vivendi

ANNUAL REPORT 2018

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

The Annual Report in English is a translation of the French *Document de référence* provided for information purposes.

This translation is qualified in its entirety by reference to the *Document de référence*.

The Annual Report is available on the Company's website www.vivendi.com

Content

Questions for Yannick Bolloré and Arnaud de Puyfontaine

YANNICK BOLLORÉ
Chairman of the Supervisory Board

“Our strategy is aimed at launching joint initiatives between our different businesses. These synergies developed by our subsidiaries will help promote growth for Vivendi.”

How did Vivendi perform in 2018?

Yannick Bolloré: Vivendi posted strong results in 2018. Universal Music Group (UMG), the world’s leading recorded music company, had an excellent year, led by the quality of its management teams and artists and the rise of streaming services. Income from recorded music through subscriptions and streaming rose by 36% in 2018 to represent 54% of total sales. UMG’s roster of talent features some of the most popular and award-winning artists in the world.

As well as improving its performance in France, Canal+ Group gained nearly 0.9 million subscribers in other countries. In addition to Africa, it made inroads in the Asian market, with the launch of a pay-TV offer in Myanmar. In France, the group renewed its agreement with the French film industry (Canal+ is the industry’s partner of choice) and signed new regulations reducing the window between the time when a movie is released in theaters and when it can be aired on its channels. It also secured the broadcasting rights to numerous sports events, including the next three seasons of the English Premier League.

Havas enjoyed stronger profitability in 2018, particularly in the second half, due to account wins in creative advertising and media. The *Palau Pledge* campaign is a shining example of Havas’s creativity and commitment. As well as winning a whole host of festival awards, the company also received the “Champion for Humanity” award from the United Nations.

Our other businesses – Gameloft, Vivendi Village and Dailymotion – also delivered solid performances, each contributing to the value chain of the integrated group that Vivendi is today. The group pressed ahead with new joint initiatives between its subsidiaries in 2018, with Havas and Capitol Music Group founding Annex Tower Creative, an agency whose aim is to foster greater collaboration between artists and brands, and Canal+ and Universal Music France joining forces to give television viewers the chance to tune in to one of the most exciting Top 14 finals. Olympia Production was able to capitalize on Canal+ and L’Olympia’s expertise and assets, while the CanalOlympia venues in Africa benefited from the establishment of Canal+ Group on the continent and from Studiocanal films. And these are just a few examples of the successful strategy that drives our integrated group.

Why did Vivendi acquire Editis?

Arnaud de Puyfontaine: The acquisition of Editis marked an important milestone in the implementation of Vivendi’s business plan. It adds another brick to our development of a world-class content, media and communications group based in Europe. Editis has a large portfolio of internationally acclaimed authors, including Marc Lévy, Michel Bussi,

Raphaëlle Giordano, Haruki Murakami and Ken Follett. The group brings together close to 50 prestigious houses (e.g., Nathan, Robert Laffont, Julliard, Plon, Le Robert, Presses de la Cité, Pocket and Solar) that publish general interest, children's and young adult literature, how-to books, illustrated titles, textbooks and reference works.
While Editis will allow Vivendi to expand its creative capacity, Vivendi will enable Editis to broaden its appeal to authors, explore new markets and experiment with innovative formats. The combination of our two groups creates opportunities for developing joint projects. We have already started working together and we will strengthen our efforts in this direction.

What future do you see for Universal Music Group?

Arnaud de Puyfontaine: The music market is undergoing total transformation. Today, there are more than 175 million music streaming subscribers worldwide. This dynamic, along with the talent and expertise of UMG's artists and teams, is driving the expansion of the world's top recorded music company. Sir Lucian Grainge called 2018 a "historic year". We have initiated a process to open up UMG's share capital to one or several partners to leverage the value of this unique asset and support its development.

What are your ambitions for the group?

Yannick Bolloré: Vivendi's ambitions, which were outlined five years ago, are clear. They are focused on building a global content, media and communications group with European roots. Demand for entertainment content is strong on every continent in the world. Innovation and digital technology are opening up new markets. Our strategy is aimed at launching joint initiatives between our different businesses. These synergies developed by our subsidiaries will help promote growth for Vivendi, as I mentioned at the beginning of this interview.
In 2018, we said we were ready to enter a new phase of growth. This has now been accomplished with the acquisition of Editis and our return to publishing. A new era has begun for Vivendi.
Our goal is to provide overall support for the creation of new value in all our businesses, wherever we are, and to offer quality content to as many people as possible. Through the impact of its content, our group plays a prominent role in society. Our influence bears a special responsibility.
In addition, Vivendi's ambitions should also be viewed from a long-term perspective. Our extremely sound balance sheet and having a core shareholder – the Bolloré Group – leave us free from short-term pressure and means that we can implement our strategy in calmness and confidence. That is a real strength. •

ARNAUD DE PUYFONTAINE
Chief Executive Officer

"Editis adds another brick to our development of a world-class content, media and communications group based in Europe."

UNIVERSAL MUSIC GROUP

1

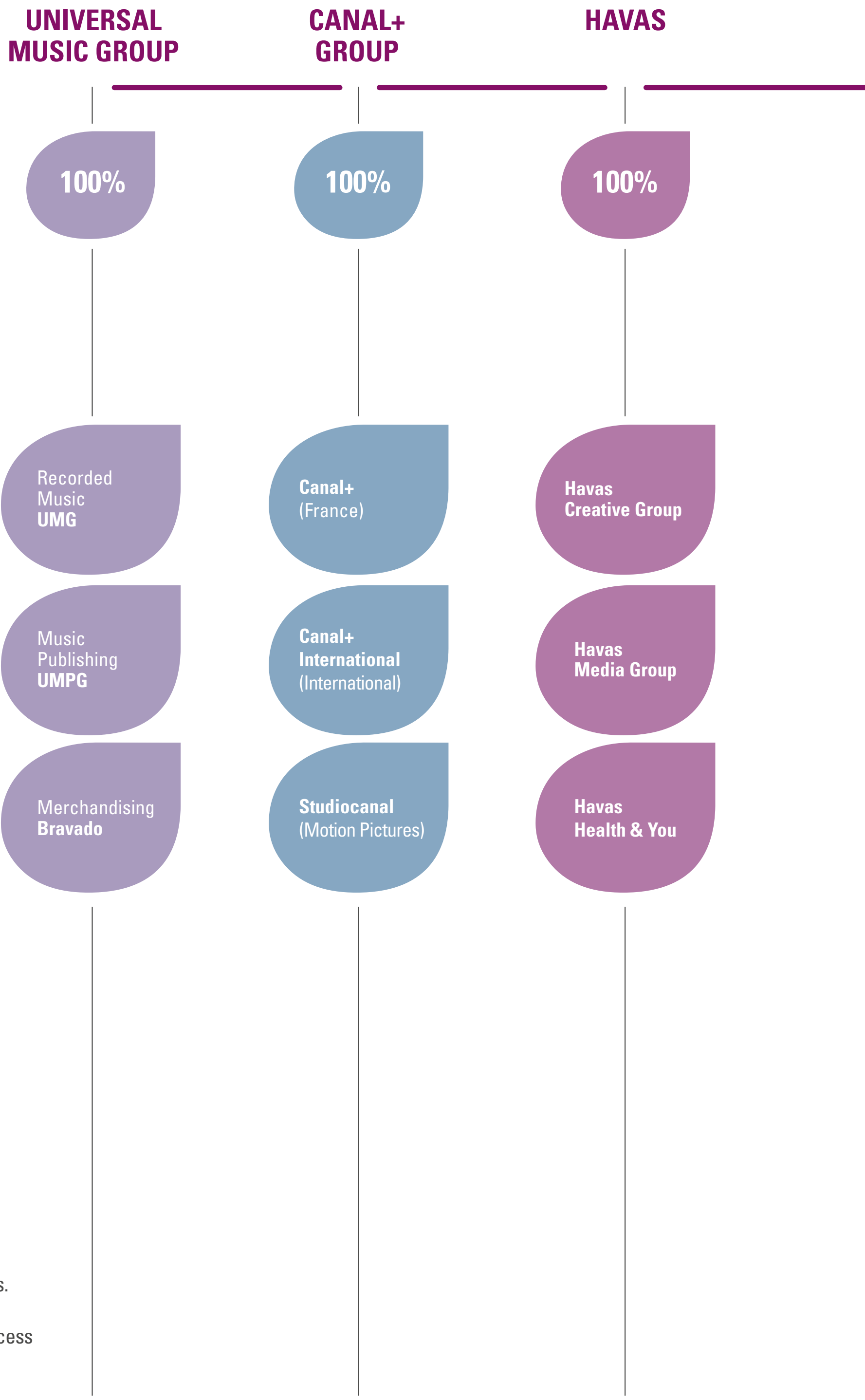
Profile of the Group, Strategy and Value Creation, Businesses – Financial Communication – Tax Policy and Regulatory Environment, Non-financial Performance

Gregory Porter

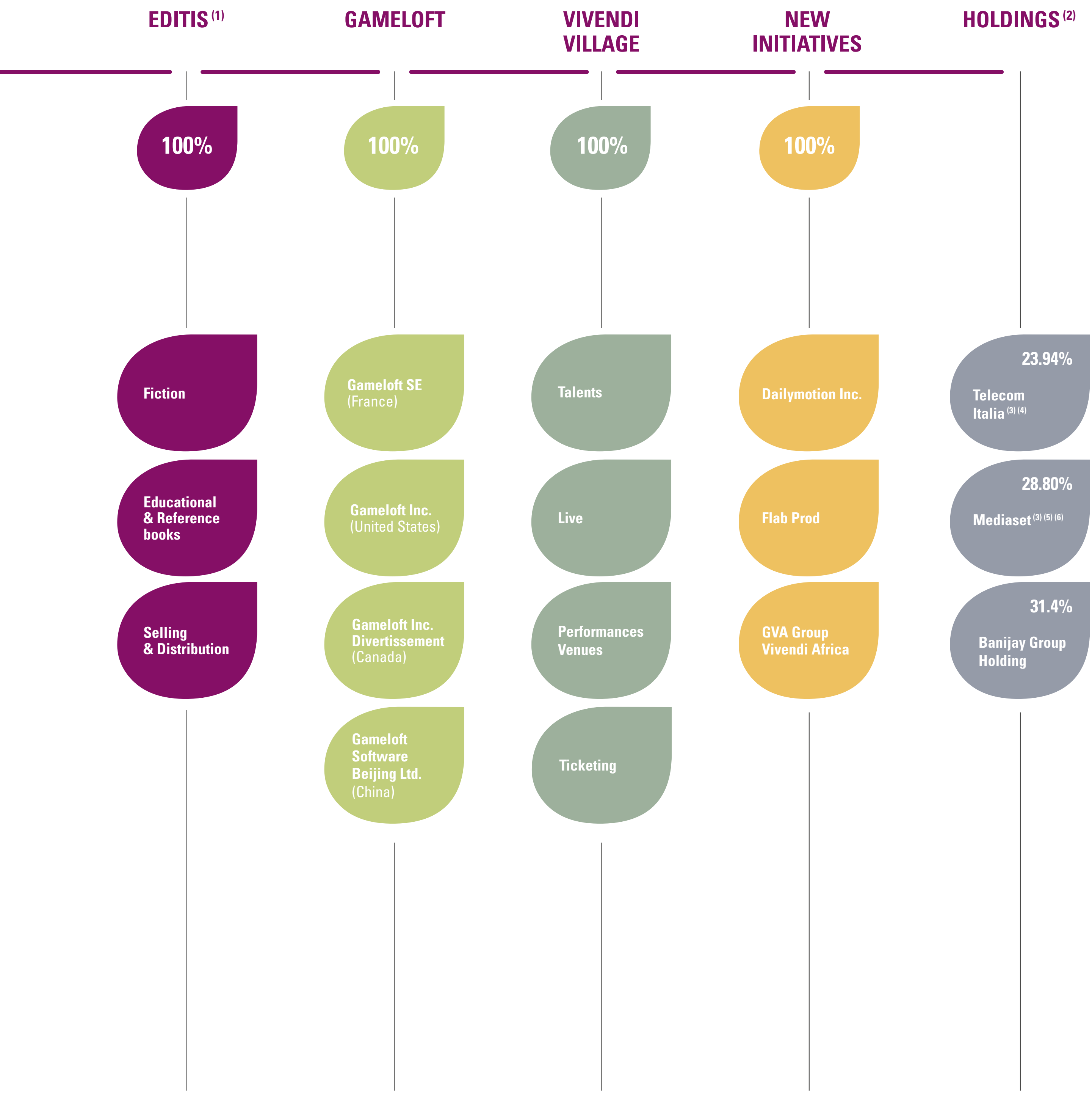
Bigflo & Oli

SECTION 1. PROFILE OF THE GROUP

1.1. Simplified Organization Chart of the Group

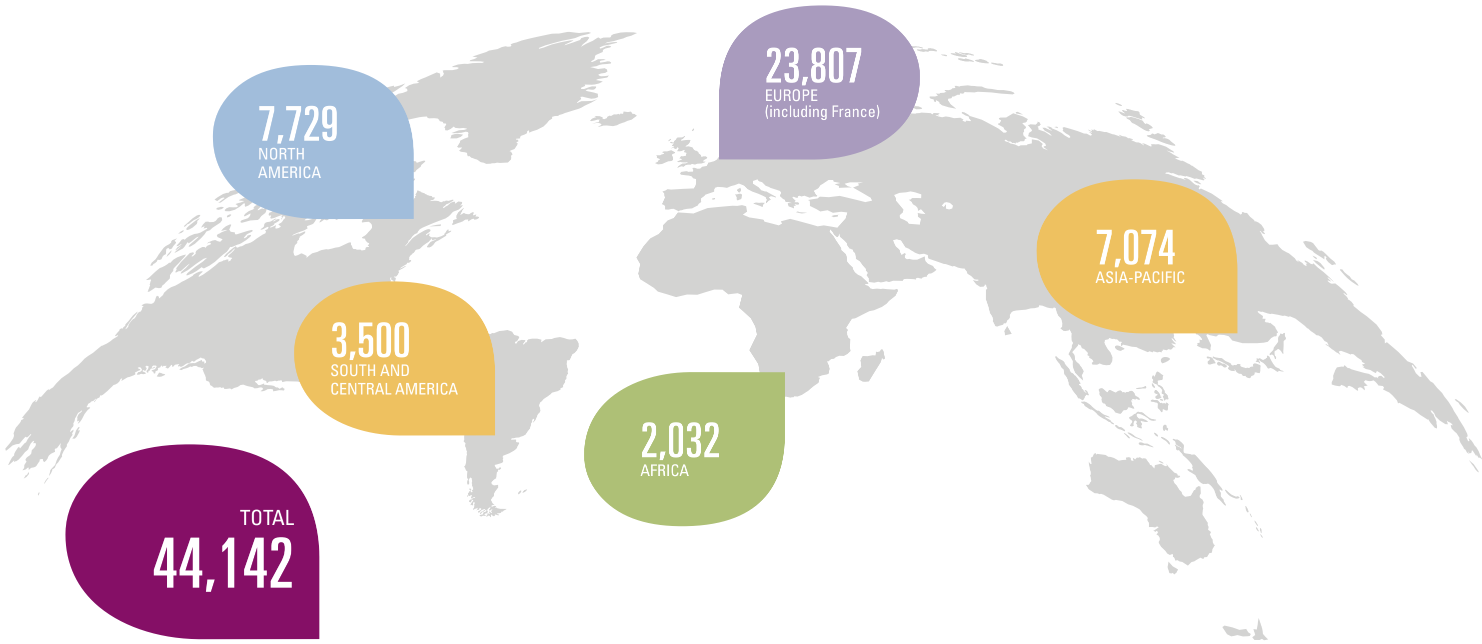


(1) Since January 31, 2019.
(2) Percentage of controlling interest as of December 31, 2018.
(3) Listed Company.
(4) Based on the aggregate number of ordinary shares with voting rights.
(5) On April 9, 2018, in compliance with the undertakings given to the AGCOM, Vivendi transferred the portion of its 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
Performances Venues
Ticketing
Dailymotion Inc.
Flab Prod
GVA Group Vivendi Africa
23.94%
Telecom Italia (3) (4)
28.80%
Mediaset (3) (5) (6)
31.4%
Banijay Group Holding

1.2. Key Figures

HEADCOUNT BY GEOGRAPHIC ZONE (*)



TOTAL REVENUES 2018
€13,932M

€7,562M
EUROPE
(including France)

€4,395M
THE AMERICAS

€1,373M
ASIA & OCEANIA

€602M
AFRICA

REVENUES BY BUSINESS SEGMENT

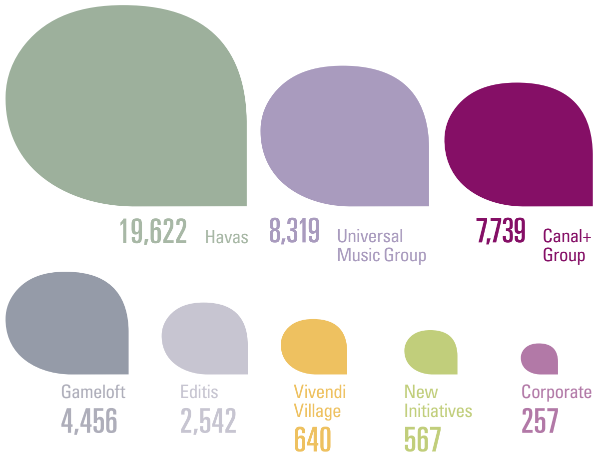
Year ended December 31 – in millions of euros

	2018	2017
▶ Universal Music Group	6,023	5,673
▶ Canal+ Group	5,166	5,198
▶ Havas (1)	2,319	1,211
▶ Gameloft	293	320
▶ Vivendi Village	123	109
▶ New Initiatives	66	51
▶ Elimination of intersegment transactions	(58)	(44)
TOTAL	**13,932**	**12,518**

(1) Consolidated since July 3, 2017.

HEADCOUNT BY BUSINESS SEGMENT(*)

44,142



(*) Includes Editis, which was acquired on January 31, 2019.

INCOME FROM OPERATIONS BY BUSINESS SEGMENT

Year ended December 31 – in millions of euros

	2018	2017
▸ Universal Music Group	946	798
▸ Canal+ Group	429	349
▸ Havas **(1)**	258	135
▸ Gameloft	4	10
▸ Vivendi Village	(9)	(6)
▸ New Initiatives	(79)	(87)
▸ Corporate	(110)	(101)
TOTAL	**1,439**	**1,098**

EBITA BY BUSINESS SEGMENT

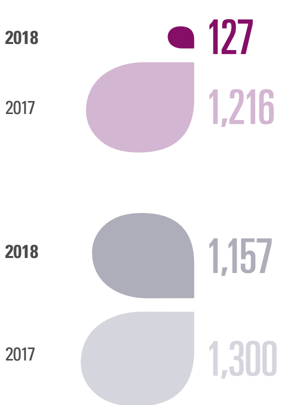
Year ended December 31 – in millions of euros

	2018	2017
▸ Universal Music Group	902	761
▸ Canal+ Group	400	300
▸ Havas **(1)**	215	111
▸ Gameloft	2	4
▸ Vivendi Village	(9)	(18)
▸ New Initiatives	(99)	(92)
▸ Corporate	(123)	(97)
TOTAL	**1,288**	**969**

(1) Consolidated since July 3, 2017.

EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS AND ADJUSTED NET INCOME

Year ended December 31 – in millions of euros



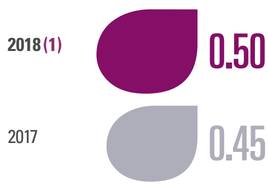
Earnings attributable to Vivendi SA shareowners
Adjusted net income

ADJUSTED NET INCOME PER SHARE (BASIC)

Year ended December 31 – in euros

DIVIDEND

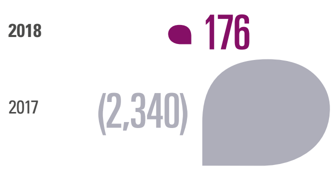
With respect to fiscal year – in euros



(1) Submitted to the approval of the Annual General Shareholders' Meeting of April 15, 2019.

NET CASH POSITION/ (FINANCIAL NET DEBT)

As of December 31 – in millions of euros



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, thereby ensuring comparability of the data relative to each period of 2018 and 2017 contained in this report; 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; therefore, the data relative to 2017 contained in this report is not comparable.

For a detailed description, please refer to Notes 1 and 28 to the Consolidated Financial Statements for the year ended December 31, 2018, in Chapter 4.

- 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, 2018, in Chapter 4.

1.3. 2018 Highlights

JANUARY

• **Canal+ announces the prepurchase of the *My Brilliant Friend* series,** based on Elena Ferrante's bestselling novel.

• **Vivendi Sports organizes the first *Le Tour de l'Espoir*** cycle race in Cameroon for cyclists under 23, registered on the International Cycling Union calendar.

• **The *Modern Combat Versus* game is selected for the Android Excellence 2018** program for high-quality mobile apps.

FEBRUARY

• **BETC is ranked among the top ten** agencies in the world by the Gunn Report.

• **The launch of Polar+** is the most successful launch of any specialist-interest channel in ten years.

• **Canal+ Group** launches in Myanmar.

• **The Vivendi Create Joy** solidarity program **celebrates its 10th anniversary.**

MARCH

• **Havas announces the launch of Havas China Desk,** a new service across all of the group's agencies to support clients wanting to strengthen their presence in China and to partner with Chinese brands looking to expand internationally.

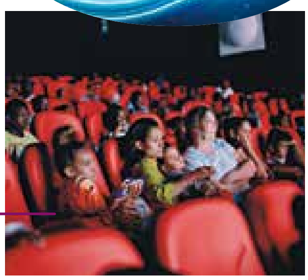
• **Group Vivendi Africa** launches its **CanalBox** service in Lomé, **Togo.**

APRIL

• **See Tickets acquires the Dutch company Paylogic** and builds a ticketing network covering Europe and the United States.

• **Canal+ Group and UMG launch Deutsche Grammophon+,** a TV channel dedicated to classical music.

• **CanalOlympia and Orange team up** to help make cinema more accessible in Africa.



MAY

• **UMG artists Kendrick Lamar, Luis Fonsi, Daddy Yankee, Justin Bieber, Taylor Swift, Chris Stapleton, Imagine Dragons** and **U2** are the big winners at the 2018 Billboard Music Awards.

• **Gameloft launches *Dungeon Hunter Champions,*** the latest opus in the *Dungeon Hunter* series, which achieved 100 million downloads.

• **Havas launches an innovation lab** devoted to artificial intelligence and developing the group's expertise in new technologies.

JUNE

• **Canal+ Group joins forces with Apple** to adapt the short-format audio series *Calls* for English-speaking audiences.

• **Dailymotion creates a new advertising ecosystem** with its own programmatic platform and content monetization system.

• **Mika's performance at the French Top 14** rugby final is produced and broadcast by UMG, Havas, Canal+ and Dailymotion.

• **Havas wins 47 Lion awards** at the International Festival of Creativity in Cannes.

JULY

• **Gameloft launches *Asphalt 9: Legends,*** the latest installment in the mobile video racing game series with the most downloads worldwide.

• **The Rolling Stones sign a global deal with UMG** covering the band's recorded music and audiovisual catalog and brand management.

• **Vivendi announces its plan to sell up to 50% of UMG's share capital** to one or more strategic partners.

JULY

- **Havas announces the acquisition of Catchi,** specialized in CRO (conversion rate optimization) in Australia and New Zealand.
- **Vivendi** begins exclusive negotiations with **Grupo Planeta to acquire 100% of the share capital of Editis,** the second-largest French-language publishing group.

AUGUST

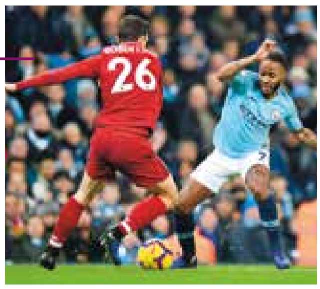
- **Dailymotion is partner for more than 300 leading content publishers,** including the *Financial Times*, TF1, *GQ* and AC Milan.
- **Canal+ Afrique launches Canal+ Comédie, Canal+ Action** and its fifth channel, **Canal+ Sport.**

SEPTEMBER

- **Havas took a participation in Republica,** the number 1 independent multicultural marketing agency in the USA, based in Miami (Florida).
- **Canal+** announces the acquisition of **exclusive distribution rights** for several seasons of **MotoGP™, Moto2 and Moto3,** starting in 2019.
- ***Invisibles,*** the series co-produced by **Canal+ Afrique,** wins Best Foreign Francophone Story at the La Rochelle International TV Drama Festival.
- **UMG and Elton John enter into a global partnership** spanning recorded music, music publishing and copyright protection.

