, 2019 relating to supplementary occupational pension plans, no new conditional additional right can now be vested, within the framework of this supplementary pension plan, after January 1, 2020.

Your Supervisory Board, on the recommendation of the Governance, Appointment and Remuneration Committee, at the same meeting, decided that the rights vested as of December 31, 2019 under this supplementary pension plan would be set with regard to the length of service at this date, for the Chairman and the members of the Management Board, on the basis of the following elements:

- Reference compensation: fixed and variable compensation received during the 2019 financial year (annual basis), instead of the average of the last three years of fixed and variable compensation, with the maintaining of the dual upper limit that has existed since the start of the plan (reference compensation capped at 60 times the annual Social Security limit; vesting of rights limited to 30% of the reference compensation),

  In all cases, the amount of the annual pension cannot exceed 25% of 60 times the annual Social Security limit (new limit);
- Revaluation of rights within the limits which will be provided for by the implementing texts of the abovementioned Ordinance.

For the constitution as at December 31, 2019 of the rights determined under this supplementary pension plan, the other characteristics remain unchanged: minimum of three years' service with the Company; maximum vesting of rights based on length of service, capped at 20 years, at a declining rate not exceeding 2.5% per year and gradually reduced to 1%; 60% of the retiree's pension paid to the spouse in the event of death; eligibility for the plan maintained in the event of departure on the initiative of the Company after the age of 55 and without resumption of professional activity; loss of eligibility for the plan in the event of departure from the Company for whatever reason before the age of 55.

In addition, the calculation of the pension growth rate for 2019 remains subject to the following performance criteria, assessed in 2020: no increase in income is applied if, for the year under review, the financial results of the group (adjusted net income and cash flow from operations) are less than 80% of the budget and if the performance of the Vivendi share is less than 80% of the average of the performance of a composite index (½ CAC 40, ½ Euro STOXX Media).

Directors concerned (members of the Management Board): Arnaud de Puyfontaine (CEO)
Gilles Alix
Cédric de Bailliencourt
Frédéric Crépin
Simon Gillham
Hervé Philippe
Stéphane Roussel

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

We inform you that we have not been notified of any agreement already approved by the Shareholders' Meeting whose implementation continued during the year ended December 31, 2019.

Paris-la Défense, March 5, 2020

The Statutory Auditors

French original signed by:

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Quéron	Géraldine Segond	Jacques Pierres	Claire Pajona

Intentionally left blank

Canal+ Group

▲
Les Sauvages

◄
A Shaun the Sheep Movie:
Farmageddon

5 Recent Events, Outlook

Section 1
Recent Events

The significant events that occurred between December 31, 2019 and the date of filing of the Rapport annuel – *Document d'enregistrement universel* (the French version of this Annual Report) with the *Autorité des marchés financiers* (the French securities regulator) are described in the following chapters of his report:

- Chapter 1: "Profile of the group – Strategy and global performance – Businesses, financial communication, tax policy and regulatory environment"; and
- Chapter 4: "Audited Consolidated Financial Statements for the year ended December 31, 2019", as approved by Vivendi's Management Board on February 10, 2020.

Since February 10, 2020, the following significant events have occurred:

- Between February 11 and March 6, 2020, Vivendi repurchased 15,048 thousand additional shares, i.e., 1.15% of the share capital as of the implementation date of the share buyback program, thereby amounting to an aggregate number of repurchased shares since the beginning of the program of 130,931 thousand shares, i.e., 10% of the share capital as of the implementation date of the share buyback program (please refer to Note 16 to the 2019 Financial Statements included in Chapter 4 of this Annual Report – Universal Registration Document);
- On February 17, 2020, the Madrid Court of Appeals (*Audiencia Provincial de Madrid*) dismissed Mediaset España's appeal against the decision of the Madrid Commercial Court of October 11, 2019, suspending the resolution authorizing the merger of Mediaset España with and into MediaforEurope N.V. (MFE) approved by Mediaset España's Shareholders' Meeting on September 4, 2019; and

  On February 26, 2020, the District Court of Amsterdam rejected Vivendi's request to prohibit MFE from implementing its merger with Mediaset and Mediaset España. However, on March 3, 2020, MFE announced that it had withdrawn the merger plan that it had re-filed on February 5, 2020 with the Dutch Chamber of Commerce and that it intended to file a new merger plan.

  For a full description of this litigation, please refer to Note 24 to the 2019 Financial Statements included in Chapter 4 of this Annual Report – Universal Registration Document.

Section 2
Outlook

Please refer to Section 3 of the 2019 Financial Report in Chapter 4 of this Annual Report – Universal Registration Document.

Havas Group

▲
"Golden Gate" campaign for Progressive

◄
"Rebuild the World" campaign for LEGO

6 Responsibility for Auditing the Financial Statements

Section 1 Responsibility for Auditing the Financial Statements

1.1. Statutory Auditors

Deloitte & Associés

6, place de la Pyramide

92908 Paris-la Défense Cedex

Appointed at the General Shareholders' Meeting of April 25, 2017.