OCTOBER

- **Canal+ acquires exclusive rights for the 2019-2020, 2020-2021 and 2021-2022 seasons of the English Premier League.**
- **Puma selects Havas Media** as its new global agency partner for media buying and planning.



OCTOBER

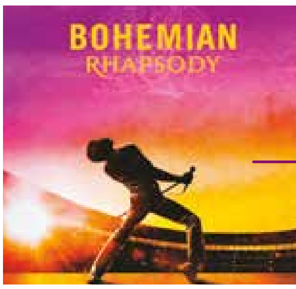
- **Olympia Production** announces the acquisition **of Garorock,** located in Marmande, one of France's leading music festivals.
- **Vivendi Sports** organizes ***Jab & Vibes,*** the Super-lightweight Boxing World Championship in Dakar.

NOVEMBER

- **Canal+** renews its agreement with the **French cinema industry** to continue to support movie production until year-end 2022.
- **UMG signs a multi-year global contract with pop star Taylor Swift,** who joins the Republic Records label.
- **Canal+** releases its latest ***Créations Originales*** **series,** ***Hippocrate,*** a unique insight into the world of medicine.

DECEMBER

- **Canal+** signs a new media scheduling agreement and will now be able to **broadcast movies six months after their theater release.**
- **CanalOlympia opens its 11th cinema** and live performance venue in Africa, located in Port-Gentil, Gabon.
- With 4.3 million tickets sold, ***Sink or Swim (Le Grand Bain)*** **becomes Studiocanal's most successful release** in France.
- **Gameloft signs an agreement with LEGO®** to create a new game in 2019.
- **Queen's** ***Bohemian Rhapsody*** **officially ranks as the most-streamed song** from the 20th century.
- **Gameloft** acquires **FreshPlanet,** creator of music trivia game *SongPop*.



SECTION 2. STRATEGY AND VALUE CREATION

2.1. Strategy

2.1.1. ACCELERATION OF VIVENDI'S STRATEGIC ROADMAP

2018 once again demonstrated the value of the strategic roadmap that has guided Vivendi's activities since 2014. With a Chairman of the Supervisory Board, Yannick Bolloré, who benefits from a wide-ranging vision for the group's business lines (content, media and communications) and the experience of integrating a global industrial group, Vivendi is on track to become a world class European champion in the creative industries.

The group's strategy of investing in its cultural entertainment business lines is bearing fruit, as its 2018 results confirm. Revenues reached €13.9 billion, a 4.9% increase compared to 2017 (at constant currency and perimeter), driven by strong results from the group's main business lines.

Universal Music Group had a historic year both creatively and commercially. With year-on-year growth of 10% in revenues (at constant currency and perimeter), UMG was able to consolidate its global leadership position due to its unique expertise in supporting talent and its ability to successfully exploit the full potential of streaming. Partner to more than 400 streaming platforms, GAFAM and major players in Asia, UMG saw its income from subscriptions and streaming soar by 36% in 2018.

UMG artists' Drake, Ariana Grande, Post Malone and Taylor Swift all released chart-toppers during the year. In Spotify's global ranking, the five most-streamed songs of 2018 were all performed by UMG artists: *God's Plan* and *In My Feelings* by Drake, *rockstar* and *Psycho* by Post Malone, and *SAD!* from XXXTentacion. The most popular albums worldwide during the year included records by Post Malone, The Beatles and XXXTentacion, along with the *A Star is Born* soundtrack featuring Lady Gaga.

A number of major artists, including Taylor Swift, The Rolling Stones and Elton John, signed or renewed a contract with UMG or entered into innovative partnerships during the year. As an example, Taylor Swift signed a multi-year global recording contract with UMG in November 2018. The music company will now be Taylor's exclusive recorded music partner worldwide and Republic Records, a subsidiary of UMG, will serve as her label in the United States. The partnership draws on the considerable success that the singer has had with Big Machine Records, the label that brought her into the UMG family.

In audiovisual content, Canal+ Group pursued its turnaround in France and continued to win over new subscribers internationally. In all, the group's portfolio totaled 16.2 million subscribers, a year-on-year increase of 654,000.

Canal+ Group also continued to expand in international markets, with subscribers in Africa, Asia, Poland and French overseas territories reaching 7.8 million. Growth in the subscriber base was particularly strong in Africa, now standing at more than 4 million.

In France, as a result of the transformation plan implemented in 2015, Canal+ Group reported stable figures. The group added to its line-up by expanding its three editorial verticals: sports, series and cinema.

Its sports offering was enhanced in 2018 through the acquisition of all rights to broadcast the next three seasons of the English Premier League – the most popular premier football championship in the world – in France and Poland. The group also diversified its sports content further during the year, following on from its investments in boxing and women's football in 2017. It will now feature more motor sports due to its first-time acquisition of the rights to the MotoGP™ World Championship. The *Créations Originales* (original programming), central to Canal+ Group's editorial line, shone particularly in 2018. The fourth season of espionage drama *The Bureau des Légendes* and new series *Hippocrate* and *Nox* were very well received by subscribers and critics alike.

Canal+, a long-standing partner of the cinema industry, renewed its agreement with the French cinema industry until 2023 in a partnership spanning over 30 years. The agreement resulted in the signing of a new planned media release in late December 2018. Canal+ Group will now be able to broadcast films to its subscribers just six months after their theater release. Studiocanal enjoyed a buoyant 2018 due to a number of highly successful releases, including Gilles Lellouche's *Sink or Swim*, which attracted 4.3 million moviegoers, *Mia and the White Lion* (1.2 million viewers) and the touching *Pupille*, with 0.8 million tickets sold.

In communications, Havas had a very successful year, driven by an excellent performance in the fourth quarter. The group pursued its acquisition policy, with five new agencies from a variety of geographies and markets joining the Havas family in 2018. A number of its agencies, from BETC to Rosapark and Havas Host, were recognized for their creativity at major international festivals during the year, most notably at the Cannes Lions Festival, where Havas won three Grand Prix awards and 47 Lions.

Eighteen months on from joining Vivendi, Havas has made a name for itself within the group through several joint projects run with other entities. Havas Sport & Entertainment, Universal Music & Brands and Canal+ all joined forces to turn the rugby Top 14 final at the Stade de France last June into a multi-faceted viewing experience.

Lastly, Gameloft had a great success with the latest launch of its mobile racing game, *Asphalt 9: Legends*. Released on July 26, 2018, the game has been downloaded more than 35 million times. Over the year, Gameloft has 1.8 million games played per day and 98 million monthly players.

In addition to the franchises it develops in its own right, Gameloft is associated with many rights holders through partnerships to create games in connection with universes and famous people. After having collaborated with Disney®, Universal, Illumination Entertainment, Hasbro®, and Fox Digital Entertainment, Gameloft and the LEGO group announced the release in 2019 of a new LEGO® game that will bring the famous miniatures and their world to mobile.

At year-end 2018, Gameloft acquired the FreshPlanet studio, the creator of the hit *SongPop* music quiz games, which have won several awards and have been downloaded more than 100 million times. This acquisition marks a new step in Gameloft's strategy, reinforcing its leading position in the mobile gaming industry.

Vivendi is now a well-balanced group, with its complementary business lines (from music to ticketing and series) working together to promote the group's primary resource: content. Strengthened with the addition of Havas' communications business, Vivendi represents an alternative to major players from the United States and Asia operating on the global cultural entertainment market. With its European background, Vivendi is able to offer its customers and partners a competitive line-up with unique origins and sensibilities.

As well as its main businesses, Vivendi is also strengthening its presence in markets that will act as growth drivers in the coming years. In 2018, Vivendi consolidated its value chain while ensuring that content and intellectual property remained at the heart of its model. The announcement of its acquisition of Editis, new developments in live performances and the group's work on connected devices are an integral part of Vivendi's strategic vision. In 2018, the group focused in particular on:

- **Optimizing Vivendi franchises**

  Due to its diverse expertise, Vivendi is able to lead cross-business projects and create specialized offerings with original formats, such as the Le Crxssing festival, which was held for the second time in London at the end of September 2018. From the concept to ticketing, each step was supported by group entities, similarly to the various initiatives recently undertaken in relation to the Paddington franchise. This synergy model will be used for future acquisitions and new franchises, particularly for Gameloft's and Editis's content.

- **Developing live activities**

  Vivendi considerably expanded its portfolio of festivals in 2018. Garorock Festival is the latest addition to the 14 festivals all over the world now wholly or partially owned by Vivendi through its Olympia Production and ULive businesses. At the intersection of the group's business lines, the festival industry appeals to an ever-increasing audience. France counted more than 7 million festival goers in 2018. To meet this growing demand, See Tickets acquired Dutch ticketing company Paylogic in April 2018, building a global network covering Europe and the United States.

- **Winning over new markets**

  In a two-year span, Vivendi has successfully established itself on the African market. The continent's young, connected population and growing demand for cultural content make it ideal for Vivendi's creative businesses. The group launched CanalOlympia, which has become the leading network of movie theaters and performance venues, now with 11 locations in eight countries in West Africa. It also created Vivendi Sport, which designs and organizes sporting events in the continent. Vivendi Sports held its first two competitions in 2018, both recognized by international federations: *Le Tour de L'Espoir*, a cycle race in Cameroon, and the *Jab & Vibes* Super-lightweight Boxing World Championship in Senegal.

  Vivendi is also stepping up its presence in other markets and is gradually establishing itself in Asia, particularly China and India, where it has set up *ad hoc* committees and entered into partnerships with major industry players.

- **Distributing content online**

  Creating content would mean nothing without being able to distribute it. A year on from its strategic repositioning, Dailymotion has made a turnaround and is now retaining its audience with premium content. This editorial shift was also reflected in the forming of more than 300 partnerships in 2018 with world leaders in content creation, including the *Financial Times*, *Variety*, *GQ* and *Brut*. Dozens of partnerships were signed in regions where Dailymotion's presence was minimal (South Korea, Vietnam and India), resulting in a surge in viewing figures. Dailymotion has come into its own as the group's digital showcase.

2.1.2. VIVENDI'S COMMITMENT TO ITS INDUSTRY, CULTURE AND SOCIETY

Vivendi has high hopes for 2019 and a clear objective: to continue on its way to becoming a world-class European champion in content, media and communication, with two main focus areas on its roadmap for the year:

- On January 31, 2019, the group finalized the acquisition of Editis, thereby securing a foothold in publishing, a new creative industry for Vivendi that supplements its other content businesses. The Editis acquisition marks Vivendi's entry into France's biggest cultural market and is an exceptional asset for the group. Publishing is central to the field of intellectual property, with two thirds of movies and series based on original literary works; and
- Vivendi has decided to offer one or several strategic partners the opportunity to purchase up to 50% of UMG's share capital with a view to accelerating UMG's development while still retaining the music company, a precious asset, in its portfolio. A reserve price will be set.

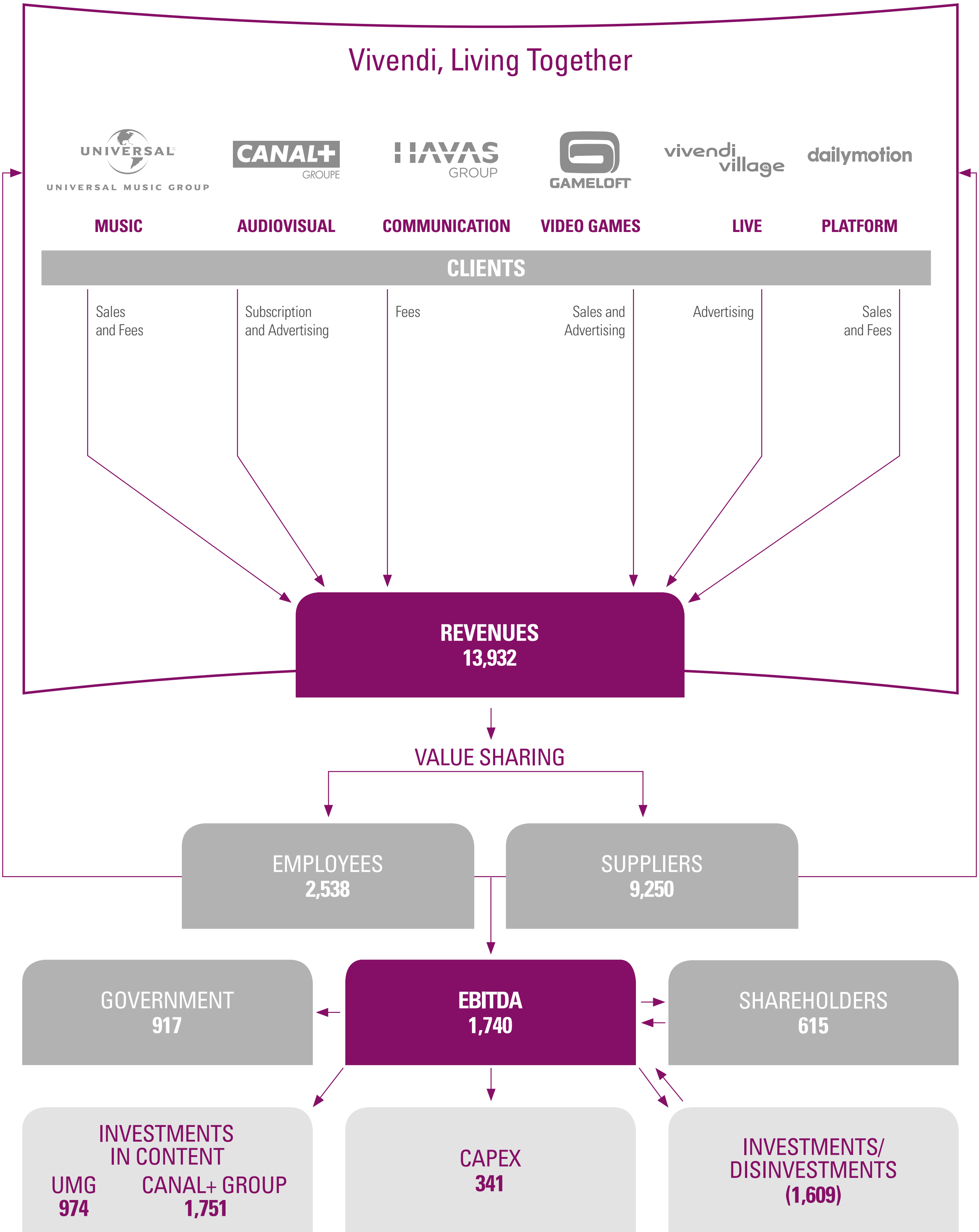
Vivendi forms a unique ensemble with high-potential assets and talent, from Lady Gaga to the heroes of the *Engrenages* drama, the little dragons from its *Dragon Mania Legends* game and, since January 2019, Editis authors such as Michel Bussi and Ken Follett. With its diverse business lines, Vivendi is able to harness the creative potential of major players in the entertainment industry alongside smaller structures working to promote a talent, work or brand. This diversity in content, business lines and talent is central to the group's foundation and DNA, allowing it to stand out in an increasingly globalized content market alongside GAFAM and BAT in Asia (Baidu, Alibaba and Tencent).

By supporting content creation in all the regions where it operates, Vivendi upholds a commitment to its stakeholders to promote multiculturalism, open up access to entertainment and empower young people in their use of digital media. In 2018, €2.7 billion has been invested in content production.

Vivendi and its business lines, with their diverse and broad content, are aligned on a shared corporate social responsibility policy. Their commitment goes well beyond the group's cultural content, leading initiatives that benefit society and establish Vivendi as a driver of change, including "Create Joy", a solidarity program to support disadvantaged young people, its "Femmes Forward" initiative to promote women in businesses, "Solidarité Climat", which funds community projects to protect the climate, and Paddington, Unicef's champion for children.

These undertakings above will create value and enable Vivendi to launch new projects, attract and develop talent, and pursue further growth.

2.2. Business model



Figures in millions of euros.

Vivendi is a worldwide leader in media, content and communications. In 2018, its revenues were €13,932 million, a 11.3% increase from 2017, as reported and a 4.9% increase at constant currency and perimeter, while EBITA was €1,288 million, a 33% increase from 2017, as reported and a 24.7% increase at constant currency and perimeter.

Vivendi operates in 78 countries and has 44,142 employees (including Editis). Approximately 54.5% of its revenues originates from Europe, 31.5% from the Americas, 10% from the Asia-Pacific region and 4% from Africa.

Being a worldwide leader in media, content and communications means operating in a variety of sectors. Vivendi is active in the music industry (Universal Music Group), television and movies (Canal+ Group), communications (Havas), video games (Gameloft), digital distribution (Dailymotion) and live entertainment and ticket sales (Vivendi Village).

In 2018, music, television, movies and communications accounted for almost 97% of group revenues (details on the business models for these operations are provided below). The value created is shared primarily between employees and suppliers, with government and shareholders also receiving a portion. Cash flow is then directed toward investments in content, capital expenditures and financial investments (see diagram on the opposite page).

Vivendi's balance sheet position is sound. The group had a net cash position of €0.2 billion (as of December 31, 2018) and €3.7 billion in available bank facilities (as of February 11, 2019).

Accounting for 43.2% of Vivendi's revenues over the year, in 2018, UMG posted revenues of €6,023 million for an EBITA of €902 million, and employed 8,319 members of staff. UMG operates in more than 60 countries.

With more than 50 labels (including Capitol Records, Republic Records, Interscope Geffen A&M Records, Island Records, Decca Records, Deutsche Grammophon, Blue Note Records and Verve Records) representing all musical styles, UMG supports some of the biggest local and international artists, from The Rolling Stones, U2, Taylor Swift, Lady Gaga, Drake and Post Malone to Helene Fischer, Florent Pagny and Eddy de Pretto.

UMG has three main businesses: recorded music, music publishing and merchandising. Accounting for more than 80% of revenues, its recorded music business is devoted to the discovery and development of artists and the marketing, promotion and distribution of their music. It also includes live performances, sponsorship and the production of film and television programs.

Recorded music distribution has undergone radical change. The industry has shifted from the sale of physical media such as vinyl records, tapes (1963) and CDs (1983) to digital downloads (1999), followed by music streaming platforms (2007) that consumers can either pay for via subscription or use for free. After a decade and a half 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, YouTube Music, Qobuz and Tidal. Although these platforms are available worldwide, different countries have reached different stages in their digital transformation. According to Nielsen's 2018 mid-year report, in the United States, which is the world's biggest music market, streaming represented 66% of business volumes. According to the Recording Industry Association of Japan report published in September 2018, however, despite Japan being the second-largest global market, CDs and vinyl still account for approximately 70% of sales. There is therefore still considerable growth potential for streaming.

UMG has signed licensing agreements with more than 400 digital services around the globe. In 2018, subscriptions and streaming generated 54% of total recorded music revenues.

Licensed streaming platforms earn recurring revenue, which is based on consumption (*i.e.*, how often a song is played). They also provide statistical data, unlike the point-of-sale model, that stops generating revenue and data after the initial sale. The streaming model has accentuated the importance of catalog ownership. This is an advantage for UMG, which owns the biggest recorded music catalog in the world (more than 3 million titles).

Its music publishing entity, Universal Music Publishing Group (UMPG), licenses titles 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 titles after acquiring a direct interest in their copyrights by entering into agreements with the artists. UMPG owns and controls a vast catalog of original music and arrangements.

Bravado, UMG's merchandising business, connects new and established artists with brands. It offers full-service brand campaigns including product creation, partnerships and promotion. The resulting products are sold through global in-store and online retailers, specialty stores and concert tours, and in limited-edition retail initiatives. Bravado also grants licenses to an extensive worldwide network of third-party companies.

Accounting for 37.1% of Vivendi's revenues over the year, in 2018, Canal+ Group posted revenues of €5,166 million for an EBITA of €400 million, and employed 7,739 members of staff. It operates in approximately 30 countries.

Canal+ Group has three main businesses: pay-TV, free-to-air TV and cinema. Pay-TV in France represents the biggest share of the group's revenues. It has 16.2 million individual and collective subscribers in France and worldwide.

In recent years, the French pay-TV market has been transformed by the arrival of new entrants from inside and outside France and by new television viewing habits (increased in-car consumption, catch-up TV and TV on demand). Faced with these changes, Canal+ restructured its offers to make them more modular (two basic bundles and two additional sports or movie/TV bundles) and flexible (with or without a 12- or 24-month minimum subscription period). Canal+ has also signed partnership agreements with Internet service providers (Free, Orange and Bouygues) that include some Canal+ channels in their subscription packages. In addition, the group has developed myCanal, an app that allows live or catch-up viewing of programs on all of the group's French channels. myCanal is the French market's top online media/television/video platform, with 1.6 million unique visitors per day and more than 50 million hours of video consumed each month.

Canal+ Group has also significantly expanded its international operations. It is active in Poland, Asia (Vietnam and Myanmar) and more than 25 African countries. It currently has 7.8 million individual subscribers outside France.

In France, Canal+ produces a general-interest channel (Canal+), showing movies, sports, drama, documentaries, entertainment programs and five specialized channels (Cinéma, Sport, Family, Décalé and Séries). The Canal+ channel is offered in Canal packages, which include the group's proprietary themed channels (around 20 in all) and 130 French and international third-party channels. Canal+ notably broadcasts series under the *Créations Originales* label. In 2007, it began producing *Créations Originales* series and dramas such as *Engrenages*, *Le Bureau des Légendes*, *Hippocrate* and *Versailles*. These critically acclaimed programs draw large viewerships in France and have also achieved international success. For example, *Le Bureau des Légendes* has been sold in more than 90 countries.

Canal+ earns most of its revenues from monthly subscriptions. Its offerings are a clear success: more than 95% of subscribers sign up for a 24-month period, and subscription cancellations fell to 13.6% at year-end 2018, a decrease of 2.2 points compared to year-end 2017. Subscriptions are sold directly on all distribution networks (Internet, satellite and DTT). Canal+ Group also has partnerships with telecom operators that offer some of its channels to their customers (3.1 million customers at year-end 2018).

Canal+ Group operates in the free-to-air TV market with three national channels (C8, CNews and CStar). Its advertising division sells air time on the group's channels as well as on more than a dozen themed channels.

Canal+ Group also produces and distributes feature films and TV series through its subsidiary Studiocanal. In 2018, its biggest hit, *Sink or Swim (Le Grand Bain)*, sold more than 4.3 million tickets in France. Studiocanal also manages one of the world's largest audiovisual catalogs, with 5,500 titles from more than 60 countries.

Accounting for 16.6% of Vivendi's revenues, in 2018, Havas had revenues of €2,319 million and an EBITA of €215 million, and employed 19,622 members of staff.

Havas has three business units specializing in advertising, creative and consulting services (Havas Creative), health and wellbeing communications consultancy (Havas Health & You) and media expertise and advertising space sales (Havas Media).

To better meet client needs, Havas has implemented a client-centric "Together" strategy organized by region. At the same time, it brings together the most talented people from across all communications disciplines under one roof, the Havas Village. Havas Group has 58 villages worldwide. In June 2018, Havas launched the "Together" strategy's second phase by expanding its operations in specialized areas such as performance marketing, public relations, blockchain communications and social media.

Together, Havas Creative and Havas Health & You represent approximately 63% of Havas Group's net income. They employ nearly 11,400 experts in 75 countries and have agreements with groups, government organizations and associations that generally run for one, two or three years. Contracts for one-time projects may be as short as a few months.

Havas Media accounts for 37% of Havas's net income. Online advertising continues to grow. Aside from 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. Havas Media earns its revenue as a percentage of advertising space sales.

2.3. Value creation

A priority for Vivendi in 2018 was defining a business model that promotes value creation through its businesses over the medium and long term, and expressing that model through a series of key indicators that reflect its overall and non-financial performance.

The approach draws first and foremost on the analyses provided by the group's subsidiaries at each stage of the value chain, from content creation to talent discovery, publishing, production and distribution, as well as on input from its external stakeholders.

It is used alongside components from the group's strategy (Section 2.1), business model (Section 2.2) and corporate social responsibility commitments (Section 4.4), which together form a comprehensive overview of how value is created and shared at group level.

Through this approach, Vivendi is able to show how its value model fits in with and complements the models applied by its subsidiaries, as well as show the compatibility of financial value creation and a positive societal impact. Vivendi is consistent with the current trend of companies redefining their role in society, such as the draft PACTE law in France.

2.3.1. VALUE CREATION APPROACH

Vivendi's value creation approach is overseen by a steering committee and coordinated by the Corporate Social Responsibility (CSR) and Compliance Department. It is being rolled out gradually and has currently been implemented in three group subsidiaries: Universal Music Group (UMG), Canal+ Group and Gameloft. The Havas Group, Editis and Live activities at Vivendi Village will adopt the same approach in 2019.

To identify aspects of value creation at the very heart of Vivendi's business, the value and financial performance of the group's activities have been thoroughly analyzed through interviews with representatives from each subsidiary, establishing key financial value drivers and strategic business priorities. The contribution that each subsidiary makes to society was also analyzed in terms of value created.

In addition to this internal review, an external analysis based on market studies and input from the group's stakeholders was carried out. Each subsidiary's specific business and societal issues were then incorporated into a materiality matrix, which emphasized the convergence between the business and its societal impact and helped prioritize the key issues to be addressed.

An infographic was drawn up to illustrate the drivers of value creation in each subsidiary, including the components of each business, the associated expertise, those who benefit from value sharing and the contribution to society.

The analysis of financial and non-financial indicators helped establish baseline indicators for each subsidiary. The review's findings and outcomes were compared against the CSR commitments, so as to improve the way in which the selected indicators are presented.

In 2019, the CSR and Finance Departments will work to take the same approach one step further by implementing better integrated financial and non-financial reporting. The group will also consider how best to align its development goals with the value creation drivers identified. Once this work has been carried out, a strategic report will summarize all the information related to value creation for the Vivendi group.

2.3.2. VALUE CREATION DRIVERS FOR VIVENDI

Vivendi's value creation drivers have been identified from the financial value models and societal contribution models used by the subsidiaries taking part in the approach in 2018. The financial value models show Vivendi's presence along the entire value chain. The seamless integration of UMG's recorded music and music publishing activities, Canal+ Group's combination of audiovisual content production and distribution, and Gameloft's in-house video games design and development capabilities illustrate this positioning. The societal contribution models reflect the close alignment of Vivendi's business and CSR commitments.

Talent discovery

Being able to identify talented people who will enhance the originality and quality of the group's content and services and suit its customers' cultural sensibilities is a key source of value for Vivendi. Teams with recognized expertise in their business sectors are tasked with discovering unique, creative personalities for music, audiovisual content, movies and video games.

Their ability to analyze artistic and technological trends and forge partnerships with innovative players to stay one step ahead in creative projects is also essential for detecting the talent of tomorrow. Added to this is the capacity to design new formats or value-creating business models that will increase the group's potential for attracting new talent. Lastly, the resources at the group's disposal to offer opportunities for promotion and development also add to its attractiveness for new talent.

Global talent development

Experienced artists and talented newcomers alike receive artistic and media support from specialized teams, as well as having access to the group's infrastructure to bring their projects to life. They enjoy exposure to a wide audience due to the group's recording studios, venues for live performances and capacity to promote artists and broadcast their work on an international scale.

Collaboration between the group's talent and "client brands", where musicians join forces with advertisers or video game producers, helps boost their renown, and the group's expert understanding of shifts in trends and consumer expectations in the market segments helps cement the artist's success.

Promotion of catalog and intellectual property

Maintaining the wealth, quality and diversity of the group's music, film and video game catalogs is crucial to meet user expectations for local content that matches their sensibilities. The group's extensive distribution capabilities, drawing on distribution networks and partnerships with digital players, help ensure that its multi-genre catalogs reach audiences all around the world.

To use its content in a way that best meets user expectations, the group invests in innovative recommendation programs to steer users to its catalog of films and series or match them with a specific style of music.

Marketing artists' catalogs and digitizing older works to make them accessible to new generations is a way of supporting the continued development of established artists, encouraging funding and risk-taking for more newly discovered artists and broadening access to the work of artists whose repertoire has a more limited audience.

The group promotes the work for which it holds the intellectual property (IP) rights with a view to developing brands that are guaranteed to be a success and building a robust brand portfolio. To this end, Vivendi has set up an IP Committee which meets regularly, bringing together representatives from its executive management and subsidiaries to discuss the promotion of brands for which the group holds the IP rights, either by capitalizing on opportunities to boost the visibility of its existing brands (e.g., Paddington and L'Olympia, festivals) or by acquiring established brands in line with its business. The subsidiaries contribute to promoting brands within their own business lines (e.g., turning a series into a film) or in collaboration with other subsidiaries (e.g., a video game inspired by a movie). Designing value-creating cultural events that can be rolled out on an international level, such as the Crxssing festival, will also be the focus of discussions in 2019. In addition, the arrival of Editis in the group opens up new prospects for promoting IP on literary works.

An attractive editorial line

Vivendi's editorial line is underpinned by the production of an ambitious and highly diverse range of content that adds to the originality of the group's catalogs, as well as by the introduction of new forms of entertainment. This editorial approach means that the group is able to showcase a varied, high-quality and competitive offering on the market.

2.3.2.1. Value creation for UMG

Discovering and supporting future musical talent is one of the key characteristics of UMG's value creation model. Its labels and A&R teams are essential assets for identifying stand-out personalities in all musical genres who match popular music trends. They leverage their expertise to shepherd new musical projects in UMG's catalog to success. Their presence all over the world means they can identify local artists that suit the sensibilities of a multicultural audience. It was with this in mind that UMG created two new units in Africa in 2018 to support young artists on the African music scene.

At UMG, being able to adapt to the different needs of individual artists to attract and retain talent means adopting a flexible approach. Artists have the option of signing with a label for comprehensive support, signing a music services deal (e.g., digital marketing and distribution), or retaining their independence through the digital distribution platform, Spinnup.

UMG's teams are also always on the look-out for talent that is in tune with the latest developments in technology to remain at the forefront of innovation and offer fans cutting-edge listening experiences. It works closely with music tech startups through incubator programs such as Abbey Road Red and the Accelerator Engagement Network (see Section 4.4.1.4), which specialize in virtual and augmented reality technologies.

The group's wide range of expertise means it can provide artists with artistic and media management from track and album releases to live events, merchandising, music publishing, audiovisual and film rights management, and brand partnerships. This diversified, comprehensive support is what makes UMG's services so unique, and positions the group's labels among the most dynamic and innovative offerings on an international scale.

Fan bases are essential stakeholders in the value creation chain. The momentum they generate is key to promoting artists and their music. UMG places particular importance on developing more interaction between fans and artists and increasing the number of innovative experiences to make this connection even stronger. Its merchandising activity also builds on these relationships with innovative products tailored to each artist and their brand.

Data analysis is a key asset for UMG. Its "artists insight, consumers insight, brands insight" approach means it has a better understanding of its artists, is able to meet audience expectations more effectively and is better equipped to identify potential collaboration between artists and brands that will create value for both sides.

Creating value for artists also means gaining maximum exposure for their work, which is why UMG has forged strategic partnerships with major digital streaming platforms (e.g., Apple, Spotify, Amazon, Pandora and Google) and has music video licensing agreements with social media networks.

UMG's deep catalog of titles is also highly diverse, due in particular to the group's investments in local artists. UMG optimizes the reach of its music assets by developing different ways for users to access content.

To maximize the potential of its catalog, UMG has invested in a data analysis program that is based on musical descriptions. By making searches more fluid using criteria such as genre, mood, tempo and instrumentation, the system makes discovering new music a much more user-friendly experience when using streaming services and voice activated devices (see Section 4.4.1.3).

Mindful of the value of its catalog, UMG conserves and digitizes analog tapes from its archives, produces documentaries on the lives and works of iconic artists such as Pavarotti and The Beatles, and partners with museums for exhibitions on the theme of music.

As part of its strategy to optimize its catalog, UMG also protects the accompanying rights from infringements that undermine its value. To limit access to unlicensed music content and prevent music being copied from streaming sites, UMG has put measures in place in consultation with various music and digital industry players.

IP rights on original works and covers have a significant financial value. In particular, the group benefits from its IP rights when music is used in films, adverts, television programs and content on new media.

UMG's editorial line gives listeners access to a diverse range of genres, allows them to share the artists' emotions through music and provides audiences with entirely new musical experiences. It also plays an important role in showcasing the group's wealth of content and artists.

Performance indicators

Supporting talent takes significant investment. In the group's top five markets (United States, United Kingdom, France, Germany and Japan), **34.9%** of UMG's marketing and recording investment is dedicated to artists releasing their first album.

UMG's catalog reflects audience desire for content that is highly diverse both musically and culturally, with content by local artists in their own country accounting for **nearly 60%** of sales, contributing to total revenues of **€6,023 million** in 2018**.** UMG's music publishing business has more than **184,000 agreements** with songwriters presently in effect which contributes to the richness of the catalog.

UMG takes a multi-pronged approach to supporting and promoting its artists, as demonstrated by its **€3,4 billion** in investments for artistic development, **192** merchandising deals and international campaigns partnering artists with brands in **more than 70 countries** to date. UMG's ability to adapt to new ways of listening to music and goal to continue increasing the reach of its content are reflected in the group's **more than 400** partnerships with digital platforms and the fact that digital sales account for **63.7%** of its recorded music sales.

Finally, the digitization of **85,000** audio master recordings from analog tapes in its archives and its music videos makes the group's back catalog even more valuable.

UMG: music with and for the world

A unique culture of labels helping develop and strengthen an artist's career

VALUE CREATION

An integrated and comprehensive value creation process

ARTISTS

Early investment
Investing in artists at the beginning of their careers, including production, creative development and tour support

Content creation
Combining the strength of our labels and publishing business to bring together recording music artists, songwriters and producers to work together on music creation

Marketing and promotion
Using the expertise of our labels to help artists stand out in a sea of crowded content platforms and connect with fans around the world

Long-term career development
Developing and nurturing artists over the course of their entire career in our various labels

Protecting artists' rights
Protecting IP, making artists' voices heard, lobbying for fair compensation, fighting piracy, supporting trade organizations

Helping local artist reach a global audience
Operating in more than 60 countries with more than 400 distribution partners around the world

Supporting all aspects of an artist's career
Providing artists with world-class resources beyond recorded music and music publishing (merchandising, licensing, audiovisual, artist management, touring, brand management, events and sponsorship…)

Technological excellence
With the greatest access to industry data and dedicated teams in analytics and insights, UMG offers a wide-ranging approach to integrating data into an artist's creative and business decisions, helping create partnerships between artists, media and brands

FANS & AUDIENCE

Fulfilling music demand for all types of consumers and audiences
Offering our music through digital radio, ad-supported or subscription streaming, CDs, downloads and vinyl to provide fans the music they love in whichever way they choose to consume it

Promoting music from all genres
Giving audiences great music of all genres, promoting languages and values, self-expression, feelings and ideas and bringing people together with music

Protecting a priceless heritage
Preserving decades of cultural heritage and artistic expression for generations to come – and fostering tomorrow's cultural treasures

Connecting artists and fans
UMG brings fans closer to the artists they love, through social media, meet-and-greet events, pop-up stores, promotions and brand partnerships

Preserving culture
Music is an important part of local cultures and UMG invests in local content development around the world

Supporting charitable efforts
Music has the unique ability to inspire and unify. Our companies and artists use music to do good around the world

BUSINESS PARTNERS

Wide variety of distribution partners
400+ digital partners around the world including Apple, Spotify, Amazon, YouTube, Facebook and local partners such as Tencent and Anghami; physical distribution from large chains to small, independent physical retailers

Partnering with independent labels
Partnership with independent labels to help support their artists through both distribution and other more comprehensive partnerships

Anticipating and fueling technological transitions
By working with a wide range of technology partners, we anticipate and help make possible the many ways music will be enjoyed in the future

Early-stage venture partnerships
Helping develop and grow new music-based businesses

Licensing music for use in other forms of content
Partnerships that extend well-beyond the music industry, including film and TV, video games, and sports

Emerging music markets
Working with partners in emerging music markets to establish legitimate business models for selling music where piracy was previously dominant

2.3.2.2. Value creation for Canal+ Group

At Canal+ Group, talent-spotting teams tasked with discovering and supporting artists also draw on the organization's analyses of entertainment trends. This expertise is vital for bringing presenters, columnists and comedians to the group's channels on the small screen, where they contribute to its signature style. Canal+ Group's pool of scriptwriters, short features unit, digital creation hub and Création Décalée label actively work to create original and innovative audiovisual content.

The group's support for young talent in the film industry is another part of its value model. Investments by Canal+ and Studiocanal in debut and second films foster diversity and fresh ideas in the channels' catalogs. The group boosts its attractiveness to future talent by setting up tailored financial partnerships (payment of overheads or minority stakes in exchange for first refusal rights), providing support to talent incubator programs and developing training courses to unlock the potential of young screenwriters and authors.

The group applies a similar approach outside of France: Canal+ International, which has teams in Africa, Vietnam, Poland and Myanmar, focuses in particular on writers of TV dramas and series and producers of documentaries and films in those countries and promotes locally created content with an editorial line that takes cultural sensibilities into account (see Section 4.4.1.2).

Newfound and established artists alike are supported in their careers. They also benefit from a wealth of opportunities for development, such as collaborative projects with professionals from the group, the possibility of using event venues such as theaters and concert halls, and the option to capitalize on the group's various platforms to develop new content (e.g., light entertainment TV shows, movies and series). Through these initiatives, artists are able to share the content they create and win the loyalty of audiences.

The group also offers a number of pathways to talented creatives with a view to (i) increasing their exposure, (ii) promoting their work via partnerships with new artists to acquire distribution rights for their shows and enhance the group's lineup, (iii) participation in the production of an event and/or (iv) funding for a feature film by an established figure.

Through Studiocanal, Canal+ Group has a catalog of more than 5,500 titles and manages the local rights to several thousand films, predominantly in Germany, France and the United Kingdom. Due to its policy of investing in local content, Canal+ International has built up a catalog of works representative of its subscribers' cultural sensibilities.

It promotes its content through high-performing distribution systems for an innovative, surprising and inviting user experience, tailored to audiences who view content in a variety of different ways. For example, myCanal and Canalplay take these viewer expectations into account in their digital packages.

On an international level, the group's content in Africa is also broadcast in line with new viewing habits, using the myCanal platform along with a mobile-only video-on-demand service in partnership with Iroko, a major African entertainment company. Roll-out of a fiber network in African countries where the group operates will allow for ultra-high-speed distribution and facilitate access to Canal+ International's content. In addition, Canal+ Group has strengthened its stake in Thema, a company that distributes general-interest, special-interest and local channels to cable, satellite and IPTV operators in France and abroad, as part of its aim to optimize the reach of its diverse offering.

Showcasing works produced under its own brand and maximizing the potential of franchises it has acquired is another part of Canal+ Group's strategy to promote its content. With this in mind, the Paddington franchise has inspired a movie soundtrack, video game, theme park ride and TV series, which illustrates the multitude of ways to position a brand to a wide audience and generate financial value from the associated IP rights.

This strategy is complemented by measures to protect audiovisual content and films from piracy, which can greatly undermine their value. The group now favors a commercial approach rather than digital watermarking for tackling piracy. In particular, it offers attractive tariffs to young audiences, runs campaigns to raise awareness about the consequences of piracy and puts in place measures to limit financing from advertising for illegal sites.

The editorial line of Canal+ Group helps boost the attractiveness of the group's content by prioritizing original, quality audiovisual and film creations, reflecting the cultural diversity of its audiences, meeting viewer expectations with entertaining or meaningful programs and adapting to new consumer habits.

Performance indicators

The emergence of new talent in the motion picture and audiovisual industry is part of Canal+ Group's value creation approach. In 2018, this was reflected in its pre-purchasing policy, providing support to **15** debut and **25** second films by young directors. Alongside the **close to 600** original works that the group co-financed or pre-purchased, these films together form a wide array of content to offer subscribers. The group's policy of investing in original, diverse content is supported by programs funding totaling **€3 billion**, with **more than 50%** for local content.

Canal+ Group leverages digital innovation and adapts to new viewing habits to promote its content and catalog of movies. With its platform MyCanal, Canal+ Group is a pioneer of digital technology in Europe.

As a result of its policy of innovation and the diversity of its content, the group has won **16.2 million** subscribers, **close to 50%** of whom are outside of France. This reflects the international development of the group's activities, with coverage across **70%** of the world. Canal+ Group's international expansion is strengthened by the **45** nationalities. Support is also given to international professionals who work with the group from time to time. In 2018, they received more than **1,500** hours of training to build on their expertise in the audiovisual field.

Canal+ Group also has a policy to conserve and promote its movie assets by restoring and digitizing works in its catalog. In 2018, **162** films benefited from these measures.

Canal+ Group: unique creativity that transcends borders

OUR BUSINESS

Create, trade and curate
Attractiveness, engagement, passion, an ability to create and produce quality drama, documentaries and sports programs, and to purchase and broadcast the right content for the right regions

Sustainable operations
Exploration, innovation, catalog, IP format and audiovisual heritage

Distribution specialists
Expertise, analytical marketing and distribution network management

Technology and data
Satellite, DTT, multi-platform, bundling, promotion, protection, customer recommendations, in-home and on-the-go services, OTT, reception quality, diversified range of technology and fiber offerings in Africa

IT partnerships and development
Directly operated versus operation via Internet service providers

OUR AUDIENCES AND SUBSCRIBERS

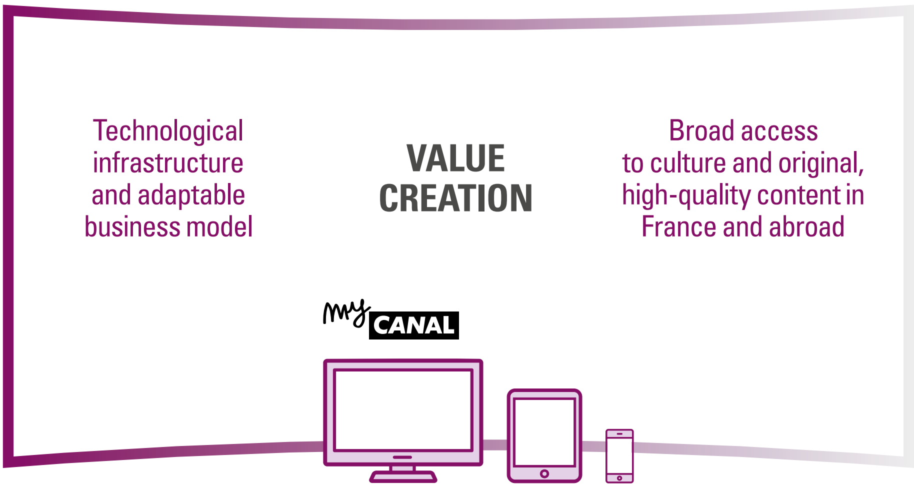
Demand for entertainment
High consumption of television, entertainment, movies, series, sports, culture, games and music

Individual and collective use
Pay-TV and free-to-air TV, video on demand, replay and multi-device

Something for everyone: content that follows but also sets trends
Family, young people, independent content, trust, appropriate content and protective technology

Celebration of different cultures, collective imagination
Cultural significance, history and heritage and sensibilities

Adaptable commercial approach
Premium or not, prepaid or not, integrated offer (TV + Internet) adapted to local demand, ticket prices adapted to local purchasing power



OUR TALENT

Actors, singers, comedians, sportspeople, authors, journalists, presenters, developers and producers
Discovery, incubation and financing

Original content expertise
Editorial concepts, strong brand image in the production of films and documentaries and processing of information

Canal talent factory
Support, exposure in television and film, continual development over the production's entire life cycle

OUR CONTRIBUTIONS

Development of regions
Introduction of new technologies, development of infrastructure, engagement with local communities and detection of local talent

Support for the movie and audiovisual industry
Financial contribution to the audiovisual industry, training of talents, support for the CNC in France, audiovisual production in France and abroad

Sports broadcasts
Access to the best international championships all over the world and exposure to more niche sports

Fight against piracy
Internal watchdog, dismantling of piracy networks, team awareness, support for public initiatives and digital fingerprinting solutions

2.3.2.3. Value creation for Gameloft

Discovering and training talent are key to building teams with the necessary expertise to create video games. While the group's other business lines have value models largely based on collaboration with external talent, Gameloft's approach relies essentially on internal resources. Emphasis is placed on identifying artists and technical profiles who have the skills needed to create an innovative, high-quality user experience. These people are based in Gameloft's 19 development studios in both North and South America, Europe and Asia. The teams' international mix is essential for producing games inspired by scenarios that are in line with their players' cultural backgrounds.

In particular, the talent scouting process draws on collaborations with schools and universities that offer courses in video games or in the kind of skills necessary to develop and create games, as well as meetings held at student forums and challenges with schools. Outside France, talent is identified through opportunities linked to local ecosystems. In Brazil, Gameloft has opened a video game studio in collaboration with an association of young tech aficionados. In Vietnam, its development studio joined forces with a video game association to share in their experiences.

Supporting internal talent to keep artistic and technical skills at their very best is key, since the young demographic of Gameloft's employees and competition between content creators necessarily foster job mobility. Gameloft pays particular attention to adapting existing skills through partnerships with major digital players to help its teams master new gaming environments.

The expertise of Gameloft's teams goes beyond simply developing games. Since transforming its business model, Gameloft now sells advertising space in mobile apps, from conventional formats such as banners to more innovative solutions, like mini-games and interactive videos. It is also developing a mobile e-sport offering with the aim of attracting a wider audience to this type of entertainment. The technology draws on the skills of internal talent, who have to meet gameplay criteria specific to these kind of games, which have traditionally been developed for PCs.

Recognition from Apple, which used the *Asphalt 9: Legends* game to present its latest product, and Google, which chose *Modern Combat Versus* to appear in the list of recommendations in its app store, is a fitting illustration of the quality of Gameloft's expertise.

In the studios, employees come up with new and innovative ideas and the most creative concepts for games are then selected for development to enhance Gameloft's line-up.

Gameloft has a broad catalog of mobile games developed by its internal teams or through agreements with partners that hold international franchises. This diversity means that it covers an extensive range of genres to meet the expectations and sensibilities of a wide audience. Gameloft's studios have created a distinctive identity to help make the company's games instantly recognizable, strengthening the catalog's position as a benchmark in innovative, quality content in the gaming, digital and entertainment industries.

Gameloft continues to market its back catalog and update successful games to make the most of this resource over the long term. In the same way, the multi-channel approach (app stores and telecom operators) Gameloft uses to distribute its content contributes significantly to profitability, since it gives players multiple ways to access its games.

Its data research and development program is essential for analyzing user behavior and making recommendations on how to retain players and best use the data it collects to improve its gaming experience. It also helps target advertising to make it more effective.

Keen to protect the value of its catalog, Gameloft has put in place measures to ensure it reacts quickly to remove any copies of its games that appear on illegal sites. At the same time, it has a surveillance system to analyze and put a stop to fraudulent behavior from certain players.

Game franchises designed and developed in-house represent attractive IP. This IP is optimized through partnerships which use the brands and help build their reputation. Collaborations come in all manner of forms. In games involving car racing, for example, automobile manufacturers may promote their brands within the game to attract players to their iconic models. Similarly, the company works with other content creators to include their characters in its franchises, such as the figures from *The King of Fighters*, produced by SNK which appeared in Gameloft's *Dungeon Hunter Champions*.

Gameloft also leverages cross-sector opportunities within the Vivendi group to market its IP. The acquisition of the Paddington franchise resulted in the Paddington film produced by Studiocanal, whose theater release was accompanied by the *Paddington Run* video game. Additionally, a talent signed by UMG contributed to the music used in the latest version of *Asphalt 8*, providing a unique entertainment experience for players.

The editorial line offers a catalog of multi-genre games accessible to everyone, forming a unique, immersive world for gamers.

Accessibility is the key to Gameloft's editorial line and its catalog features content for all different types of mobile devices; content that covers an exhaustive range of genres from different worlds and prestigious partners with the emphasis always on offering a quality experience.

Performance indicators

Gameloft has an extensive games catalog covering a variety of genres. Games with IP rights held by Gameloft represent **63%** of its catalog, with the rest made up of games associated with brands from major development studios. Development of the portfolio and game quality is underpinned by investment, with production expenses accounting for **63%** of total costs. High-success games are a real asset in the catalog, with **15** games attracting more than **200,000** active daily players.

Gameloft's success outside of France is partly due to internal talent who are able to adapt the content of games to local player expectations. The presence of **67** nationalities, where **95%** of employees are of a nationality other than French, means Gameloft is able to develop games in line with its players' cultural sensibilities. With **more than 40%** of new employees hired in 2018 under the age of 26, Gameloft has the internal expertise needed to best understand gamer profiles and can adapt its games accordingly.

Advertising sales accounted for **10%** of Gameloft's revenues, which totaled **€293 million.** Revenues are structured by the distribution model, with **72%** generated through OTT distributors (app stores) and **19%** through telecom operators.