Represented by Mr. Thierry Quéron and Ms. Géraldine Segond.

Initial appointment: General Shareholders' Meeting of April 25, 2017, for a term of six fiscal years to expire at the close of the General Shareholders' Meeting to be held to approve the financial statements for fiscal year 2022.

Ernst & Young et Autres

1/2, place des Saisons

92400 Courbevoie – Paris-la Défense 1

Appointed at the General Shareholders' Meeting of June 15, 2000.

Represented by Mr. Jacques Pierres and Ms. Claire Pajona.

Most recent reappointment: General Shareholders' Meeting of April 19, 2018, for a term of six fiscal years to expire at the close of the General Shareholders' Meeting to be held to approve the financial statements for fiscal year 2023.

1.2. Alternate Statutory Auditors

None.

ISSN 2948-390X

Photo credits

Cover

Ballistic Baseball and Asphalt 9: Legends ©2019 Gameloft, All Rights Reserved — Angèle ©Charlotte Abramow — Lady Gaga ©Lindberg — Milan Coop© Havas Campaign — Havas Café ©DR — Marc Lévy ©Antoine Verglas — Michel Bussi ©Opale — Canal Football Club-CFC ©Thierry Gromik — A Shaun the Sheep Movie: Farmageddon ©2019 Studiocanal, Studios Aardman — CanalOlympia ©DR

Editorial

©DR

Openings of chapters

Billy Eilish ©300cmyk — Gregory Porter ©Ami Sioux — Pocket book covers — Copernic ©DR Editis — Déferlantes Festival 2019 ©Laurène Coranti-Herten — Théâtre de l'Œuvre and Marina Rollman, poster ©DR/Théâtre de l'Œuvre — Asphalt 9: Legends - Disney Getaway Blast ! ©2019 Gameloft, All Rights Reserved — Les Sauvages, Roschdy Zem ©David Koskas — A Shaun the Sheep Movie: Farmageddon ©2019 Studiocanal, Studios Aardman — "Golden Gate" campaign for Progressive ©Arnold Boston — "Rebuild the World" campaign for LEGO ©BETC Paris

UMG

Ariana Grande, cover Sweetener ©Dave Meyers — Taylor Swift, press photo©DR Tiff — Niska ©Koria — Clara Luciani ©Fiona Torre — Vitaa & Slimane, press photo ©DR — BTS, official artist photo ©DR

Canal+ Group

La Guerre des Mondes, a Canal+ Création Originale, print ad ©DR Canal+ — Canal Football Club - CFC ©Thierry Gromik — Venise n'est pas en Italie, film poster ©DR Studiocanal — Kings of Thieves, film poster ©DR Studiocanal — Deux moi, film poster ©DR Studiocanal — Canal Rugby Club – CRC ©Thierry Gromik — Mathieu Kassovitz, Le Bureau des Légendes, season 4, visual edition ©Samuel Kirszenbaum — Mon chien Stupide, film poster DR Studiocanal — Baron Noir, season 3 ©Kwaï - Pictanovo - Léon Productions — Foot ©Monier/AFP/DPPI — Les Sauvages ©Rudy Waks - David Koskas - Arthur Farache Sauvegrain — CPB Films/Scarlett/Production/Canal+

Havas

Campaigns: Inclusion Profiles for LinkedIn ©HOY — Twenty for Ouigo©Rosapark — Palau Pledge, Palau Legacy Project @Sen Izzard form the Pool Collective

Editis

Harlan Coben ©Runaway — Montage of textbook covers — L'histoire de France pour les nuls, Jean-Joseph Julaud — Audiobook, Mes premières chansons d'Henri Dès, Gründ ©DR Editis

Gameloft

LEGO® Legacy: Heroes Unboxed — Ballistic Baseball — Overdrive City ©2019 Gameloft, All Rights Reserved

Vivendi Village

Brive Festival 2019 ©pauseyourlife — Garorock 2019 ©Théo Kine t.shoot — the Salle de Billard, L'Olympia ©DR — Sidiki Diabate, Jab & Vibes Vivendi Sports ©DR — Déferlantes Festival 2019 ©Laurène Coranti-Herten

In accordance with the environmental commitments we made within the framework of our EMAS (European Management Audit Scheme) certification, we have ensured that this document is printed on paper made up of 40% plant fibres certified for the sustainable management of forest and 60% from recycled pulp.

Design and production: HAVAS PARIS

IMPRIM'VERT
Votre imprimeur agit pour l'environnement

URDVA19

vivendi

Registered Office
42, avenue de Friedland / 75380 Paris Cedex 08 / France
Tel.: +33 (0) 1 71 71 10 00

Individual Shareholders' Information
Tel.: 0805 050 050 *(from a landline in France)*
or +33 (0) 1 71 71 34 99 *(from a landline outside France)*

The Annual Report – Universal Registration Document
is available on the Company's website **www.vivendi.com**

@Vivendi