2

Gameloft: gaming for everyone

BUSINESS

A pool of creative talent
Discovery and incubation of talent, training, and cultural diversity in the studios

Diversity in inspiration: Gameloft at the heart of the trend
Innovation process, trend awareness, catalog, IP/games under license

Regions and ecosystem
Attractiveness of gaming, dynamic development of different regions and local engagement

Technical and technological expertise
Training, development of expertise, programming, analytical marketing and quality developers

Technology and data
Collection and application of data, user protection, and optimization of video games

Distribution partnerships
App stores, operators, manufacturers and integrated games

VALUE CREATION

Original content, adapted for different cultures

Technological excellence and an innovative business model

PLAYERS AND AUDIENCES

Celebration of different cultures and collective imagination
Cultural context and significance, history and heritage, awareness and licenses

A content offering with something for everyone
Family, young people, social skills, underlying values, appropriate content and protective technology

High expectations for entertainment
Free time, video games, music and audiovisual content, leisure society, e-sport and video games accessible on all devices

Multiple uses
Digital, interactive, multi-player networks, mobile games and devices

Infrastructure and devices
Collection and application of data, user protection and optimization of video games

Freemium offerings
App stores, operators, manufacturers and integrated games

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

1. Imany
2. Dadju
3. Louane

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 market, which achieved its fourth consecutive year of growth in 2018. UMG is a dynamic company that continually discovers talent and constantly adapts to new forms of music consumption.

Across all musical genres, UMG is home to the greatest local and international artists of all time, including The Beatles, Rolling Stones, U2, Andrea Bocelli, Lady Gaga, Helene Fischer and more, as well as many of the biggest artists of the year, such as Drake, Post Malone, Kendrick Lamar, Imagine Dragons and Ariana Grande.

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

The recorded music business discovers and develops recording artists, marketing and promoting their music across a wide array of formats and platforms. Its activities also extend to other areas, such as live events, sponsorship, 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 through multiple sales channels, including fashion retail, concert touring and the Internet. 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' primary focus is 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, UMG is the world's largest international recorded music company and the leader in many of the world's major music markets, including the United States, the United Kingdom, France and Germany.

UMG has partnered with both 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 recording labels and label groups 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 include Blue Note Records, Decca, Deutsche Grammophon and Verve.

In 2018, UMG's best-selling artists ranged from global superstars including Drake, Post Malone and The Beatles, to national stars like Dadju, Kendji Girac and Damso in France; Helene Fischer, Herbert Grönemeyer and Bonez MC in Germany; King & Prince in Japan; and Luis Fonsi and J Balvin in Latin America. Soundtracks also contributed to UMG's success in 2018, including those from *Black Panther, A Star is Born* and *Bohemian Rhapsody.*

For the year:

- On Apple Music, UMG artists held the top five positions – and 14 of the top 20 – on the Top 100 Global Songs chart. Drake was No. 1 on both the Top Global Albums chart and the Top Global Songs chart.
- On Spotify, UMG had every one of the Top 5 global tracks, the top four artists and the top three albums. Drake was the most-streamed artist, had the most-streamed track *(God's Plan)* and the most-streamed album *(Scorpion)*. Ariana Grande was the most-streamed female artist and J Balvin was the most-streamed Latin artist.
- According to Nielsen, in the US, Drake's *God's Plan* was the no. 1 song and Taylor Swift's *Reputation* the no. 1 album on Billboard's year end charts. In addition, UMG had the top three albums, six of the Top 10 songs and six of the Top 10 albums.
- According to GfK Entertainment, in Germany, UMG had all three of the best-selling albums of the year with Helene Fischer's self-titled album, originally released in 2017, at No. 1 for the second consecutive year, Bonez MC & RAF Camora at No. 2 and Gzuz at No. 3.
- Universal Music France had the most-streamed artist (Damso) and most-streamed track (Vald's *Désaccordé*) on Spotify France, as well as the most-streamed album of the year (Dadju's *Gentleman 2.0)* on Deezer France and Apple Music France.
- UMG had four of the Top 5 most-streamed artists in the UK, according to the Official Charts Company, with Drake, Eminem, Post Malone and Ariana Grande, and had six of the Top 10 albums.

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 around the world increasingly connected on mobile devices, recorded music consumption is reaching new highs. While UMG's products continue to be sold in physical form, and physical sales are still very significant in certain markets, the majority of consumption has now shifted from an ownership model (e.g., consumer purchases of vinyl, Compact Discs or downloads) to an access model (subscription and ad-supported streaming formats), with streaming revolutionizing the listening experience for music lovers and transforming the global recording industry.

The strong growth behind subscription and ad-supported streaming in 2018 stems from a competitive and healthy market. UMG plays a very active role in promoting the continued development of new digital services and consumer offerings, and licenses more than 400 digital services around the globe. The emergence of streaming services has opened up legitimate music markets in areas once dominated by piracy.

In 2018, UMG significantly expanded its operations within Africa with the launch of two strategic new divisions in Côte d'Ivoire and Nigeria. Streaming has also led to the globalization of local repertoire. As a result, UMG continues to grow its investment in content around the world. For example, in 2018, UMG signed Kris Wu, one of Asia's biggest stars and an artist whose creative success spans music, film and television, to an exclusive international recording agreement, excluding Japan and Korea. UMG also signed the South Korean quartet Blackpink outside of Asia, currently the highest-charting female K-pop act in Billboard Hot 100 history.

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

1. Lady Gaga, *A Star Is Born*
2. Ariana Grande

Universal Music Group & Brands (UMGB) continues to increase revenue streams across a diverse set of partners in more than 70 countries and across a variety of industries, including the consumer goods, airline, automotive, banking, hotel, luxury goods and telecommunications industries. It specializes in insight consultancy, strategic partnerships, branded content, events and experiences, social networks and media support. Offering a single entry point to the complex world of entertainment, UMGB helps its clients define strategies 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.

In the audio-visual segment, UMG is focusing on improving the exploitation of existing content and rights, capturing live events and creating new content formats. From long-form content (including music documentaries, feature films, live event musicals, music-themed television series and reality shows) to short-form content (including live event streaming, viral content and other "behind the scenes" footage, as well as official music video clips), UMG is accelerating 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, as well as live and other public performances, such as broadcasting and film performances. It also licenses compositions for use in printed sheet music and song portfolios.

Generally, UMPG licenses compositions after acquiring a direct interest in their copyrights by entering into agreements with composers and authors. The company also administers musical compositions on behalf of third parties, 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 make music available for use in films, television, advertising and new media industries, as an alternative way of utilizing their licenses.

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 Adele, André Rieu, Ariana Grande, The Beach Boys, the Bee Gees, Billie Eilish, Billy Joel, Britney Spears, Bruce Springsteen, Carly Simon, Charles Aznavour, Coldplay, Demi Lovato, Diane Warren, Dua Lipa, Elton John, Eminem, Florence + the Machine, Halsey, Harry Styles, H.E.R., Imagine Dragons, Irving Berlin, Jack White, Jacques Brel, J Balvin, Justin Bieber, Justin Timberlake, Kane Brown, Keith Urban, Mumford & Sons, Mariah Carey, Maroon 5, Metro Boomin, Nick Jonas, Nicki Minaj, Paul Simon, Pearl Jam, Post Malone, Prince, Quavo, Red Hot Chili Peppers, R.E.M., Romeo Santos, Sam Hunt, Selena Gomez, Shawn Mendes, SZA, U2 and Zedd, among many others.

Throughout 2018, UMPG signed and expanded partnerships with a spectrum of talent ranging from legends including Elton John, Paul Simon and Billy Joel, to today's superstars including Post Malone and Halsey, to rising phenomenons Billie Eilish and Tierra Whack, and many others. UMPG also reinforced its position as the global publisher of choice for film and TV studios. In 2018, UMPG secured landmark deals with Lionsgate, Paramount Pictures, Disney Europe and Legendary Pictures. This builds upon UMPG's existing relationships including Warner Bros. Entertainment Studios, Universal Pictures, HBO, DreamWorks Animation, NBC Universal TV, Amazon and Sesame Workshop, among others.

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 through global in-store and online retailers, specialty stores and concert tours, along with limited-edition retail experiences.

Bravado also licenses rights to an extensive network of third-party licensees around the world. With offices in more than 40 cities, Bravado leverages UMG's global network to provide services including sales, licensing, branding, marketing, e-commerce and creative resources to develop culturally relevant experiences for fans around the world. Its broad client roster includes artists such as Ariana Grande, Bob Marley, Elton John, Justin Bieber, Kanye West, Lady Gaga, Prince, Queen, Selena Gomez, the Sex Pistols, The Beatles, The Rolling Stones, The Weeknd, The Who, and Travis Scott, among many others.

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 2018, in the United States, the Music Modernization Act (MMA) was enacted into law – the most significant update to US music licensing law in a generation. The law will:

- update the rate standards used to set certain royalty rates for authors and performers;
- ensure that performing artists who recorded before 1972 have federal rights and royalty payments for digital radio performances;
- provide songwriters – for the first time ever – involvement in digital mechanical licensing;
- create a more modern and efficient system of collection and payment of mechanical royalties for songwriters; and
- establish a mechanism to ensure sound recording producers and engineers may receive a royalty stream for the digital radio performance of recordings they helped to create.

The MMA also memorialized the private agreement between labels and performers to ensure digital radio performance royalties will continue to be shared on an equal basis, even if the agreement with a service is privately negotiated. It also provided songwriters provisions assuring they will share any "unmatched" mechanical royalties equally with their publisher partners.

In the European Union, after years of consideration, the Commission, Council and Parliament each approved differing versions of the proposed Copyright Directive and engaged in Trilogue negotiations, with the goal of crafting a compromise proposal. All three versions addressed the copyright *safe harbor*'s so-called "value gap", the growing disparity between consumption and renumeration on user-upload services, but there are key differences among them. The Trilogue will continue discussions in early 2019 and if any provisional agreement is reached, it will require approval from the European Council and European Parliament.

3.1.1.5. Piracy

Piracy materially harms the music industry and impedes the development of new business models. Based on data from the IFPI's "*Music Consumer Insight Report* 2018", copyright infringement remains a significant problem, with 38% of consumers obtaining music through illegal means. The most popular form of copyright infringement is *stream-ripping* (practiced by 32% of all consumers), followed by downloads through cyberlockers or peer-to-peer services (23%) and via search engines (17%). Working in conjunction with the rest of the music industry and other entertainment sectors (including the movie and video games industries), UMG takes a multi-pronged approach to combating piracy, which includes:

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

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 include new artists as well as established acts. 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, the company continues to pursue new ways to capitalize on the digital transformation of the industry, including using data that was previously unavailable in the physical business. One example is UMG's investment in technology that provides in-depth, real-time analyses of artist sales, streaming, and the impact of television and live appearances, social media traction and radio airplay, among other metrics.

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 movie channels and thematic channels in France, Africa, Poland, Vietnam and, since February 2018, Myanmar. Through its Studiocanal subsidiary, Canal+ Group is also a key player in the production and distribution of feature films and TV series.

Canal+ Group is committed to offering subscribers the best content and services in terms of first-run exclusivity, quality, mobility, consumer choice and customization.

It has a total of 16.2 million individual and collective subscribers worldwide, including 3.1 million customers through partnerships with telecom operators in 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 high value-added channels (Canal+ Cinéma, Canal+ Sport, Canal+ Family, Canal+ Décalé and Canal+ Séries) featuring their own programs.

In 2018, Canal+ Group strengthened the pillars of its editorial line: sports, drama and movies.

Canal+ Group is recognized for the quality of its drama series. Acclaimed by critics and subscribers alike, the *Créations Originales* (original programming) are particularly emblematic of the quality of content offered on the group's channels, while their unique scripts are helping to refresh the genre in France. They form part of Canal+'s DNA.

In 2018, the *Créations Originales* continued to be a success and remained central to Canal+ Group's editorial line. For its season 2, the *Baron Noir* series on French politics offered viewers another insightful behind-the-scenes look at the often blurred lines of power and the complex maneuvering associated with it. After three seasons of excellent ratings with subscribers and international audiences, Éric Rochant's espionage drama *Le Bureau des Légendes* was back with a fourth series addressing issues that very closely mirrored the news headlines. Taking a whole new plunge into the medical genre, Thomas Lilti's series *Hippocrate* offered audiences an original and unique perspective on the world of medicine in France. Thrillers were also part of the program, including *Nox,* a captivating new crime mini-series.

In 2018, Canal+ Group signed a partnership with Twentieth Century Fox Television Distribution to acquire a new and exclusive portfolio of FX (Fox Extended Network) series giving subscribers access to the eagerly awaited *Trust* and the secrets of the Getty family, *Better Things*, a witty and incisive "dramedy" led by Pamela Adlon, the series' author and lead actor, and *The Assassination of Gianni Versace,* the second installment in the cult *American Crime Story* franchise.

My Brilliant Friend, an ambitious adaptation of Elena Ferrante's bestseller, and *Killing Eve,* a comedy from rising British star Phoebe Waller-Bridge and sensation at the 2018 CanneSeries festival, were other highlights.

Canal+ Group has an exclusive licensing and branding agreement with Showtime® for France, which covers at least ten current or upcoming series. It also holds the exclusive rights to hundreds of hours of award-winning series including *Dexter, Nurse Jackie, Ray Donovan, The Affair* and *Californication.*

Renowned for its coverage of high-profile sports events, Canal+ is noteworthy for its exclusive programs, crisp play-by-play commentary, expert color commentary and innovative technical capabilities.

2018 provided a further opportunity for Canal+ channels to cover a wide array of French and international sports.

Football took center stage, with the top three Ligue 1 matches on each day of the championship, the Ligue 2 Monday night drawcard, all of the Coupe de la Ligue and a new addition – the women's D1. All of these events were broadcast exclusively and in full.

Canal+ set the standard for rugby coverage once again, with exclusive broadcasts of all Top 14 matches, the best Pro D2 game every Thursday, all major Southern Hemisphere fixtures (Rugby Championship and Super Rugby), the French national team's summer tour and the world circuits for men's and women's rugby sevens. The same went for motor sport, with coverage of all competitions, including Grand Prix Formula 1, the Formula 2 and Formula 3 championships, the 2018 Indy Car series and the French Rally Championship.

In basketball, subscribers were treated to the international FIBA and Basketball Champions League matches. International golf events were also aired, including the four majors on the US and European circuits: the PGA Tour, the European Tour, the Ryder Cup – played for the first time in France – and the Ladies European Tour Evian Championship.

1

1. Le Stade Français – Montpellier

2. 21 cm, program hosted by Augustin Trapenard

2

Millions of viewers also tuned into weekly sports programs, including *Canal Football Club,* the general news show for Ligue 1 football, which celebrated its 10th anniversary in 2018, *Canal Rugby Club,* and the most recent addition to the family, *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,* which celebrated its 20th anniversary, *J+1, the Late Football Club* and *the Late Rugby Club.* Not forgetting of course major report and documentary programs such as *Intérieur Sport, Sport Reporter, Invisible* and Olivier Dacourt's *Ma Part d'Ombre.*

Football will remain firmly in the spotlight in 2019, with the return of the Premier League on the group's channels and the full coverage of the Women's World Cup. In motor sports, the offer will be enriched with the arrival of the MotoGP™ World Championship and the World Rally Championship.

Alongside sport, cinema again enjoyed pride of place on the Canal+ channels, with 393 films broadcast on Canal+ and 588 on the other channels. *Alibi.Com, Wonder Woman, Au Revoir Là-haut, Guardians of the Galaxy Vol. 2, Le Brio, Pirates of the Caribbean, D-Day* and *Papa ou Maman 2* notched up the best audiences.

The renegotiation of its agreements with cinema professionals and new media scheduling regulations mean that Canal+ Group can now broadcast films six months after their release (rather than ten months). Agreements with several US studios including Disney, Warner, Fox and Paramount were also renewed or continued.

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. The group also launched CliqueTV, a new-generation general-interest channel offering music, talk, reporting, video games and comedy shows.

3.1.2.1.2. Distribution

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

The group's bundles are marketed in France under the Canal brand, which includes Canal+ channels and all the channels of the former Canalsat (which is no longer available), with or without a minimum subscription period. 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.

In 2018, Canal+ launched an innovative offer for people under the age of 26, priced at under €10 a month. The fully digital offer via the myCanal app gives access to all Canal+ programs, live or on demand, on mobiles, PCs and tablets. The latest addition to complete the new Canal range, it directly targets 6 million 18-25 year-olds with services that are tailored to their expectations.

Via myCanal, the channels and content of the Canal services can be accessed live or on replay, making Canal the richest 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 and through a physical 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 early 2018, Canal+ released a new satellite/Internet set-top box with eight tuners for ultra-high-speed browsing and unparalleled viewing quality, featuring 4K Ultra HD image and Dolby Atmos sound technology. Designed with a new seamless and intuitive interface, the new box brings Canal throughout the home using a small set-top box that automatically connects to Wi-Fi. The device offers an all-new user experience based on

1. *Mia and the White Lion*
2. *Invisibles*

the myCanal model, the leading media app for daily active users, whose interface now features on all Canal screens. myCanal is also now the sole point of access for all the group's online services (pay-per-view, VoD and SVoD).

With 7.8 million individual subscribers in mainland France as of December 31, 2018, Canal+ Group boasts the largest portfolio of pay-TV customers in France including 3.1 million customers from partnerships with telecom operators. In total, Canal+ packages serve more than 8.3 million individual and collective customers in mainland France.

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

myCanal gives subscribers access to content from all Canal offers, live or on replay, together with the full package of related services through a single point of entry on any device. myCanal is an access portal to live TV, with six Canal+ channels in HD plus 150 themed channels. On demand, it allows users to view thousands of programs at any time in French or the original language. myCanal is accessible 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, with a single subscription.

Innovation-driven, this Over-the-Top (OTT) service offers new features together with unmatched image and sound quality. The viewer experience is augmented through a range of features such as "Start Over", which lets them 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" lets viewers watch a show on a TV screen, while the "Téléchargement" function allows them to download a program to watch offline. The user interface can now be customized with playlists, recommendations matching subscribers' tastes and myCanal Kids for younger viewers. Ultra-HD is available on the platform, and Dolby 5.1 is available on an increasingly large portion of the catalog.

Today, myCanal ranks as the leading online TV/video media platform in the French market, with an average of 1.6 million unique visitors each day and more than 50 million video hours consumed every month. It is also the top-rated TV app on the iOS and Android stores (scoring an average of 4.4 out of 5).

On top of existing subscriptions, Canal+ Group plans to launch a new affordable series package in 2019, which will be accessible via myCanal without a minimum subscription period. It will be available for subscription and on pay-per-view.

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.

The leader in DTT for the fifth consecutive year, with audience share of 3.6% among viewers aged 25 to 49, C8 is a general-interest channel. It is a major contender that appeals to every generation and all types of viewers.

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

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

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

3.1.2.2.2. Advertising Sales Agency

Canal+ Régie is Canal+ Group's exclusive advertising sales agency and a wholly-owned subsidiary. It sells advertising time on the Canal+ channels, C8, CNews, CStar and 16 themed channels. It also markets time on their mobile and tablet applications (mainly myCanal), their Dailymotion and YouTube offerings and their replay TV services. It is also the exclusive advertising sales agency in UGC movie theaters.

In 2018, Canal+ Régie adopted a new three point strategy:

- a richer offering of TV and digital content;
- creative know-how around the Canal Brand Factory, an entity dedicated to content creation for brands, which has won nine awards and produced more than 300 adverts since its launch in 2017; and
- the leveraging of Canal+ Group's data potential to offer brands new targeting solutions.

3.1.2.3. International Pay-TV

Group Canal+ has developed international pay-TV activities through its subsidiary Canal+ International. It has 7.8 million subscribers in Africa, Poland, Asia, the Caribbean, the Indian Ocean and the South Pacific.

Africa

Canal+ Group has operated in Africa for over twenty-five years. It broadcasts in more than 25 countries, through 13 subsidiaries and more than 30 partners and distributors. With its Canal+ bundles offering more than 200 channels, radio stations and services, the group is the leading satellite pay-TV operator in French-speaking Africa, with more than 4 million subscribers at year-end 2018.

Canal+ delivers 17 premium channels in Africa (region specific versions of the Canal+ entertainment channels, together with movie, sports, series and family channels) and finances programs made specially for the African continent (e.g., the launch of the first *Invisibles* series in 2018, and shows like *Le Parlement du Rire, Réussite* and *Talents d'Afrique*). Canal+ also produces channels specific to Africa such as A+, the African series channel and Nollywood TV.

Canal+ Group is also rolling out a DTT offer under the Easy TV brand name in several African countries, and has partnered with Iroko to develop Iroko+, a mobile SVo app. The new app offers Nollywood content, telenovelas and A+ programs.

Last but not least, Canal+ Group distributes Canalbox, an ultra-high-speed fiber Internet offer in partnership with Group Vivendi Africa (GVA), in Gabon and Togo, and has acquired new business assets in Togo. GVA applies Vivendi's expertise and experience to bring fiber-optic Internet connections to households and businesses on a large scale in the African countries where the group operates.

Poland

Poland is Canal+ Group's third-largest market. As of December 31, 2018, nc+ had 2.2 million subscribers.

With its ten premium Canal+ channels and seven themed channels, nc+ offers the richest premium television experience in Poland.

It is a particularly big name in sports and produces or distributes the biggest competitions, including 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, handball and basketball. It also has exclusive broadcast rights for NBA matches.

Movies are another core component, with more than 300 first-run films exclusively shown on Canal+ and at its multiplex cinemas, including exclusive releases from major studios like Fox and Universal. Canal+ is also involved in local production, with original creations including the hit series *Belfer, The Raven* and *Illegals*.

As well as TV programming, nc+ has offered Internet and VoIP services through a partnership with a mobile virtual network operator since 2016.

nc+ 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.

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), the Indian Ocean (Réunion, Mayotte and Mauritius), and the Pacific (New Caledonia, French Polynesia and Australia). The Canal+ packages comprise the Canal+ channels and more than 200 themed channels, radio stations and services. Through its Canal+ Telecom subsidiary, Canal+ International also markets CanalBox, a double-play Internet and VoIP telephone service.

Asia

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

The K+ package offers four premium K+ channels (K+1, K+NS, K+PM and K+PC) produced by the group. It is available via an OTT app offered free of charge to DTH subscribers (myK+) and sold to potential subscribers (myK+ NOW).

The K+ packages are supported by a vast retail network comprising more than 2,300 outlets and 45 proprietary K+ Stores. As of December 31, 2018, K+ had 884,000 subscribers.

In 2018, Canal+ Group set up in Myanmar (Burma), in partnership with Forever, a major player in the country's TV industry. Canal+ Myanmar offers nearly 80 channels covering all themes, including eight Canal+ channels produced in Burmese and showcasing local content. It has opened its own Canal+ Stores and works with an extensive network of

1. *Early Man*
2. *Le Grand Bain*

local distributors. Specific mobile payment solutions have been developed to facilitate subscriptions by adapting to the country's traditions.

Canal+ Group's arrival in Myanmar is part of its strategy of expanding into markets offering substantial growth potential.

3.1.2.4. Motion Pictures

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 5,500 titles from more than 60 countries, Studiocanal manages one of the world's largest movie catalogs, featuring some of the greatest masterpieces of international and local cinema.

Committed to producing and distributing films and series combining a profoundly European identity and a capacity to resonate worldwide, Studiocanal works with the industry's biggest talents (e.g., David Heyman, Benedict Cumberbatch and Idris Elba) and foremost production companies (e.g., Working Title, Aardman, Blueprint Pictures and The Picture Company).

In 2018, Studiocanal ranked as France's second-biggest independent distributor (excluding major US companies), with more than 10 million theater tickets sold for the second year in a row, a first since 2008-2009. The studio is also the second-largest independent distributor in the United Kingdom and the largest in Germany.

In France, Gilles Lellouche's star-studded comedy *Le Grand Bain* attracted 4.3 million moviegoers, allowing Studiocanal to beat its previous box-office record, held by *Prête-moi Ta Main. Le Grand Bain* finished the year ranked fifth at the French box office, and third among French films. It also ranks among the 200 biggest French box office successes in the history of motion pictures. After a great reception at the Cannes Film Festival, the film attracted a large number of international distributors. It has been released in more than 60 countries.

In 2018, seven Studiocanal films logged more than 500,000 admissions: *Brillantissime, The Passenger, Early Man* (the seventh-best result for an animated film), *Le Retour Du Héros, Le Grand Bain, Pupille* and *Mia and the White Lion*. Released at the end of the year, *Mia and the White Lion* had already topped 1.4 million admissions by mid-February 2019.

2019 will reflect Studiocanal's eclectic editorial line, combining family entertainment, action films, prestigious movies and blockbusters. Upcoming releases include *Shaun the Sheep 2,* the new stop-motion feature from Aardman Studios; *Cold Pursuit,* a thriller with Liam Neeson; *King of Thieves*, a comedy by James Marsh; *Radioactive,* Marjane Satrapi's film about Marie Curie starring Rosamund Pike; and *The Secret Garden,* produced by David Heyman and starring Colin Firth.

In France, noteworthy films include *Deux Moi,* the new film by Cédric Klapisch; *Mon Chien Stupide,* reuniting Yvan Attal and Charlotte Gainsbourg; *Venise n'est pas en Italie,* a comedy by Ivan Calbérac featuring Benoît Poolvoorde; *Chanson Douce,* an adaptation of Leila Slimani's Prix Goncourt-winning novel starring Karin Viard and Leïla Bekhti; and *Petit Vampire,* an animated feature film by Joann Sfar.

Catalog

In 2018, Studiocanal acquired the 12 films in the Quad catalog, including the hits *Intouchables, Samba, Nos Jours Heureux* and *Eyjafjallajökull. Intouchables* holds the international box office record for a French-language film. This acquisition consolidates Studiocanal's international film distribution business and builds up its catalog, which is one of the largest in the world, with 5,500 titles spanning 100 years of motion picture history. The Quad catalog films have joined a unique collection of Seventh Art masterpieces, including the unmissable *Terminator 2, Rambo, Total Recall, The Deer Hunter,* the classics *Mulholland Drive, The Pianist* and *À bout de souffle,* and some of the biggest French comedies, including *Les Bronzés, Le Corniaud* and *La Grande Vadrouille*.

Studiocanal also has an ambitious restoration program. Each year, it devotes several million euros to bringing classic films back to life at major international festivals, in highly publicized re-releases and debut releases in new markets.

Great works given 4K restorations in 2019 include *Basic Instinct, Apocalypse Now* (for the 40th anniversary of Francis Ford Coppola's masterpiece), *Camille Claudel, Le Sang d'un Poète* and *Le Testament d'Orphée* (to mark the 130th anniversary of Jean Cocteau's birth), and *Don't Look Now* (in tribute to British director Nicolas Roeg, who died in 2018).

TV Production

Studiocanal produces and distributes television series. 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, and the UK's Red Production Company, which specializes in high-quality English-language TV series.

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, as well as Spanish company Bambu Producciones.

In 2018, Studiocanal launched a TV production business in France. The new entity will benefit from synergies with Canal+'s *Créations Originales* and its world-renowned know-how. It will round out and strengthen the existing production network in the United Kingdom, Germany, Spain and Denmark. Studiocanal is providing support for these companies' global expansion, bringing them the expertise of a leading studio in co-production, financing and sales.

3.1.2.5. 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.

Canal+ Group, the wholly-owned Vivendi subsidiary that holds 100% of Société d'Édition de Canal Plus (SECP), is authorized to broadcast the Canal+ channel. No more than 20% of the share capital of the company holding this broadcasting license can be directly or indirectly held by a non-French, non-EU shareholder or by several foreign non-EU shareholders where their combined shareholding exceeds this threshold.

Consequently, if non-French/non-EU entities, by combining their interests, were to hold more than 20% of the share capital or voting rights in Vivendi, which indirectly holds the broadcasting license, this could constitute a breach of the provisions of the aforementioned article 40.

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

Under its license to broadcast in France, Canal+ Group must comply with 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 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.

Canalplay (pay-per-view video-on-demand and subscription video-on-demand) is also subject to regulations governing audiovisual on-demand media services. A November 2010 decree defines 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 of the French broadcasting regulator, the CSA, dated December 2011 on the protection of young people and the ethics and accessibility of programming.

Pursuant to the regulations introduced in June 2009, the media scheduling rules requiring films to be broadcast within a certain time period after their release were adjusted. Canal+ Group implemented the agreement signed on July 6, 2009, which was extended by an order of July 9, 2009, pursuant to which the requirements below shall apply with respect to the timeframe for broadcasting films after their theater release:

- for films available via pay-per-view, video-on-demand (primarily the Canalplay VoD service) and on DVD: four months minimum after theater release and three months for films which sold fewer than 200 tickets in their fourth week in theaters;
- for movie channels: the first period for pay-TV release is ten months for an original broadcast if an agreement is entered into with film organizations (otherwise twelve months), and the second period for pay-TV release is twenty-two months if agreed with the film organizations (otherwise 24 months);
- on unscrambled television channels and on other pay television channels: twenty-two months if the channel contributes at least 3.2% of its revenue to film production (otherwise thirty months); and
- for video-on-demand by subscription films (Canalplay): thirty-six months.

1. *Réussite,* Robert Brazza
2. *Les Terriens du samedi,* Thierry Ardisson

At the end of 2018, Canal+ Group announced the renewal of its agreement with the French motion picture industry until December 31, 2022. This agreement was a precondition to Canal+'s signature of the new media scheduling, whose entry into force at the beginning of 2019 enables the Group to offer its subscribers premiere screenings as early as six months after their theatrical release.

3.1.2.6. Piracy

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

3.1.2.7. Competition

Canalsatellite Merger

On July 23, 2012, the French Competition Authority issued a new ruling in which it approved the merger between Canalsat and TPS (having withdrawn its approval on September 20, 2011), subject to compliance with 33 injunctions. These injunctions were applicable for five years and are renewable once.

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

Since June 22, 2017, Canal+ Group has implemented injunctions mainly related to:

The acquisition of movie rights:

- by prohibiting entering into framework agreements for French films, unless a pay-TV provider enters into a framework agreement with one of the five main French producers/co-producers; and
- by Canal+ Group divesting its interest in Orange Cinéma Séries – OCS SNC and/or by adopting measures limiting its influence over Orange Cinéma Séries – OCS SNC.

The distribution of pay-TV special-interest channels:

- by the distribution of a minimum number of independent channels, the distribution of any channel holding premium, potentially exclusive, rights, and by drafting a model distribution deal relating to independent channels included in the Canalsat offer that integrates the calculation principle and method applied to determine minimum payment for these independent channels.

Video-on-Demand (VoD) and Subscription Video-on-Demand (SVoD):

- by prohibiting the acquisition of exclusive distribution rights for films originally broadcast in French and held by French rights holders for VoD and SVoD, and the combining of these rights with rights purchased for linear distribution on pay-TV;
- by limiting the transfer of exclusive VoD and SVoD rights to French catalog films from the Studiocanal catalog to the Canal+ Group; and
- by prohibiting exclusive distribution deals for the benefit of Canal+ Group's VoD and SVoD services on ISP platforms.

These injunctions are imposed until December 31, 2019. If the market conditions change significantly, Canal+ Group may request that these injunctions be lifted or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority, will be responsible for monitoring the implementation of the injunctions.

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 by 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 existing commitments provide for (i) restrictions on the acquisition of rights for American movies and television series from certain American studios (Canal+ Group can now sign framework agreements combining free-to-air and pay-TV broadcasting rights from two American studios) and for French movies (a prohibition on the joint acquisition of free-to-air and pay-TV broadcasting rights for more than 20 films originally broadcast in French per year), (ii) the separate negotiation of rights for certain recent pay-TV and free-to-air movies and television series and (iii) limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal (a 50% limit on the total number and total value of French catalog movies acquired per year by these channels).

These commitments apply until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that they be lifted or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority, will be responsible for monitoring the implementation of the commitments.

Competitive environment in France

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

- the arrival of new market entrants offering premium content. These include Orange, which has positioned itself in the upstream market for the acquisition of audiovisual rights and in the intermediate market for the production and distribution of movie and drama channels ("OCS" channels), and Al Jazeera, which has leveraged its substantial financial resources to launch the beIN Sports channels and to offer extensive premium sports content (e.g., Ligue 1 Conforama, the LIGA and Bundesliga). Lastly, the Altice Group has assets that include the SFR Sport channels that will broadcast English Premier League football until the summer of 2019, the UEFA Champions League, French track and field competitions and part of the England Rugby Union Team matches, and its Altice Studio movie channel. A new player, Mediapro, is also poised to enter the French market after acquiring a large share of Ligue 1 football rights for the 2020-2024 seasons;
- the proliferation of distribution platforms and technologies, such as connected TVs;
- the development and enrichment of ISP bundled television packages, which have become attractive products that create competitive differentiation;
- the surging growth in non-linear content. The arrival on the audiovisual markets of global players from the digital sector, such as Netflix, Amazon, Google, Facebook and Apple, has completely upended 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 competitively differentiates their offerings;
- 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, major players in content, such as the group resulting from the Fox-Disney merger, plan to launch global streaming services. Moreover, the illegal consumption of content continues to generate a major shortfall for the entire sector;
- competitive pressure from the new amalgamation created by the merger of SFR and cable operator Numericable, with expertise in both the development of fiber-optic networks and pay-TV. It has embarked on a strategy of acquiring and delivering exclusive content, for example the signing in late 2016 of agreements with Discovery and NBC Universal; and
- the undeniable success of DTT in France. Following the launch of six new free-to-air DTT channels in December 2012 and the arrival of LCI on free-access DTT in April 2016 and news channel Franceinfo on September 1, 2016, French viewers now have 27 free-access channels offering the same technologies and related services as pay-TV channels (e.g., HD and replay).

3.1.2.8. Research and Development

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

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

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

3.1.3. COMMUNICATION AND ADVERTISING

Havas is one of the world's largest communication groups, using creativity, media expertise and innovation to create meaningful connections between brands and people. Founded in Paris in 1835 by Charles Louis Havas, it has approximately 20,000 employees in over 100 countries.

Today, Havas is considered to be the most integrated group in its industry. With a client-centric organization and regional structure, it puts its clients at the center of its operations, enabling it to better serve their current and future needs.

The group's overriding objective is to effectively meet its clients' changing needs – while achieving efficiency gains – by delivering an agile, seamless and fully integrated service. To this end, Havas brings together the most talented people from across all communications disciplines – creative, media, digital, events, public relations, data, and more – under one roof, the Havas Villages, where the different business teams work together in project "collaboration with no borders" mode.

Havas Group has 55 Villages worldwide. Each Havas Village is unique, but they all share the same philosophy and the same creative energy driven by collaboration.

3.1.3.1. Business Units

Havas Group has three main business units covering all communication disciplines.

Havas Creative brings together experts from the creative, media and data sectors to deliver integrated solutions to brands. It incorporates the Havas Worldwide global network, the Arnold Worldwide international micronetwork, and some of the most creative agencies in the industry, such as BETC, Rosapark and Host.

Havas Media specializes in media and buying advertising space and incorporates two main media brands, Havas Media and Arena Media. These networks draw on the expertise of pure player agencies.

Havas Health & You, a global leader in health-and-wellness communications, brings together the group's consumer and professional health agencies in one entity, with four brands: Havas Life, Health4Brands (H4B), Havas Lynx and Havas Life PR.

3.1.3.2. New developments

In 2018, Havas continued to expand worldwide, winning many new clients both on a local and global level.

Havas Creative signed new local contracts with ADP, Barnes & Noble and Carl's Junior in the United States, Citroën in Italy and Australia, Kraft-Heinz and Starbucks in the United Kingdom, Accor Hotels in Brazil, Société Générale in France and Lidl and BMW in Germany.

Havas Media secured global contracts with Puma, Bristol-Myers Squibb, Blizzard Entertainment and De Beers, as well as multi-market contracts with Gulf International Bank for the Middle East, Moda Operandi for the Asia-Pacific region, the Middle East and Europe, and Carrefour for six European markets. Locally, it had contract wins with Cherry Jaguar Land Rover, China Telecom and JDE in China, Tinder, Enedis and Avril in France, the Health Promotion Board in Singapore, BKT in Italy, Danone in South Africa, Emirates in Chile, and Pernod Ricard in Mexico.

Havas Health & You also had many global and local contract wins during the year, such as with Novartis (Global), Merck (Global), Intercept (Global), Roche Genentech (Global), Transmedics (Global), Sanofi (China and Canada), AstraZeneca (USA), Gilead (Local), and Pfizer (Local).

Acquisitions

2018 saw Havas pursue its policy of targeted acquisitions and integrate five new agencies:

- Catchi, a major player in the Internet and mobile apps CRO (conversion rate optimization) in Australia and New Zealand;
- Deekeling Arndt Advisors (DAA), Germany's leading communications consultancy, specialized in PR support for stock market transactions, reputation management and crisis communications;
- Étoile Rouge, a French communications agency dedicated to players in the luxury and lifestyle industries;
- M&C Consultancy, a UK agency specialized in healthcare market access; and
- Republica, the US number one independent multicultural marketing agency, based in Miami, Florida.

On December 14, 2018, Havas entered into an agreement to acquire a 51% interest in the largest communications group in the Baltic region that was formed following the merger between Idea in Estonia and Publicum in Lithuania. The new group resulting from the merger will be named Havas Baltics and will represent the Havas Group's interests in Estonia, Lithuania and Latvia.

New entities

In 2018, the group launched new offers and consolidated its existing ones with a view to consistently and effectively meeting its clients' current and future needs. The new entities created during the year include:

Plead

A Paris-based consultancy entirely dedicated to strategic communication and advocacy.

China Desk

This structure was created to support clients willing to strengthen their presence in China and to partner Chinese brands looking to expand internationally.

Havas Blockchain

Havas Blockchain is the first fully integrated communications offering designed to support blockchain tech businesses and entrepreneurs. The offering is in partnership with Blockchain Partner, the top French blockchain transformation consultancy, and backed up by AMO, Havas Group's leading global partnership of corporate and financial communications consultancies.

Havas Health Plus (HH+)

This creative agency – which is a subsidiary of Havas Health & You – taps into the deep insights offered by emotional technology in order to advance healthcare communications.

AMO

During the year, Havas announced an ambitious plan to invest €100 million over the next five years to consolidate the leading position of AMO, the group's international network of strategic, financial and corporate communications consultancies.

1. Havas in London

2. *Dissolving Posters,* Associacao Internacional Habitat Para a Humanidade campaign

Havas Edge

The group has created a worldwide powerhouse for Performance Marketing – the Havas Edge Performance Network. This new network will provide an international resource for clients who are seeking an integrated performance marketing approach on a global level. Led by performance marketing giants Edge, All Response Media and Revenue Frontier, the network is expanding in North America and Europe, with eight new offices located in Los Angeles, New York, San Diego, Boston, London, Leeds, Amsterdam and Paris.

Havas Events

Havas has brought together its event agencies in Paris, Milan, Shanghai and New York to create the Havas Events international network. As pure players, the agencies have already made their mark on their respective markets, designing and staging events for prestigious international clients.

Havas Helia

Havas Helia is an international network of customer engagement agencies, providing CRM strategy and implementation, as well as consulting services for loyalty programs and marketing technology. This new network has offices in Baltimore, Chicago, London, Cirencester, New York and Richmond, as well as an office in Paris, which opened in early June 2018.

The Annex

In 2018, the group continued to expand The Annex, by opening a new office in Atlanta – the hometown of its client, Coca-Cola. The Annex is a network of advertising agencies dedicated to culture and entertainment and focused on Millennials and Centennials (13 to 21 year-olds).

Topics

Havas acquired a 25% stake in the business transformation strategy consultancy, Topics. The other shareholders in this new venture are Siaci Saint Honoré and Bruno Mettling (a former senior corporate executive and the author of a report for the French Labor Ministry entitled "Digital transformation and working life"). Topics's aim is to partner companies who firmly believe that sustainable financial performance cannot be achieved without HR performance, and conversely, that sustainable HR performance cannot be achieved without financial performance.

Merger between HumanSeven and Havas Paris

The group has brought the HumanSeven agency under the Havas Paris banner. As a consequence of this move, HumanSeven will be able to access all of Havas Paris' resources and expertise. Havas Paris also benefits from the combination, which increases its advertising, digital and creative clout, led by the Havas Paris Seven brand.

Havas Blockchain/ekino

Havas Blockchain has teamed up with ekino to launch a new strategic and tech support offering in response to growing market demand, particularly at an international level (France, United Kingdom, United States, Vietnam, India and Singapore). Since its launch in March 2018, Havas Blockchain has been offering global and international communications support for companies operating in the blockchain ecosystem or launching ICOs.

Havas Blockchain won the international "2018 Blockchain Innovation Marketing Award" in November for its first communications and marketing campaigns, notably for Talao and Chain Accelerator.

New Villages

In 2018, Havas Group forged ahead in implementing its "Together" strategy, opening eight new Villages worldwide. The idea behind this expansion is to provide best-in-class client service locally, while at the same time consolidating the group's international weight.

3.1.3.3. Awards and Honors

In 2018, Havas's agencies won numerous awards at various festivals and ceremonies across the world. A prime example is the Cannes Lions festival where the group's agencies took home a record-breaking 47 Lions.

Rosapark was voted International Agency of the *Year by AdWeek* magazine.

Havas Media North America was named Agency of the Year by Mediapost.

Host/Havas Australia came second in the 2018 Campaign Brief Hot List and won the title of "Agency of the Year" at the AWARD Awards (notching up a total of 20 awards, including eight Golds).


1

1. *Asphalt 8: Airborne*
2. *Dragon Mania Legends*


2

BETC was ranked among the best agencies in the world by the Gunn Report.

Havas Lynx was named Healthcare Agency of the Year at the Cannes Lions festival and won three Lions in total. Havas Health & You took second prize in the "Healthcare Network of the Year" category.

In the United Kingdom, Havas Media Group achieved certification in the areas of "Brand Safety" and "Anti Ad Fraud" by JICWEBS (Joint Industry Committee for Web Standards), an independent organization that establishes standards and best practices for online advertising and trading.

Campaigns with the most awards in 2018 include:

The *Palau Pledge* campaign, created by the group's Host/Havas Australian agency for the Palau Legacy Project, which won nine Lions at the Cannes Lions Festival, including three Grand Prix (the only campaign to win three Grand Prix). It also claimed one of only two Black Pencil awards reserved for truly groundbreaking work, as well as seven other prizes at the D&AD Awards.

BETC Paris was the most awarded French agency at the Cannes Lions, winning 15 Lions for various campaigns, including *Timeless* and *Save Our Species* for Lacoste. Earlier in the year, the *Timeless* and *Like My Addiction* campaigns each won a Grand Prix at the Mobius Awards.

Lastly, several of the group's agencies were winners at the Epica Awards, claiming a total of 23 prizes (six Gold, eight Silver and nine Bronze).

3.1.3.4. Regulatory environment

Havas operates in countries that each have different regulations relating 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, 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.

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 attribute intellectual property rights (e.g., copyrights, royalties and trademarks) and/or personality rights 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 its own data or the data managed on behalf of its clients.

With this in mind, Havas takes appropriate technical and organizational measures to ensure that the processing of personal data meets the requirements of the EU's General Data Protection Regulation.

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.

Competition is also emerging from new types of operators such as:

- tech companies: systems integrators, database companies, modeling companies and telemarketing companies offering technological responses to clients' marketing and communications needs;
- GAFA (Google, Apple, Facebook, Amazon): these companies are primarily group suppliers but could become competitors as they have the capacity to address clients directly, especially to sell them media space; and
- consulting companies: these firms compete with Havas only in developing communications and media strategy.

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. MOBILE VIDEO GAMES

Considered the leading French mobile video game publisher, Gameloft enjoys world-renowned expertise, with 189 smartphone games developed in its 19 design studios, and an average of 98 million players a month in 2018.

Two of its blockbusters – *Minion Rush and Asphalt 8: Airborne* – were among the top ten most downloaded games from the App store worldwide in 2018 (based on App Annie data).

3.1.4.1. Mobile 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 2018, more than 2,500 Gameloft employees were working on developing 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 design, regular catalog updates to extend the life cycle of games, and deployment to adapt new games 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 19 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* (racing), *Dungeon Hunter* (adventure), *Dragon Mania Legends* (simulation), *Modern Combat, Order & Chaos, Gangstar and World at Arms* (action). These franchises cover every gaming genre and are aimed at a wide audience.

At the same time, Gameloft is also developing a wide variety of games through partnership agreements with major rights holders. In particular, it is working with DisneyPixar, Mattel®, Hasbro®, Fox®, Universal, Lego® and Sega to associate some of its games with the world's most popular brands, such as *Disney Magic Kingdoms, Minion Rush, My Little Pony, Cars* and *Ice Age.*

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 huge success for Gameloft, with nearly a billion downloads since 2013.

In 2018, over 1.8 million Gameloft games were downloaded every day worldwide.

3.1.4.2. 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 that 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 in its mobile apps. In 2018, these advertising sales accounted for 9% of Gameloft's revenue, supplementing the proceeds from in-game sales. Total mobile advertising spending rose to $114 billion in 2018, from $50 billion in 2015. In 2018, Gameloft tallied a daily average of 11 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 Gameloft to offer advertisers a brand-safe environment ensuring that their brand will always be displayed in the right context.

3.1.4.3. Mobile Game Distribution

Gameloft distributes its mobile games through a very wide range of channels. Firstly, they are delivered through smartphone and tablet App Stores, such as the Apple App Store, Google Play, the Windows Store and Amazon Appstore. Accessible from mobile phones, tablets and 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 distributors of Gameloft games, with the resulting revenues shared between the store and Gameloft. In all, these OTT services accounted for 72% of Gameloft's revenue in 2018.

Secondly, Gameloft games are distributed by over 175 telecom operators in 122 countries around the world. This far exceeds the distribution network of any of Gameloft's competitors. 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 the telco and the company. These agreements with telecom operators and phone manufacturers accounted for 19% of Gameloft's revenue in 2018.

3.1.4.4. Regulatory Environment

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

The company has introduced appropriate procedures to comply with local consumer rights legislation and regulations, with a focus on informing 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 (Apple Store and Google Play) show the appropriate age range for the app concerned (with classifications that can vary from one region to another).

Gameloft is also a firm advocate for protecting individual privacy and complying with applicable legislation on personal data protection. Consequently, it ensures that it complies with data protection laws, in particular Regulation (EU) 2016/679 of the European Parliament and Council of 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 in Europe following studies conducted by the European Commission.

3.1.4.5. Piracy

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

3.1.4.6. Competition

The video game market for smartphones and tablets has experienced an unprecedented development in the past decade, largely driven by Asian countries: in January 2018, seven of the top ten companies in the market in terms of revenue on the Apple and Google stores were Asian companies (source: App Annie, January 2018). 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 that take place in this business sector. There are hundreds of new games submitted to Apple and uploaded to the App Store every day.

In 2019, mobile games will represent a share of 60% in the video game market, driven by hard-core and hyper-casual games (source: App Annie).

Therefore, the overall level of competition in the mobile video game market has intensified again, in the same way as in the years 2000-2006. As a consequence, Gameloft's ability to consolidate its current position as a market leader will drive the growth of its business.

3.1.4.7. Research and Development

Gameloft allocates all of the human resources and infrastructure needed to develop its games. To this end, development teams are provided 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.

1. *Le Tour de l'Espoir*
2. CanalOlympia

This extreme fragmentation and the aggregate-style 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 recognized as expenses.

3.1.5. INTELLECTUAL PROPERTY, LIVE AND TICKETING

The group explores new business models in the field of live entertainment, franchise promotion and ticketing. Grouped under Vivendi Village, these businesses are at the group's fore-front. At the cross-roads of Vivendi's organization, these various business units work together to create original projects.

3.1.5.1. Intellectual Property and Live

Franchise acquisition and development

Vivendi's objective is to produce more content through its own catalog of artists and its own brands. Following on from the success of *Paddington,* the group plans to develop other franchises and showcase them worldwide via its various businesses.

In 2016, Vivendi became the owner of the Paddington brand and all related intellectual property rights (other than traditional publishing rights). Paddington is the core focus of a cross-business strategy spanning the group's entire value chain.

In 2017, the brand became a global franchise due to the release of the *Paddington 2* movie (Studiocanal's biggest hit to date, with worldwide box office takings of over $500 million for *Paddington 1* and *Paddington 2* combined). Other initiatives were launched based on the Paddington brand, including the *Paddington Run* mobile game developed by Gameloft, and new partnerships, including with Marks & Spencer, which won the "Best Licensed Retail Execution" prize at the UK Licensing Awards.

2018 was Paddington's sixtieth anniversary year and to mark the occasion a partnership was entered into with the UK's Royal Mint, putting the famous little bear onto 50 pence pieces. Paddington has also now branched out into live performance, with the launch of "Paddington in concert" by Studiocanal, which entails a screening of *Paddington 1*, with music played by a live symphony orchestra. Meanwhile, the Copyrights Group created a fun and interactive digital treasure hunt, with the help of other Vivendi entities (Havas Digital Factory, Gameloft, Studiocanal and Dailymotion) and key Paddington partners, which attracted over 700,000 participants.

Lastly, also in 2018, Paddington became a champion for children's rights under a partnership with Unicef, with his image used to support two Unicef events that generated over £120,000. The first of these was a connected run, with the distances recorded on their sport app or smartwatch by more than 10,000 participants in France and the United Kingdom, which was converted into donations to Unicef by Vivendi. The second event was an online giving campaign organized in the United Kingdom, whereby families could send packages to children in need. Paddington also took part in Unicef's global #GoBlue campaign on Universal Children's Day on November 20.

Organization of sporting events

Vivendi Sports' objective is to devise and organize sporting events, and take advantage of the group's expertise in the world of sport.

Since its creation in 2017, Vivendi Sports has focused on Africa, where the group sets the benchmark for sporting events, particularly due to Canal+. The sporting events organized by Vivendi Sports offer many synergies between the group's various businesses. For example, competitions can draw on the CanalOlympia network for concert venues as well as on Canal+ television channels to broadcast the events in Africa and France.

The vast majority of the competitions organized by Vivendi Sports are recognized by international federations and their results are included in official performance rankings.

In 2018, Vivendi Sports organized its first cycling race, the *Tour de L'Espoir*. Under the auspices of the International Cycling Union and the Cameroon Cycling Federation, the competition brought together 15 teams in Cameroon. The major stages of the race were celebrated with concerts held at CanalOlympia venues in Douala and Yaoundé. The second *Tour de L'Espoir* –

which took place from February 4 through February 9, 2019 – saw teams from across the world (including Japan, Argentina, Portugal and Ecuador) competing alongside the African teams.

Another sport that Vivendi Sports showcases in Africa is boxing, through its organization of *Jab & Vibes,* the IBO Super-lightweight Boxing World Championship. This exceptional event – which took place in Dakar, Senegal on October 20, 2018 – marked the grand return of international boxing in West Africa.

3.1.5.2. Live

Olympia Production

Olympia Production is a key player in France's cultural ecosystem, supporting the careers of some 30 experienced and up-and-coming musicians and comedians. The number of artists in its portfolio has more than tripled since it was first formed in 2016. Olympia Production produced or co-produced over 1,100 shows in 2018, 50% more than in 2017.

The music tours of four Olympia Production artists particularly stood out in 2018: Dadju (one of the leading artists in the French new urban R&B generation), Arcadian (semi-finalists in The Voice France in 2016) and Eddy de Pretto and Niska (Universal Musique France artists). As for comedians, Roman Freyssinet played to a full house at the Théâtre de l'Œuvre in Paris in early 2019 and the careers of Marina Rollman and Guillermo Guiz are going from strength to strength.

Olympia Production also provides France with a diverse offering of festivals, helping each festival to develop while fully respecting their individual identities and regional roots.

It now owns Garorock – one of France's largest festivals – as well as Les Déferlantes, Live au Campo and the Brive Festival (through Festival Production, a joint venture set up by Vivendi and the Centre France group). Due to Olympia Production's expertise, the latter three festivals, which were held in the summer of 2018, saw their audience numbers increase by 17%, 15% and 30%, respectively, compared with 2017.

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 around 2.5 million people.

CanalOlympia

CanalOlympia is the leading cinema and performance venue network in Africa. These multi-use venues, which can serve as movie theaters or concert and show halls, are aimed at an audience with a constantly growing demand for content and entertainment.

Within two years, 11 CanalOlympia venues have been opened in Cameroon, Guinea, Niger, Burkina Faso, Senegal, Togo, Benin and Gabon. Four new venues are under construction, and the group is currently in negotiations to buy land for several future venues. CanalOlympia plans to have a network of some 20 venues by year-end 2019.

The CanalOlympia movie theaters offer 19 screenings over six days a week, with most titles released at the same time as in the rest of the world. Four screenings are reserved each week for children's films.

Several Vivendi group companies work with and support CanalOlympia. Canal+ Group – which has extensive operations in Africa – and Studiocanal – Europe's leader in the production and distribution of movies and television series – contribute to programming at the venues.

In 2018, CanalOlympia entered into a major partnership with Orange to equip its movie theaters with ultra-fast broadband to improve the secure digital distribution of movies. As part of this partnership, Orange's "Cinédays" program will be introduced (a 2-for-1 cinema ticket offer on Tuesdays and Wednesdays for Orange's customers) and moviegoers will gradually be able to buy tickets using the Orange Money mobile payment service.

CanalOlympia is also positioned as a catalyst for the development of talent across Africa. Its complexes offer performance venues for many local and international artists, with the support of a large-scale tour organization network operating throughout the continent. The CanalOlympia venues will help to scout, mentor and showcase talented musicians, singers and actors.

In 2018, over half a million tickets were sold for CanalOlympia venues, which hosted more than 260 events: concerts by major artists such as Dadju and Damso, stand-up shows, press conferences and international competitions organized by Vivendi Sports such as the *Tour de L'Espoir* under-23s cycling event held in Cameroon, and the *Jabs & Vibes boxing* gala in Senegal.

L'Olympia

As one of Paris's most famous concert halls, L'Olympia is a favorite venue for both French and international artists. In 2018, L'Olympia hosted over 280 public and private events.

L'Olympia is pursuing a policy of appealing to a wide variety of audiences, without compromising the venue's DNA. Performance highlights from 2018 included artists currently lighting up the urban music scene and drawing younger concert-goers, such as French rappers Lomepal and Eddy de Pretto, as well as headliners like Joan Baez and Ringo Starr. L'Olympia hosted France Inter radio station's event for the Fête de la Musique, France's annual music celebration, and the fourth Nuit du Rugby. Canal+ chose L'Olympia for its third Canal Tour subscriber roadshow, and the Sport dans La Ville association held its 20th anniversary celebrations there.

Théâtre de l'Œuvre

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

In 2018, the one-man play performed at the Théâtre de l'Œuvre by Raphaël Personnaz, *Vous n'aurez pas ma haine* won the "Seul en scène" prize at France's Molière theater awards. During the year the venue was also chosen by Jean-Louis Aubert (from the French rock groups Téléphone and Les Insus) and Louis CK for several exceptional evenings, with tickets selling out in record time.

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

Abbey Road

Made famous by the Beatles, the most iconic studio in London has belonged to UMG since 2011. This legendary music venue remains the recording studio of choice for artists all over the world. Abbey Road Studios can also be hired out for corporate and private events.

3.1.5.3. Ticketing

As a result of the April 2018 acquisition of the Dutch company, Paylogic, Vivendi Village has a ticketing network with a well-established presence in six countries in continental Europe as well as the United Kingdom and the United States. The group's ticketing activities are operated under the same brand – *See* – and are marketed through See Tickets, Digitick and Paylogic. In 2018, the network distributed a total of more than 20 million tickets.

See Tickets has several thousand clients with very diverse profiles, including prestigious venues like Versailles Palace, Le Grand Palais and L'Olympia in Paris; the Houses of Parliament in London; major music festivals such as Glastonbury (which sold 135,000 tickets in a record 36 minutes in 2018), Tomorrowland and Garorock; 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 cruises on the Queen Mary ocean liner docked in the Port of Los Angeles.

In addition to its online ticketing business, See Tickets – which has developed dedicated state-of-the-art technological platforms – also offers a range of technical solutions for third-party ticketing management.

In parallel, See Tickets is actively involved in the legal resale of tickets between private individuals, with zePass, France's pioneer in this sector, and the Fan-to-Fan marketplace in the United Kingdom. In France, the group also manages Infoconcert.com, the country's benchmark for dates and detailed information about concerts and other cultural events.

3.1.6. VIDEO CONTENT

3.1.6.1. Content Bundling

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

In 2017, Dailymotion launched a new version of its video platform, offering users quality content. Unlike other video-sharing platforms, Dailymotion has changed its editorial positioning in order to focus on:

- the 18 to 49 age range, which is not a strategic target for other online video services;
- 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 led to an increase in the viewing of quality content, which now represents almost 50% of the platform's global audience (compared to approximately 35% in 2017). Dailymotion has some 2.2 billion views per month.

The growth in Dailymotion's audience has been fueled by numerous partnerships forged with top-grade content creators, with more than 300 signed in 2018, including 100 in the United States and involving prestigious names such as the Financial Times, A+E Networks, Axel Springer, TF1, the NBA G League and AC Milan. Dailymotion extended the reach of its partnerships to new countries in 2018 (South Korea, Vietnam and India) where its audiences are rising rapidly.

Dailymotion's audience growth has also been propelled by constant enhancements to its user experience. In late 2018, it released a new version of its app, featuring a new home page with a "latest videos" section that launches automatically.

Also during the year, Dailymotion unveiled its first monetization solution, which means it now has an operating presence across the entire online video value chain (hosting, distribution and monetization).

Dailymotion has hosting provider status, as defined in Directive 2000/31/EC of the European Parliament and Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce (Directive on electronic commerce), as confirmed by the French Supreme Court (Cour de Cassation, first civil chamber decision of February 17, 2011).

Protection of content rights holders is an absolute priority for Dailymotion and its platform was cleared of all pirated and explicit content in 2017. It has teams available 24 hours a day who, on notification, promptly remove any suspected illegal content. And going beyond its legal obligations as a hosting provider, since 2017, it has put in place several digital fingerprinting solutions to effectively protect rights holders. Dailymotion also works tirelessly to combat non-human traffic, by constantly fine-tuning its systems and processes.

3.2. Holdings

3.2.1. TELECOM ITALIA

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

As of December 31, 2018, Vivendi held 23.94% of Telecom Italia based on the total number of ordinary shares, with voting rights representing 17.15% of the share capital.

3.2.2. MEDIASET

On April 8, 2016, Vivendi announced that it had entered into a strategic and industrial partnership with Mediaset to acquire 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 given to the Italian communications regulator, AGCOM, Vivendi transferred the portion of its Mediaset voting rights in excess of 10% to an independent Italian trust company **(1)**.

On December 31, 2018, Vivendi held 28.80% of Mediaset's share capital and 9.99% of the voting rights.

3.2.3. BANIJAY GROUP HOLDING

As of December 31, 2018, Vivendi held a 31.4% interest in Banijay Group Holding.

3.2.4. EDITIS

On July 30, 2018, Vivendi announced the acquisition of Editis, France's second-largest book publisher.

The purchase of the entire capital of Editis was completed on January 31, 2019.

3.2.5. PAYLOGIC

In April 2018, See Tickets acquired Paylogic, a Dutch ticketing company.

As of December 31, 2018, Vivendi held the entire share capital of Paylogic.

(1) See Note 23 to the Consolidated Financial Statements for the year ended December 31, 2018 in Chapter 4.

3.3. Operations Sold

3.3.1. UBISOFT

On March 20, 2018, Vivendi announced having entered into agreements for the sale of its interest in Ubisoft, representing 30,489 thousand shares and 27.27% of the share capital. The remaining portion of its interest in Ubisoft (5.87% of the share capital) was sold on March 5, 2019.

In total, the sale of Vivendi's interest in Ubisoft represented an amount of €2 billion, for a capital gain of €1.2 billion.

3.3.2. FNAC DARTY

On July 10, 2018, Vivendi opted to settle in shares the transaction entered into in January 2018 regarding its 11% interest in Fnac Darty. Vivendi will receive a cash payment of €267 million corresponding to the hedge price of €90.61 per share, after making an initial investment of €159 million, representing €54 per share, in May 2016.

3.3.3. TELEFONICA

At the end of December 2018, Vivendi sold its remaining interest (0.95%) in Telefonica for a total consideration of €373 million.

3.3.4. MYBESTPRO

On December 21, 2018, Vivendi sold MyBestPro to its management.

For further details on the group's equity investments, see Notes 2, 11 and 12 to the Consolidated Financial Statements for the year ended December 31, 2018, in Chapter 4.

3.4. Financial communication, tax policy and regulatory environment

3.4.1. FINANCIAL COMMUNICATION

3.4.1.1. 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 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.

3.4.2. FINANCIAL COMMUNICATION POLICY

3.4.2.1. 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.

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

In 2018, a total of 404 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 299 financial institutions to present the group's results and outlook.

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

3.4.2.2. 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 the dedicated toll-free number for shareholders.

The group's 220,000 individual shareholders can contact the team by telephone on 0805 050 050 for any questions they may have or suggestions they have to offer. It can be reached during normal business hours Monday to 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 – France).

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 the members of the Shareholders' Club twice a year (and can also be downloaded from the www.vivendi.com website).

In 2018, the Club organized 11 meetings (*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 30 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), shows and concerts by Olympia Production artists. It also organized visits to L'Olympia, Studios Canal Factory, Opéra Garnier, Opéra Bastille, and the Paris philharmonic, as well as to the *Chris Marker* exhibition and the *Sergio Leone* exhibition at the Cinémathèque Française, among others.

The Shareholders' Club is committed to offering all of its shareholders access to meetings and shows, regardless of where they live. In 2018, shareholders in Avignon, Colmar, Bordeaux, Cannes, Dijon, Lille, Marseille, Montpellier, Toulouse and Tours were all able to take part in events. Twice a year, the group also holds a digital meeting, broadcast live from the Vivendi website and accessible to all shareholders, regardless of their location.

In 2009, the group set up a Shareholders' Committee made up of 10 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.

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, a video archive, audio clips, and the department's contact details. 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.

3.5. 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 the 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 when 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 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; and
- subscribe to or participate in corporate 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.

3.6. 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 for 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 on which it negotiates the corresponding insurance policies. This risk management policy also includes plans for resuming operations or 'rescue' plans in the event of accidents having an effect on an essential component of a particular business. There are also environmental protection measures in place.

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

3.6.1. 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.

3.6.2. 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.

3.6.3. 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 the insurance. Workers' compensation programs have been established to comply with obligations required by the laws of various states.

3.7. Investments/Divestitures

The main investments and divestitures carried out by Vivendi include:

- investments in content described in Note 10 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 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 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 22 to the Consolidated Financial Statements in Chapter 4.

3.8. 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.

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

3.9. Raw Materials

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

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

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

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

SECTION 4. NON-FINANCIAL PERFORMANCE

4.1. Vivendi's Societal Project

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

Conveying ideas and images that captivate even the youngest of audiences, the group offers more than mere consumer products; its content and entertainment offering makes a genuine contribution to the fabric of society.

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

To achieve this goal, the group must be at the forefront of all cultures, able to support creative talent wherever and whatever it is, helping it flourish and shine with a wide audience. Through the stories it tells and the messages it conveys, it must also reflect the contemporary world, offering challenging and inspiring content that engages audiences.

For Vivendi, 2018 was a year of refocusing its societal roadmap on priorities that reflect its interpretation of the role of business in society. It was launched in conjunction with work on the non-financial performance statement (see Section 4.3 of this chapter) and conducted in line with the value creation approach (see Section 2.3 of this chapter). The group will continue to work on this in 2019.

The roadmap is broken down into the following six commitments, the first three of which relate more directly to the group's activities:

- support creativity and foster a diversity of cultures;
- promote diversity and inclusion in our businesses;
- offer high-quality and meaningful content;
- make people the company's driving force;
- take environmental action; and
- contribute to local development.

These six commitments, described in Section 4.4 of this chapter, make up the framework of Vivendi's non-financial performance.

4.2. Governance centered on non-financial performance

4.2.1. CROSS-MOBILIZATION

"The new non-financial performance statement asks businesses to report on their ability to anticipate and manage their risks, and to highlight opportunities to create lasting value. This process is carefully followed by the Audit Committee and paints a fuller picture of the group's performance."

Cathia Lawson-Hall
Chairwoman of the Audit Committee

"The CSR Committee is dedicated to establishing regular dialog with employee representatives and raising awareness among employees of the group on topics related to the company's social impact. These topics are especially important to us because 60% of the committee's members are Vivendi employees."

Paulo Cardoso
Chairman of the CSR Committee

The CSR (corporate social responsibility) and Compliance 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 and operational 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 participating in the Risk Committee led by the Internal Audit and Risk department and in the Compliance Committee (see Chapter 2, Section 3);
- maintaining regular dialog within the group with the functional departments of the head office and subsidiaries (CSR, Legal, Finance, HR and Purchasing) to implement the CSR policy;
- ensuring good relations between the group and its external stakeholders, including citizens, NGOs and investors; and
- participating as needed, together with the Investor Relations department, in presentations devoted 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 2018, its work focused on diversity and equal opportunities.

The Audit Committee reviews the group's societal responsibility policy and compliance policy twice a year. In 2018, its work focused on the progress of the implementation of the anti-corruption policy and on reviewing the non-financial reporting findings and work conducted by the designated independent third party.

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. They are assessed on work that promotes cultural diversity, protects and empowers young people, and fosters knowledge sharing. Reconciling the valuation and protection of personal data was added to these three initial commitments in 2015. The Supervisory Board requires that the criteria established for each business be based on its expertise and positioning.

The Corporate Governance, Nominations and Remuneration Committee, within the Supervisory Board, assesses performance in CSR areas, and determines the variable portion of compensation accordingly. For 2019, the criteria take into account the extent of the group's corporate social responsibility and its corresponding initiatives and commitments.

4.2.2. 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 tied to strategic commitments is an innovative approach in the media sector.

To meet the requirements of the European directive on non-financial reporting, in 2018, 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. The group also finalized the inclusion of Havas Group entities in the non-financial reporting scope, bringing indicators specific to the communication and advertising sector into the reporting protocol.

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 and Compliance department works with a network of correspondents appointed to promote best practices and coordinate non-financial reporting in each of the subsidiaries. Data is collected by approximately 350 providers using a group-wide reporting system.

4.2.3. DIALOG WITH GROUP STAKEHOLDERS

"According to a survey conducted by Havas Paris and CSA for the Observatoire des marques dans la Cité, 80% of French people believe that companies that do business ethically and responsibly will achieve the greatest economic success in the future. These findings confirm our belief that consumer/brand relationships are transforming, and that the future belongs to companies with a real social purpose."

Julien Carette
Chief Executive Officer of Havas Paris

To continuously improve its performance, Vivendi incorporates stakeholder expectations into its strategy. The group maintains a dialog with academics and NGOs, liaises with the 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 4.4.4.6 of this chapter).

Employees are key agents of change in the company. In 2018, the CSR and Compliance department held an international seminar devoted to "enhanced CSR", now included in the business strategy. It 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 social responsibility policy. Dedicated to the question "Linking business and social purpose: a competitive advantage for Vivendi?", the seminar sought to foster discussion on Vivendi's commitments to define the group's key areas of contribution to society and adapt the CSR roadmap accordingly. The seminar opened in a museum with a discussion on creativity and social commitments. It was also a chance to hear the point of view of experts, who shared their analyses of emerging consumer demand for societal commitments and transparency from companies.

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 2018, Vivendi was once again listed in the following indices: FTSE4Good Developed and FTSE4Good Europe (FTSE), the Global and Europe Ethibel Excellence investment register (Ethibel), the Euronext Vigeo France 20, World 120, Eurozone 120 and Europe 120, 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 for human rights carried out by Vigeo Eiris. The group also takes part in the annual assessment conducted by CDP.

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 4.4.3.2 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 include:

- **the LINCC (Les Industries Numériques Culturelles et Créatives) innovation platform,** led by Paris&Co, the Paris' agency for economic development and innovation. A hub for dialog within the media innovation ecosystem (startups, public entities and leading companies in the industry), LINCC provides a forum for Vivendi to share its commitments with stakeholders and support innovative new companies, with a special focus on projects that promote cultural diversity and encourage more women into digital entrepreneurship;
- **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 (see Section 4.4.2.3 of this chapter), as well as the Diversity Charter, which Vivendi signed soon after its launch in 2004. In 2018, the group renewed its commitment to the charter, in its new form which blends diversity and performance;
- **Sciences Po and Fondation Dauphine,** renowned partners from academia that Vivendi supports in rolling out programs for equal opportunity and access to culture (see Section 4.4.6.2 of this chapter). Vivendi also works with the *École du Management et 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 2018 to non-European students who came up with the most original responses to the question: "What is your definition of creativity and how does diversity contribute to creative momentum?"
- **Europeans Without Borders,** with which Vivendi has partnered to support a video campaign encouraging young citizens to vote in the May 2019 European elections; and
- **LADAPT, an association for the social and professional integration of people with disabilities,** as part of the organization of the 22nd European Disability Employment Week from November 19 to 25, 2018.

This dialog-based approach establishes a general framework that each of the group's subsidiaries can draw on and adapt for use with its own stakeholders. 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 national and European authorities, artists and their managers, songwriters, retailers and digital music services, copyright collectives, trade associations, organizations promoting copyright protection and ad hoc working groups or coalitions such as the US Alliance for Music. Dialog is often conducted through or along with global and national industry associations, such as the IFPI and its national affiliates, of which UMG is an active member.

UMG regularly communicates with artists and their managers. In 2018, UMG's British subsidiary hosted a series of managers' meetings creating opportunity to share the latest insight and examine the fundamental shifts in the music market. More than 150 artist managers attended one of the 11 meetings held over five days. In addition to the managers' meetings, UMG hosted an artist wellbeing and mental health workshop at Abbey Road in conjunction with the Music Managers Forum and Music Support. This was attended by managers and every member of the A&R teams.

In several countries, UMG operates a web portal for artists and songwriters that allows them to evaluate their promotional campaigns and provides them with up-to-date financial and marketing data relating to their releases.

Canal+ Group

Subscribers are key stakeholders for Canal+ Group, which held a meeting with consumer associations in France in 2018 attended by the Head of Distribution, Technical and IT department, the Head of Customer Relations and the Customer Dialog Manager. The group sought to establish dialog with consumer associations, including encouraging frequent informal contact and feedback from them. The meeting was an opportunity to assess the types of complaints submitted to Canal+ Group by consumer groups. Canal+ Group also works with the Federation of E-Commerce and Distance Selling (Fevad), which it has belonged to for many years and which acts as a mediator within the sector.

Canal+ Group regularly conducts customer satisfaction surveys designed to measure subscribers' perception of its offers and content. The group has developed an innovative service by upgrading its customer service center in Rennes (France) to an experimental customer service laboratory, Canal Le Lab. Among other things, Canal Le Lab is a platform for obtaining opinions and building communities of test customers to collect feedback from the earliest stages of designing products and offers.

Dialog with stakeholders of Canal+ Group's international entities again largely focused on piracy in 2018 (see also Section 2.3.2.2 of this chapter). It was set largely within the framework of associations, such as Convergence, active in several African countries, and Content Alliance in Vietnam, which bring together content creators and other leaders from the cultural industries. In Vietnam, Canal+ Group's subsidiary also conducted a survey of 400 students in an event dedicated to creative industries and copyright protection, to gain a better understanding of the reasons for consuming pirated content and to test the appetite of young audiences for non-linear audiovisual content viewing.

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. Examples include the BETC Teens Communiteens program designed to study the mechanisms of creating communities among adolescents, or the YouGov Galaxy Artificial Intelligence study commissioned by Red Agency to assess Australians' attitudes to artificial intelligence technologies. Surveys focusing on the societal expectations placed on brands also include the "Observatoire des Marques dans la Cité", launched by Havas Paris in 2018, and the global Meaningful Brands study led by Havas Media Group.

Some of the group's agencies are developing ways of working upstream of campaign design to involve more of the client company's stakeholders, especially when the campaign is devoted to sustainable development issues. In 2018, for instance, 46 campaigns were conducted following consultations with the client company's stakeholders (primarily NGOs).

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.

Among other things, the process has resulted in a more effective structuring of relationships with NGOs. In 2018, for example, Gameloft joined Women in Games, a global professional body advocating gender diversity in the video game industry.

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 Section 4.4.3.2 of this chapter).

Vivendi Village

At Vivendi Village, dialog with industry professionals takes place through the professional associations to which the entities belong (such as Fevad for Digitick, or Prodiss, the French union of producers and concert venues, for L'Olympia). See Tickets is a member of the Society of Ticket Agents and Retailers (STAR) and adheres to its code of conduct, which lays down 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.

4.3. 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.

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

Between April and August 2018, Vivendi's CSR and Compliance department carried out interviews with representatives from a range of different departments (e.g., CSR, HR, Legal, Public Affairs, Audit, Finance, Operations and Marketing) at group subsidiaries to identify the main non-financial risks – environmental, social and human rights – in Vivendi's business model.

Twenty-five contributors representing various departments in five of the group's subsidiaries (UMG, Canal+ Group, Havas, Gameloft and Dailymotion) analyzed a list of risks that could have a material effect on their business. This list was drawn up using industry references and benchmarks.

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 seven 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 Annual Report).

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 that participate in creating the music, films, audiovisual content and entertainment programs that Vivendi offers its customers.	See Section 4.4.1.1 of this chapter, "Scouting and supporting talent"
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 4.4.4 of this chapter, "Making people the company's driving force"
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 4.4.3.2 of this chapter, "Supporting mechanisms to ensure responsible 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 4.4.4.6 of this chapter, "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 for a failure to implement measures to protect human rights in the business, particularly in cases of harassment (excluding supply chain).	See Section 4.4.4.6 of this chapter, "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 4.4.5 of this chapter, "Taking environmental action"
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 and 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"

Particular attention was paid during the risk mapping process to the importance of sharing value equitably between the group's stakeholders. For an even better understanding and a more comprehensive governance of the issues at stake in "value sharing", Vivendi will carry out a more in-depth analysis as part of its value creation approach – the aim being to more effectively assess the value the group creates and then shares with its stakeholders. This will complement the analysis of the existing measures that are part of the group's societal commitments and are described in this chapter (e.g., investments in content, purchases from local suppliers and shared skills with local cultural industries in countries where the group is present).

For a description of the group's policies and measures to combat tax evasion, see Section 3.5, "Tax policy" of this chapter.

4.3.1. 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:

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

4.4. Our key commitments

4.4.1. SUPPORTING CREATIVITY AND FOSTERING A DIVERSITY OF CULTURES

With subsidiaries and operations all over the world, Vivendi is at the forefront of all cultures and creativity. Discovering and nurturing talents, supporting them, and helping them flourish and make a name for themselves in their home country and internationally is both its core business and its active contribution to the development of 21st century society.

To attract and retain talent, the group draws on all of its subsidiaries, which together form a powerful value chain dedicated to the creative industry. On a local level, it is committed to promoting cultural heritage by supporting artists and content creators, resulting in a diverse line-up that channels innovative new styles. Vivendi strives to support creativity wherever it is and nurture it in the places where it will inspire local audiences.

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, quality content. In 2018, it invested more than €2.7 billion in content creation.

4.4.1.1. Scouting and supporting talent

Talent is the beating heart of Vivendi's activities, from musical, audiovisual and motion picture content to live performances, comedy, communication and video games. The group's growth is driven by discovering, promoting and retaining talent (see also Section 4.4.4 on cultivating and keeping creative talent in-house).

Discovering and investing in new talent is not only crucial to the group's business model, but is also essential to rejuvenating the cultural landscape of the countries where it operates. Retaining artists is fostered by the group's ability to map out their career paths by widening the field of possibilities for talent across the value chain, from music platforms to recording an album, from talent shows to headlining at the Paris's L'Olympia venue, from online videos to TV talk shows, from shorts to feature-length films, stage shows or TV series.

Music

UMG takes a many-layered approach to scouting and supporting talent. This includes working closely with local A&R teams who are close to creative ecosystems and familiar with local cultural sensibilities, and whose own networks put them in direct contact with artists, managers, songwriters and producers. The expertise of these teams, who build trusting relationships with artists and support their creative process, is a key asset that helps the group forge lasting partnerships.

The strong brand recognition and creative depth of UMG's labels, along with the company's timeless catalog, hold a powerful draw for artists. UMG ensures that no door is closed and no route to market is shut to any act. An artist can sign directly with a label, enter into a music services deal with Caroline Records (caroline.com), or be self-sufficient through Spinnup, an app that distributes unsigned artists to digital partners globally.

The Universal Music Group & Brands team is a world leader in the creation of entertainment content. UMGB tailors global campaigns that enable artists to forge creative brand partnerships so they can reach new fans and influencers. Universal Music Group & Brands works on diverse projects with partners in more than 70 countries and contributions from more than 800 artists each year. Two examples among many include the Vacheron Constantin campaign featuring Benjamin Clementine and James Bay, and BeautyRest and Philips' sponsorship of the North American debut live performance of *Sleep*, an eight-hour composition by Max Richter.

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 (see Section 2.3.2.1 of this chapter).

Films, series and on-screen talent

To support actors, comedians, presenters and columnists in their development, Canal+ Group has two cross-business committees in its Publishing division, one that meets regularly and another specifically dedicated to new season programming. Moreover, specific 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. At the end of 2018, the group established an Artistic Talent department, tasked with creating and rolling out a cross-business talent scouting and management system in France.

With its status as the leading audiovisual group in French-speaking Africa and its growing investment in local content, Canal+ International opens up new perspectives for artists, and more and more of them are keen to work with a pan-African group producing quality content, thereby giving them unmatched visibility and recognition in Africa and beyond. The group's expansion in the broadcasting sector – with the launch of no fewer than three new channels in 2018 alone – allows it to regularly offer new projects to talents. Further enticement comes through the prospect of synergies with other Canal+ Group structures, which help increase its programs' visibility and profitability. The quality and loyalty of presenters on Canal+ channels in Africa is ample proof of the group's immense appeal for audiovisual sector talents. The Canal+ International Programs department is tasked with managing dialog with market players, scouting talents and monitoring relationships with them, and bringing their projects to fruition in a manner consistent with the channels' editorial lines.

Canal+ Group also puts great emphasis on discovering and supporting film and series talents through Studiocanal.

Groups of experts in film and series production review proposals received by Studiocanal (more than 400 film and series scripts every year), examining them from artistic, financial and marketing angles. This gives rise to a first selection that is then presented to the operational sales teams. A shortlist is subsequently presented to a Canal+ Group investment committee.

Team coordination, notably through regular artistic meetings and the pooling of lists of creators identified by the various production teams allows artists to grow their presence in films as well as on TV. A prime example is Timothée Hochet, who was first spotted on YouTube. Now, having created *Calls* for the Canal+ Création Décalée label, he is poised to adapt the format for American audiences, produced by Studiocanal and Apple.

Studiocanal is true to a consistent editorial line that attracts talent by offering quality films for international audiences and the strength of one of the world's biggest catalogs. The relationships of trust between artists and the Studiocanal teams are also key to effective collaboration.

Shorts and online content

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 young scriptwriters who are given the opportunity to write short formats for the channel. Canal+ has also set up a digital content division offering artists assistance in producing short formats developed specifically for the web. The Création Décalée label is a springboard for artists, giving them total freedom to express themselves on TV in terms of style, content and format. Throughout the year, Canal+ Group challenges artists in new roles in response to specific programming needs or for the Canaltour shows, an event for subscribers.

In 2018, to mark its 30th anniversary, the Planète+ channel launched an unprecedented operation in the form of a call for projects to find a new online news reporter. Planète+'s news explorer will be tasked with embodying the channel's values by providing an original and enlightened view of the world through reports that will be shared on Planète+ social networks. The winner will receive funding of up to €30,000 for their project.

Dailymotion has meanwhile tapped back into its DNA of discovery and support for creativity by encouraging independent young creators to offer quality content covering a wide range of issues on its platform.

From the stage to television

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 *via* the acquisition of broadcast rights to one-person shows. Examples include François Xavier Demaison, Manu Payet, Ahmed Sylla and Roman Frayssinet in France, or Valery Ndongo, creator of the Africa Stand Up Festival, in Africa.

Olympia Production, Vivendi Village's live show and concert production entity, shares Vivendi's commitment to supporting talented young musicians and comedians, such as comedian Roman Frayssinet: signed up in 2018, he now works with Canal+ as a regular guest on Mouloud Achour's *Clique Dimanche*, and performs on stage at the Théâtre de l'Œuvre.

Incubators, writing programs and talent hunts

Spotting talent often means identifying potential that has not yet found his or her voice, and helping him or her mature. That is why Vivendi supports young filmmakers, screenwriters and singer-songwriters in their creative endeavors through a variety of residence-based writing workshops and talent incubator programs.

Vivendi and Canal+, alongside the city of Cannes, the Université Côte d'Azur and its foundation, have created the Cannes – Vivendi/Canal+ International Chair. Its purpose is to discover talented screenwriters and 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, one for motion pictures (the Storytelling Institute) and another for series (the CannesSerie Institute). They feature well-known professionals, including those from Canal+ teams (Studiocanal and *Créations Originales*).

Since 2014, Canal+ Group's youth division has been a partner of La Résidence Jeune Public created by Folimage, a producer of animated works. Each year, La Résidence Jeune Public helps a director make an animated short film, pre-purchased by Canal+ Family. In 2018, Mexican director Raùl "Robin" Morales Reyes participated in the program with his short film *A Tiger With No Stripes*.

Canal+ also has partnerships with screenwriting programs dedicated to short and feature-length films in a specific genre (musical comedy in 2018), 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 also sit on judging panels in numerous competitions and film prizes, which allows them to spot emerging talents. Examples include the Sopadin Prize for screenplays, where the winning film of the 2017 edition, *Un Divan à Tunis*, was pre-purchased by Canal+ in 2018.

Canal+ Poland, in association with Polish director Andrzej Wajda's film school and the Polish Film Institute, is one of the main partners of the Script Pro competition for young novice screenwriters, which offers them a real chance to see their screenplay become a film. The selected participants develop their screenplays in workshops organized by the Wajda School, with Canal+ financing the grand prize awarded to the best one. Also in collaboration with the Wajda School, Canal+ Poland continued to support the Canal+ Series Lab for the third year in a row in 2018. The Canal+ Series Lab is a laboratory for screenwriters, directors and producers set up to develop innovative, multi-season Polish series and dramas with strong local roots. In 2018, four scripts were worked on and one was put into a development stage.

In Africa, several writing workshops are organized during the filming of local drama productions. Canal+ International also partners with festivals and young talent development laboratories for film production, such as the Ouaga Film Lab (Burkina Faso) and the Emergence Festival (Togo), and funds training programs for video journalists (see Section 4.4.6.1 of this chapter). The aim here is not only to increase the number of perspectives presented, helping diversify the stories told on the small screen, but also to increase the skills of the audiovisual sector in sub-Saharan Africa by promoting the emergence of future content producers with the necessary technical skills and qualifications to work with the group.

UMG supports new talent and emerging artists in the music industry by sponsoring educational programs (see Section 4.4.2.3 of this chapter). New artists continue to be discovered on Spinnup, the UMG service that distributes emerging artists to leading digital music partners. Spinnup interacts closely with UMG's label A&R executives. Since 2013 more than 40 artists (Nelick, Maes, Vigiland, Hornet la Frappe and more) have signed to UMG, including eight in 2018 alone. Spinnup also regularly provides artists with the opportunity to perform at major music events such as Le Printemps de Bourges in France and the Raptags contest, organized by urban music label Chapter One, in Germany. To date, more than 200,000 artists are registered on Spinnup.

UMG continues to partner with TV franchise *The Voice*, signing local talent from the various national adaptations of the show, which is broadcast in over 180 countries. UMG also works with brands on various initiatives such as the Project: Aloft Star talent search competition, developed in partnership with the Marriott hotel group in the United States, Europe, Asia and the Middle East.

Communication and visual arts

To foster new talent among photographers and illustrators, some Havas agencies such as BETC and Havas Amsterdam organize "portfolio meetings" with artists and their agents to create links between creative teams and varied talent profiles. Furthermore, UMG France signed a partnership with French Ecole de l'image Gobelins for future projects combining music and artwork.

Havas agencies focus on promoting creativity in a range of forms. Magasins Généraux, the creative hub formed by BETC, hosts several exhibitions throughout the year, in addition to hosting the contemporary art center CNEAI (Centre National Édition Art Image). One example was *Artagon.IV – Heading East!,* promoted by the Artagon program designed to showcase creative work by young Europeans, which presented the works of 32 young artists selected from art schools in Paris and Moscow. Similarly, Arnold Worldwide has a dedicated space known as the Good Gallery to promote local creativity. In 2018, it hosted works by female visual artists in the exhibition *More Than a Riot*, which focused on the position of women in society. Lastly, since 2014, the Havas Gallery in Puteaux's Havas Village has specialized in exhibitions of still or moving images to introduce its employees and visitors to the "image makers" of today.

4.4.1.2. Promoting local artists

The group serves as a cultural showcase that supports local artists wherever it operates. UMG holds an extensive catalog offering a vast array of musical genres stemming from the group's commitment to investing in local talent. The development of original Canal+ content marketed under the *Créations Originales* label and in Studiocanal's films is permeated with French and European culture, while Canal+ International is a committed stakeholder and major investor in local movie and TV production, particularly in Africa.

UMG: investing in local talent

Supporting culture in all its diversity is integral to Universal Music Group's business, as evidenced by its extensive catalog covering every musical genre. UMG's growth stems from its ability to develop its roster of international artists, but also to spot and promote local artists, from young and emerging to best-selling acts. An established leader in its different national markets, UMG recorded albums in 44 languages and released in 120 countries in 2018.

Thanks to its unrivalled global marketing network, the group can take a local superstar global. UMG labels in Europe and Africa have also joined forces for the first time to sign and release African songwriters and performers. UMG Nigeria, the group's newly launched division in Western Africa, co-signed Nigerian artist Tekno in conjunction with Island Records UK as well as Tanzanian singer/songwriter Vanessa Mdee in conjunction with AfroForce1 Records, Universal Music Central Europe and Universal Music South Africa.

Canal+ and Studiocanal: rooted in European culture

Canal+ Group is positioned as a major European and French media company, proud of its ability to create content with strong local roots and a global resonance.

109 French-language films financed by Canal+ in 2018

In 2018, Canal+ Group renewed its agreement with the French film industry, extending until 2023 a partnership dating back more than 30 years. The new agreement, combined with new rules governing the media release schedule, reinforces Canal+'s unique position in the financing and distribution of French films, where it remains the number one partner. In 2018, Canal+ actively supported the industry by investing €101 million for the pre-purchase of a total of 109 French-language films.

Canal+ Group's youth channels are also major players in the production of animated series in France. They provided more than €7.7 million in financing to support 17 French-initiative animated series and programs, which they broadcast exclusively in 2018. French and European culture is also central to the development of the youth channel's programming and content. 2018 was a bumper year, with the launch of three new series adapted from literature: *Ella Oscar & Hoo*, *Non-non* and *Arthur et les Enfants de la Table Ronde*, not to mention the release of the second season of *La Cabane à Histoires,* an original production of the Piwi+ channel, whose first season won a prize at the 2018 Emmy Kids Awards.

In 2018, Studiocanal once again demonstrated its European leadership in the production, acquisition and distribution of movies and TV series. The Canal+ Group's motion picture subsidiary, which comprises the French unit and the British and German subsidiaries, is also active in Australia and New Zealand. In 2018, Studiocanal distributed 43 new feature-length films from seven different countries in the five territories in which it operates. It produced or co-produced 21 of them, working with 20 directors of four different nationalities.

Canal+ International: supporting local film and audiovisual content
One of the leaders of cinematic expression in mainland France and its overseas departments and territories, Canal+ Group also plays a significant role in Africa, Poland and Vietnam, where Canal+ International's subsidiaries invest in local talent and give them international opportunities.

Dramas, series and documentaries created by Canal+ International are now being developed under the Canal+ Original label – a variation of *Créations Originales,* and a big part of Canal+ Group's DNA. New programs adapted to the specific nature of each region and involving local talent were launched in 2018. In Africa, Canal+ brought out its first original series, *Invisibles*, created and directed by Franco-Ivorian director Alex Ogou. Canal+ gave considerable support to the creation of this blockbuster, which took nearly two years of development, one year of production and five months of filming in Côte d'Ivoire. In September 2018, *Invisibles* became the first French-language African series to receive a prize outside Africa, winning Best Foreign Francophone Story at the La Rochelle International TV Drama Festival. In Poland, two years after the success of *Belfer*, nc+'s multi-prize-winning debut original drama, the group launched two new fully Polish series, *Raven* and *Illegals*, the second adapted from the spy novel of the same name by writer Vincent Severski.

In 2018, Canal+ International reaffirmed its commitment to promoting African talent by participating in an increasing amount of local content. It helped produce dramas and programs for immediate broadcast, like comedy program *Le Parlement du Rire*, as well as *Rendez-vous*, a series looking at African countries and their cultural heritage, with the aim of portraying the continent in all its diversity. Canal+ International is also a committed player in African film industry, having co-produced or pre-financed nearly 70 motion pictures since 2005. Each month, Canal+ broadcasts at least one African film that is also made available in a non-linear format. In 2018, award-winning films such as *Félicité* (Senegal), *Wallay* (Burkina Faso), *La Raison du Plus Fort* (Burkina Faso) and *Makala* (Democratic Republic of Congo) enjoyed extensive exposure.

In addition, the group is continuing to support leading pan-African festivals celebrating local filmmaking, such as Clap Ivoire in Côte d'Ivoire, Émergence in Togo, and Écrans Noirs and Yarha in Cameroon. It also supported Série Series Ouagadougou, the first pan-African event entirely devoted to series, which held its first edition in 2018.

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 by Canal+ Antilles-Guyane, Canal+ Réunion and Canal+ Calédonie to support regional feature and short film festivals: Nouveaux Regards in Guadeloupe, Prix de Court in Martinique, and Même Pas Peur in Réunion.

Canal+ channels in French overseas departments and territories have a specific budget for producing films and documentaries in collaboration with local production companies. The issues addressed reflect local cultures, like *Jocelyn, Mi Tche Mwen*, a documentary by Martinique director Maharaki, which won an award at the Nouveaux Regards festival in 2018, *Deye Mas La*, a documentary that shows all the facets – historical, identity and social – of the carnival of Guadeloupe, and *Métisse de Coeur*, co-produced by Canal+ Calédonie, which tells the stories of mixed couples in New Caledonia. Canal Outre-mer's French overseas department event channel, with thematic programming of local productions from the West Indies and French Guiana, Réunion and New Caledonia, gives these productions a chance to shine. Canal Outre-mer also runs channels for overseas cultural and sports events, such as the Grand Raid and the Sakifo festival in Réunion and the Terre de Blues festival in Guadeloupe, allowing viewers from overseas France (and even from the mainland for the Grand Raid) to experience these events as if they were there.

Another local event channel, Novegasy, was launched in Madagascar in 2018. Dedicated entirely to local dramas (in Malagasy, a first for Canal+ Group), the channel mobilized exclusively Malagasy resources, from the production of the content broadcast (25 feature films and six series) to the design of the channel and the trailers. The channel will continue broadcasting in 2019.

Canal+ Group's Vietnamese subsidiary is also involved in local productions, funding some 15 Vietnamese films in 2018. The goal is to enrich the channel's film programming and create a regular tune-in time for film fans, with the premiere screening of a feature film after its theatrical release on the last Friday of every month. In Poland, with its nc+ subsidiary, the group also continues to offer local programming on its channels and to support local cinema: the film *Cold War*, winner of the Best Director Award at the 2018 Cannes Film Festival, was co-produced by nc+, which had previously supported director Pawel Pawlikowski for his film *Ida*. Ale Kino+ is devoted to European and Polish art house films and series, as is Canal+ Film, which has a programming window dedicated to local art house movies.

4.4.1.3. Preserving and promoting heritage works

Preserving and promoting their international musical and motion picture assets is a core mission at UMG and Canal+ Group, which manage outstanding catalogs representing both a rich cultural heritage for audiences and a powerful source of value creation for the group.

Promoting music catalog assets

For UMG, promoting its catalog assets is a global, cross-genre commitment, backed by extensive investment by its subsidiaries around the world (see Section 2.3.2.1 of this chapter).

54% of UMG's digital sales and 39% of its physical sales are generated by the catalog (works marketed for more than three years)

Deutsche Grammophon teamed up with Google Arts & Culture to launch an ambitious project to restore and digitize remarkable recordings from the era of 78 rpm discs which stopped being produced in 1948. The Shellac Project opens online access to treasures from the label's sound archives: highlights include previously lost recordings from Piero Mascagni and Louis Armstrong, and even readings by Leo Tolstoy.

2018 marked the 120th anniversary of Deutsche Grammophon, the world's oldest classical music label. The Yellow Label celebrated the milestone with a gala concert at Beijing's Forbidden City. Long Yu, the first Chinese conductor to lead a performance in this iconic setting, and Russian pianist Daniil Trifonov, a leading member of Deutsche Grammophon's younger generation of artists, figured among the globally renowned performers brought together for the concert. It reached a vast global following *via* simultaneous live streams in YouTube's 360-degree virtual reality and regular formats.

Along with continued investment in digitizing its musical catalog, UMG has established a centralized Creative Metadata Program powering music discovery for Voice, Streaming, Playlisting and Sync. To support this work technically, UMG enhanced the Pompidou Centre's Institut de Recherche et Coordination Acoustique/Musique's (IRCAM) machine learning software to output over 200 automated attributes for all of UMG commercially released digital audio content. UMG built the Amplify platform, allowing repertoire owners to tag their content and combine "human tags" with machine tags to service data to the group's accounts. UMG is also working together with its key digital distribution partners to best use these advanced data to power their search capabilities. By doing so, UMG continues to push the industry forward and provide a richer experience for fans and carve out a competitive edge for the group's content.

In addition to its catalog, UMG has a legacy of legendary locations in the history of music. In 2018, Abbey Road Studios, owned by UMG, was certified as one of the top 10 historic places for music and literature in the United Kingdom, alongside Shakespeare's birthplace and Jane Austen's home. Notably, in 2018 Abbey Road Studios was named Studio of the Year by the UK's Music Producers Guild. The prestigious award honors the studio's ability to blend more than 80 years of history with cutting-edge techniques, and to build new structures, including two new recording studios, added to the fabled Studios One, Two and Three and improving access for emerging artists.

Promoting movie catalog assets

Studiocanal continues to pursue an ambitious policy of promoting and preserving cinematographic heritage. Its motion picture catalog is one of the largest in the world, featuring 5,500 titles. In particular, it is continuing to digitize these masterpieces, allowing a wider audience to access them and thereby preserving them for the future (see Section 2.3.2.2 of this chapter).

These movie assets are an integral part of national and world cultural heritage. That is why Studiocanal regularly engages in events and partnerships that place films in a multicultural dialog with other forms of art.

To mark the restoration of Jean Renoir's films and their release in a boxed set, Studiocanal lent its support to the Musée d'Orsay to offer the public an extraordinary exhibition where Auguste Renoir's pictorial work and the cinematographic work of his son Jean conversed with each other in a unique exchange. The exhibition "Renoir Père et Fils, Peinture et Cinema", which ran from November 6, 2018 to January 27, 2019, gave Studiocanal the chance to reaffirm its commitment to culture in general and the promotion of European film heritage in particular.

In 2018, Studiocanal also restored Alain Resnais' masterwork *L'Année Dernière à Marienbad*, directly inspired by Adolfo Bioy Casares' novel *La Invención de Morel*, with a scenario by Alain Robbe-Grillet. During the exhibition "L'Invention de Morel ou la Machine à Images" (March 16 to July 21, 2018) at the Maison de l'Amérique Latine in Paris, Studiocanal showed extracts, photograms and projections of the restored film. In the wake of the event, to celebrate the avant-garde spirit that permeates Alain Resnais' film, Studiocanal also presented the film to the public in all of its territories, both in movie theaters and through a collectable video edition.

4.4.1.4. Innovating in entertainment content and development

Supporting creation also means innovating to foster the emergence of new forms of expression.

Havas, for instance, is committed to building relationships with startups offering innovative solutions that enable brands to better interact with their customers. This is the focus of the group's acceleration program, housed in the Station F campus in Paris and dedicated entirely to AdTech startups. In the United Kingdom, Havas Media has launched Media Futures, a division dedicated to fueling the debate on how emerging technologies can meet the needs of customers and agency teams. Tirelessly seeking to push back the boundaries to blend advertising, entertainment and media in new and engaging content and experiences, the group and its subsidiaries are involved in countless innovative initiatives. In France, BETC has devised a new production model in the form of BETC Pop, a hybrid structure which includes a content and events production agency, media and a music label (licensed to Polydor Universal). BETC Pop works with customers that want to put pop culture at the heart of their branding strategy.

In North America, Havas joined forces with UMG record label Capitol Music Group to launch Annex Tower Creative. Located in the iconic Capitol Records Tower in Hollywood, Annex Tower Creative is a first-of-its-kind alliance between a U.S. creative agency and an American record label. Annex Tower Creative will allow for cross collaboration between brands and artists across Capitol's multiple record labels, as well as unique partnerships within music, entertainment, art, fashion and brands to create cutting-edge content and experiences.

In 2018 Capitol Music Group launched the Capitol Innovation Center (CIC) to bring together leading thinkers from the music and technology industries, as well as the student community, to help drive the future of innovation in music. The CIC will provide space and conduct event programming designed to foster innovative ideas, bridge the gap between content creators and the tech community, and foster the next generation of leaders in music. The CIC hosts a collaborative workspace and songwriting studio where students, technologists, and content creators will work together under one roof. Other initial participants in the CIC include UMG Accelerator Engagement Network and Abbey Road Red Incubator. In December 2018, the CIC hosted Capitol Royale, a 2-day creativity and innovation marathon. Capitol Royale brought together more than 500 guests, 100 hackers, 15 partners, nearly 20 startups as well as producers and songwriters for a fully immersive experience to re-imagine music consumption and discovery.

In 2018, UMG participated in 10 hackathons globally. Over 100 prototypes were built during these events. UMG further demonstrated its commitment to promoting the development of innovative music-based startups by continuing to expand its Accelerator Engagement Network. At the end of 2018, UMG Global Accelerator Engagement Network has created partnerships with the following 8 accelerator programs: APX by Axel Springer and Porsche (Germany); Chinaccelerator (China); LeanSquare (Belgium); LINCC (France); NYC Media Lab (United States); SparkLabs (Korea); The Music Den (Canada); Melbourne Accelerator Program (Australia).

UMG continues to lead the music industry in the creation and support of new music-related product categories and formats. The culmination of a multi-year plan, in 2018 UMG launched a new product category called "interactive tracks." Unlike normal stereo files, these tracks allow music fans to interact with the sub-elements of a song, such as the vocals, backing vocals, guitar, bass, keyboard, and drums.

4.4.2. PROMOTING DIVERSITY AND INCLUSION IN OUR BUSINESSES

Promoting diversity and supporting equal opportunities and inclusion is a major area of development for Vivendi. Vivendi has built its diversity and inclusion policy on three essential pillars: its content, its external and internal talents, and its societal projects. The approach as a whole is geared towards achieving better business performance and greater inclusivity.

4.4.2.1. Promoting diversity in content

Vivendi and the group's companies have a specific responsibility for the content produced and distributed to a wide audience. The depiction of a diverse and open society is a key requirement for the group's businesses. This diversity fosters greater creativity; giving it its full weight results in products that faithfully reflect the group's customers.

Establishing forums that guarantee diversity

Ahead of its time, Canal+ Group has consistently cast the inclusion of diversities as a differentiating element in the creativity and editorial statements of its channels. The broadcast and programming departments of the group's channels have always believed firmly in the importance of allowing television to mirror society. This commitment, reiterated every year, notably before the CSA (the French broadcast media regulator), was behind Canal+ Group's establishment of a Diversity Committee and the creation of a Diversity Liaison Officer position. In 2018, Canal+ Group appointed a new Diversity Liaison Officer, who is also in charge of diversity and inclusion issues for the Vivendi group. The organization of the Diversity Committee has also been revisited to make its action more efficient. The Committee comprises the channel and broadcast directors bound by the commitments made to the CSA (namely C8, CStar, CNews and Canal+), as well as the Director of *Créations Originales* and the group's Head of Documentaries, the Head of Regulatory Affairs and the Head of HR Development. The Diversity Committee's role is to ensure a balanced and non-stereotypical representation of diversity in the channels' broadcasts, to prepare the annual commitments and reports submitted to the CSA, and to review prospective programs from the standpoint of inclusion and equal opportunities. Its meetings are also a forum for discussing good practices within the group.

Improving the representation of women on screen

On the air, as anchors, through reports or thematic programs, or *via* unifying projects, the group's channels are all committed to a better representation of women.

The Planète+ documentary channel regularly puts women in the spotlight, for example *via* its special focus on International Women's Day. On March 8, 2018, it aired *Planète Femmes*, a special program featuring 14 documentaries on women who influenced their times, and a prime-time broadcast of the documentary *Femmes du Rwanda*. The viewers' experience was "mirrored" by that of the group's employees, as a preview of the film was screened on the same day in the presence of its director, Sonia Rolland, with the aim of raising awareness among teams in the group.

In March, during "Women's Month", Canal+ International also offered a focus on women to audiences in Africa, with films including *Félicité, Jackie, Miss Sloane* and *Ghost in the Shell*, plus documentaries such as *Mama Colonelle*. The group also reiterated the *L'Afrique au Féminin* training program, selecting seven directors (both men and women) from seven different countries who received post-production training after making a film in their country of origin on the theme of "Women in African Society" (see Section 4.4.6.1 of this chapter).

24/7 news channel CNews is working to improve the representation of women in a number of ways: by naming anchorwomen to lead the most prominent shows, and by encouraging journalists to interview female guests and experts. In 2018, the number of women on air increased by 5%, and the number of female experts by 15%.

More than 60 stories and reports on diversity, inclusion and equal opportunity issues on CNews in 2018

To mark International Women's Day, Havas and Universal Music & Brands made a video of George Brassens' song *Les Passantes*, directed by the young and talented Charlotte Abramow. A poem in pictures, with a modern and effective voice, it is a real ode to women, their freedom and their diversity.

Encouraging women to succeed

Canal+ Group's constant efforts to improve the representation of women on its channels undeniably contribute to encouraging women to succeed and make their own choices (including professionally) freely and without self-censorship. *Créations Originales* including *Baron Noir,* season two (with a woman elected President of the French Republic) and the fourth season of *Le Bureau des Légendes* (where Marie-Jeanne is promoted to head of department) feature women in leading roles, showing that a positive depiction of female roles, where stereotypes are rejected, can inspire women, open doors and change mentalities.

It is with the same mindset that CNews has set itself the goal of increasing the number of women experts invited on its broadcasts.

Giving women room to thrive is also essential in other businesses such as the music industry. That is why one of UMG's stated priorities in 2018 was to improve the process for selecting producers and sound engineers so that more women are hired for projects. According to a study called "Inclusion in the Recording Studio", conducted by USC Annenberg as part of the Annenberg Inclusion Initiative, of which UMG is a partner, today, fewer than 2% of producers in the music industry are women. By encouraging women to consider this kind of career, UMG also hopes to expand its talent pool.

UMG also became one of the co-founding organizations behind She Is The Music (SITM), a non-profit created to drive equality and inclusion for women in music, especially female creators. Along with developing the first-ever global industry database of female creators involved in music production, She Is The Music will offer residencies, songwriting camps and a mentorship program to support the next generation of women in music across underserved communities. The Chairman and CEO of Universal Music Publishing Group is a co-founder and serves on SITM's Board of Directors.

Finally, as part of the Sounds Like London festival, UMG UK partnered with the National Portrait Gallery for "Women in Music" – an exclusive insight into the music business with Decca Records President Rebecca Allen and Decca-signed singer-songwriter Imelda May, one of the biggest-selling UK female artists of the year. In the year of the centenary of the women's vote in the United Kingdom, Sounds Like London highlighted the important contribution made by women in the music industry.

Raising the profile of people with disabilities

Disabled people are also increasingly represented and visible on the Canal+ Group channels. CNews, for instance, aired more than 30 reports about the daily lives of disabled people.

On Canal+, one of the regular consultants on *Canal Sport Club* is Michael Jérémiasz, an Olympic champion in wheelchair tennis, while Hab-Eddine Sebiane, former captain of the French wheelchair football team, is a regular guest on the *20 Heures Foot* magazine on CNews.

Lastly, C8's 7pm slots on Fridays welcome guests and columnists with disabilities. In 2018, this was the case for 24 episodes of the shows *Touche Pas à Mon Poste* and *Ouvert à Tous*, and seven episodes for *C'est Que de la Télé*.

Making content 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.

Among the Vivendi Village entities, See Tickets has a special phone line that allows 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.

Since September 2018, 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.

Lastly, 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.

Conveying messages of inclusion

As creative entities – content, music, entertainment, and information – the group's various companies are all poised to play a key role in diversity and inclusion.

UMG launched a special partnership with HBCUs (Historically Black Colleges and Universities) in Atlanta in preparation for a UMG-led summit in 2019. In addition, UMG US partnered with members of faculty and administration at Spelman College, Morehouse College, and Clark Atlanta University (all HBCU members) and UMG partner record label, Disturbing Tha Peace, to organize an event called The Belonging Table in October 2018. This series of round tables on black culture and community, and their impact on the music and entertainment industry, drew more than 150 participants.

The Canal+ Group channels are also well aware of the essential role they play in inclusivity at all levels of society. In accordance with their commitments to the CSA, Canal+, CNews, C8 and CStar are working to ensure that their broadcasts are a true reflection of French society. Endeavors have paid off, in terms of representation of people's differing origins on television in France, as highlighted in the latest CSA diversity barometer – 2018 wave (a rating of 17% in 2018 compared with 14% in 2014).

Havas Group has made the issue of representing diversity central to its commitments. In France, BETC, signatory of a charter initiated by the CSA and the French Union of Advertisers (UDA) against sexist stereotypes in advertising, is taking part in the Free the Bid initiative through which it undertakes to put forward the name of at least one female director when putting several directors in competition for a client. Lastly, the agency is working with the French Association of Advertising Agencies (AACC) to develop an action plan with all member agencies in favor of a balanced and non-stereotyped representation of diversity in content.

The Havas Village in London has appointed a Diversity and Inclusion Manager to train the various teams on how to offer greater diversity in client meetings to bring an additional wealth of ideas and thoughts. The Diversity and Inclusion Manager is also responsible for ensuring greater diversity in content and providing guidelines and advice in combating stereotypes in the agency's productions.

These commitments provide the creativity and boldness needed to launch campaigns that focus on issues of inclusion and non-discrimination.

In 2018, Havas Melbourne devised *The Real You Matters,* a campaign for Australian media group SBS, which wishes to promote a more inclusive work environment. The film, which features three individuals who conceal an essential part of their identity to their colleagues and managers for fear of being discriminated against, aims to promote the importance and benefits of an inclusive business, in an increasingly multicultural Australia.

BETC's campaign *La Parole aux Sourds* won a prize at Cannes, as did *Evita, The Equality Bill,* a Havas Buenos Aires campaign made for DDL&CO, a restaurant operator in Argentina. The film, which uses excerpts of speeches by the iconic Eva Peron, focuses on wage gaps between women and men in the country.

4.4.2.2. Workforce diversity as a performance driver

Talent diversity is a necessity, and an opportunity to improve the group's performance. Vivendi has employees in 78 countries, so diversity is an integral part of the group's identity, and a key factor in anchoring its businesses territorially.

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 equality of treatment between people by:

- training employees and managers on diversity issues;
- designing recruitment processes from a diversity perspective;
- implementing action plans, programs and/or collective bargaining agreements related to gender equality;
- adopting action plans or agreements on the employment of disabled workers; and
- taking measures to promote parental leave, including for men, and to facilitate the work-life balance (in 2018, 35% of parental leave was taken by men).

Vivendi is also a longstanding signatory of the Diversity Charter launched in France in 2004, as is Canal+ Group.

Moreover, in accordance with the International Labour Organization (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.

At the US and UK subsidiaries, employees have access to a whistleblowing hotline, in accordance with applicable rules and regulations, for reporting any instances of discrimination or harassment.

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.

The Havas Village in Chicago has created Havas Faces, a resource group for employees focused on diversity and inclusion. Arnold employees have created Let's Talk About IT, a group focused on facilitating and pursuing conversations about all aspects of diversity and inclusion. They are now exploring the possibility of partnering with the Marcus Graham project, which aims to increase diversity in the advertising industry. Havas came out in favor of pay equality at this year's 3% Movement conference, and it is a major goal for the United States as a whole in 2019. Havas New York has joined forces and partnered with Fast Forward Women. New York has employee-led groups such as Havas Proud, a group formed to celebrate and connect New York Village LGBTQ employees.

In the United Kingdom, Havas Village has drawn up a Diversity Charter to promote diversity in all its forms within its workforce. It works with charities and other organizations specializing in recruitment of a diverse workforce in entry-level positions, apprenticeships, internships and work-study programs.

Gender equality

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

49% of group employees are women and 46% of managers are women

The consolidation of Havas has helped increase the representation of women in the group.

All the group's businesses share the commitment on this issue 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 skills 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 issues 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 work-life balance.

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.

More generally, Vivendi aims for gender parity in succession plans and promotions. Agreements include measures to identify and correct pay gaps.

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 12-month action plan starts with a diagnosis before making the necessary adjustments and implementing follow-up.

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

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 and today comprising around 50 women from all of the group's French entities, aims to support women in their professional development and help them break through the glass ceiling.

Similarly, to support and facilitate women's career development in the music industry, the Universal Music Women's Network provides an outlet for women to share experience and expertise, and unlock their potential.

For instance, UMG US has rolled out a new program known as umSHE Leads, in a fresh example of commitment to equal opportunities for women.

In 2018, Havas launched the Femmes Forward program to promote women in management positions. In its first year, around 40 women took part in the program, with training modules based on skills and experience, inspiration from internal and external opinion leaders, group coaching, networking and mentoring by experienced Havas leaders. Other initiatives such as Fast Forward Woman and Havas Health and Her have also been launched in the Havas Group. They reflect its desire to promote leadership among women.

Other programs promoting change in behavior and combating stereotypes have been introduced in the group's various entities including:

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

Six women (out of 12 members as of December 31, 2018) sit on the Vivendi Supervisory Board, representing 55% of the Board. In accordance with applicable law (Law No. 2011-103 of January 27, 2011), the calculation does not include the employee representative.

Women now represent 31% of the members of the Vivendi Executive Committee.

The rate of women leaders is also increasing in the various businesses.

Two women have been members of the UMG Executive Committee since 2015, and eight have been appointed to Executive Vice President or Senior Vice President positions; 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%.

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

A woman is soon to be appointed to the Gameloft Executive Committee.

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 comes in different forms involving recruitment, job retention, training, awareness and the implementation of various events related to disability, resulting in a comprehensive approach taking into account the specific nature of the business and local law.

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

In 2018, Vivendi made a commitment to LADAPT, an association for the social and professional integration of people with disabilities, as part of the organization of the 22nd European Disability Employment Week from November 19th to 25th. In addition to making a financial contribution, Vivendi was a member of the task force for the organization of this disability awareness week, and took part in the opening morning at Paris City Hall on November 19th.

Vivendi also organized a roundtable entitled "Another Perspective on Disability" for employees at head office and its subsidiaries. Over 80 employees attended. The various guests at the round table discussed disabilities in business.

Canal+ Group has had for several years a long-term policy of hiring employees with disabilities, known as "Mission Handi+". 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 carried out during National Disabled Employment Week and the facilitation of a network of disability liaison officers among employees; and
- participation in recruitment forums and maintenance of specific partnerships such as Handicafé, Forum Adapt, Tremplin and the GESAT fair (national network of workers with disabilities), and support and retention of employees through various forms of assistance.

Havas also 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 sensitive people committed to the issue of disability in the Havas Group".

A committee made up of the various stakeholders within the Havas Group meets quarterly. The complementary profiles of its members help facilitate practical progress on disability-related issues. They include representatives of HR, staff, paramedics, managers of employees with disabilities and liaison officers, and are all advocates for this important issue.

The employment rate of people with disabilities is constantly increasing at Havas.

Digitick works closely with the association the ARPEJEH (a French association working to help young and disabled students achieve their goals), and is committed to attracting young trainees with disabilities.

4.4.2.3. Partnerships for inclusivity and equal opportunities

Vivendi develops strong partnerships in the countries where it operates, allowing access to its content and business by people who are the most removed from it. Its constructive role in non-discrimination and the fight against inequality stems from a firm belief that a large group can perform well while bringing meaning to its employees, partners, customers and, more broadly, the society in which it operates.

Vivendi Create Joy, the group's solidarity program

The Vivendi Create Joy solidarity program celebrated its tenth anniversary in 2018. Create Joy 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, in Vivendi's fields of activity.

Vivendi employees contribute to the success of these projects as Create Joy Ambassadors, above all by volunteering skills. In 2018, the tenth anniversary of Vivendi Create Joy was celebrated at the Théâtre de l'Œuvre. The evening aimed to rekindle the program's ambition and showcase the associations taking part and the testimonies of the employees volunteering with them.

Since 2008, the group's solidarity program, rolled out in France, the United Kingdom and Africa, has given support to over 70 associations involved in initiation and the professional training of underprivileged, marginalized or sick young people.

Empowering young people through Vivendi's business lines

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 exercise their creativity and explore exciting worlds, but also to discover businesses and jobs related to their passions.

Vivendi became a partner of the Innov'Avenir program to support the transmission of digital culture to all young people. Promoted by the Entreprises pour la Cité network, it aims to give young people in underprivileged areas the keys to understanding the 21st century, to broaden their professional horizons and to make them actors in digital society. In 2018, Vivendi and Gameloft employees took part in Challenge Innov'Avenir, a project aimed at giving young people a voice in their neighborhoods by developing an innovative digital solution serving the public interest.

UMG contributes to a series of initiatives designed to encourage the development of young audiences through music, providing lasting support for its various partner organizations.

In the United Kingdom, UMG has backed the OnTrack program run by London's The Roundhouse venue for more than ten years. OnTrack offers music-related vocational training to marginalized kids ("not in education, employment or training" or NEET). The results from 2018 are the best yet, with 70% of the participants having progressed into education, employment or training within three months, a figure that rises to 81% within six months. UMG's support of OnTrack won the Gold Corporate Engagement Award for best Arts and Culture Programme at the Corporate Engagement Awards 2018.

Aside from sponsoring the Universal Music UK Sound Foundation, which promotes music education, the group also partners with 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 2018, UMG welcomed 38 trainees from the school for two weeks of intensive hands-on experience across all divisions of the company, including Abbey Road and Universal Music Publishing. Employee participation in the initiative included ten staff members acting as mentors to individual trainees throughout the year, while closer links were forged between the school and the A&R teams.

To provide a stepping stone to 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. Similarly, in France, UMG employees and the Create Joy fund put together a writing and musical creation camp for young people from underprivileged neighborhoods in Marseille. Participants produced a demo in studio with advice from rapper YL. One of the participants later took a co-op position with UMG digital teams.

For the fourth year in a row, UMG Australia partnered with the charity Musicians Making a Difference (MMAD), which helps young people through hard times. Each year, UMG Australia employees mentored a group of ten young people from MMAD to help them build a high-impact campaign that celebrates the power of music, featuring Australian and international stars such as Troye Sivan, Alessia Cara and Gary Lightbody. The kids and their mentors worked together to create tracks and an official video.

Finally, in India, UMG supports the Dharavi Project, a dance school set up in South Asia's largest slum. The school has 75 students, who learn rapping, beat-boxing and street art, and also gives them the opportunity to attend master classes given by experienced UMG staff members.

Canal+ Group also carries out initiatives enabling young people to learn about the audiovisual professions. In Guadeloupe, the group puts young trainees on the sets of local co-productions. In France, it organizes the Grand Match Égalité des Chances, a journalism competition sponsored and hosted by Kevin Razy in 2018, and reserved for young people between 18 and 25 supported by a panel of non-profit organizations that promote equal opportunity. The best stories were selected, followed by an audition, and the winner benefited from work experience with the group's editorial teams. In 2018, the initiatives undertaken by the group for underprivileged young people were showcased on National Youth Day, with a debate and a screening of Maïmouna Doucouré's documentary *C'est Pas Pour Nous*, and a talk by rapper Sofiane, organized for the group employees and some high school classes.

Since 2017, Havas Paris has run Creative Summer in partnership with Secours Populaire. The idea is to work with a dozen young people aged between 18 and 29, helping open them up to all forms of creativity and inspiring them to complete a personal creative project. Volunteer employees acting as mentors, in connection with the whole agency, introduce them to the various formats of creation and communication, and help them translate their ideas into reality. The agency then exhibits the resulting work inside its offices. Similarly, Havas UK has joined forces with NGO Creative Mentor Network to offer voluntary mentoring for students from diverse backgrounds interested in careers in advertising.

To further its actions in diversity, inclusion and equal opportunities, and knowing that this commitment is a source of unity for all the group's activities and all teams, Vivendi created an international group Diversity Committee at the end of 2018.

4.4.3. OFFERING HIGH-QUALITY AND MEANINGFUL CONTENT

Media, content and communication companies play a prominent role in society because of the impact and influence of their output. This means that Vivendi has a special responsibility for the quality of its content and the impact of the representations it conveys. Moreover, in view of the impact of its creations, the group aims to give them meaning through the stories they tell and the messages they express, so that they reflect and accompany changes in society.

4.4.3.1. Providing answers to society's questions

Inspiring emotion and stimulating critical thinking as a means of surprising and challenging the audiences, offering openness and shedding light on current events, and putting its creative capacities to work for great causes are some ways in which the group's businesses can help shed fresh light on the world through media content, advertising campaigns and partnerships.

Taking part in meaningful campaigns

Havas agencies are constantly changing and rethinking their positioning in relation to advertisers in order to track – or even anticipate – major upheavals in society.

Havas Group has defined six social responsibility commitments, one of which is to be a leader in the creation and promotion of responsible communications. This ambition is central to the group's purpose, dubbed Making Brands Meaningful. 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.

In Common Ground, an initiative bringing together Havas Group and five major global communication groups to promote the UN's Sustainable Development Goals, Havas is specifically addressing Goal 13, the fight against climate change. To this end, the group is working with the world's leading brands to create campaigns dedicated to the climate (see Section 4.4.5.4 of this chapter).

The *Palau Pledge* campaign is a perfect example of the creativity behind this commitment. Created by the Host/Havas agency in Sydney, it raises awareness among tourists about the dangers threatening the Palau archipelago and the need to conserve its ecosystem by stamping an ecological commitment charter on their passport and asking them to sign it before the country issues their visa. Winner of three Grands Prix at the 2018 edition of the Cannes Lions International Festival of Creativity, including one created in partnership with the United Nations in the Sustainable Development Goals category, the campaign also received the Champion for Humanity award at the UN's Global Goals Week.

In London, Havas London and UMG subsidiary Mercury KX/Decca Publishing have created a campaign for the Sharp's Brewery brand, based in Northern Cornwall, which wanted to make a commitment to the fight against ocean pollution. The result is an EP of four tracks composed by pianist Sebastian Plano and performed by Keynvor, a fictional recording artist named after the Anglo-Cornish name for the Atlantic Ocean. The profits generated by the purchase or streaming of the first single, *Preservation*, will be donated in full to NGO Surfers Against Sewage, which works for the preservation of the coast. Havas and Mercury KX/Decca Publishing were honored at the 2018 Music Week Sync Awards, in the Best Social Media/Online Partnership category.

Another noteworthy campaign created on social issues in 2018 was *In Someone Else's Shoes,* designed for Santander by Arnold in Boston, in partnership with NGO Heading Home. It features Jen, a woman who works full-time and yet lives in her car, like 25% of the population. In an exercise in virtual reality, the agency offered passers-by the chance to literally put themselves "in her shoes". Havas Germany's *Repicturing the Homeless* campaign, created for Getty Images in partnership with Fiftyfifty magazine, also challenged stereotypes around homelessness, depicting homeless people in a series of stock images illustrating some of the most searched-for topics in Getty's photo library (e.g., businesspeople, shopkeepers and people traveling).

Pro bono campaigns are another large part of the shared approach taken by the Havas agencies, which put their resources and creative energy at work for free to support associations and general interest causes, making advertising an accelerator of virtuous behavior.

143 pro bono campaigns carried out by Havas Group agencies in 2018

Among the many pro bono campaigns carried out by the Havas Group agencies in 2018, BETC's *Game Chaingers* campaign for UNICEF was a mini revolution in fundraising. Running from February 2 to March 31, 2018, it was aimed mainly at the 711 million strong global gamer community and e-sports fans, allowing them to use their graphics cards to generate Ethereum, a cryptocurrency, to raise money for UNICEF.

For Imagyn, Havas Paris designed an awareness campaign to educate women about gynecological cancers and encourage them to have a gynecological exam once a year. For this campaign, Havas Paris provided advice, content creation, press relations and negociating free ad space. Released in May 2018, the campaign generated more than 100 press articles and was broadcast on TV 450 times.

In South America, Havas Colombia partnered with the National University of Colombia, which owns the country's largest natural history collection, to stage an exhibition-performance condemning the massive deforestation seen in that country. Artists created skeletons of animals living in the Colombian forest, which risk extinction because of deforestation. *Deforested Bones,* which used art to raise environmental awareness, involved all Havas teams based in Colombia.

Taking a fresh look at social issues

Planète+, Planète+ Crime et Investigation and Planète+ Aventure et Expérience play a major role in Canal+ Group's aims to offer content that fulfils its social commitments. In 2018, Planète+ screened original productions including *L'Odyssée pour le Futur* (see Section 4.4.5.4 of this chapter), *Femmes du Rwanda* (see Section 4.4.2.1 of this chapter), and *Si Loin, Si Proches. Si Loin, Si Proches*, a documentary directed by Alex Badin and Delphine Cohen, features a Maasai chief and the mayor of a small town in the north of France. Their dialog shows something of what we all share as human beings – the tribulations of the two men not being so very different – but also gives viewers an understanding of their respective cultures.

On December 9, 2018, Planète+ Crime et Investigation and Planète+ aired a special evening featuring two documentaries directed by Marjolaine Grappe, a director supported by the group since the start of her career. The program included the premiere of *La Couleur de la Justice*, an original Planète+ Crime et Investigation production, which looks at the place of minorities in the American judicial and police system, followed by *Corée du Nord: les Hommes du Dictateur*, for which the director won the 2018 Prix Albert Londres in the audiovisual category.

Canal+'s Créations Documentaires also help raise public awareness of contemporary issues, however diverse they may be.

In January 2018, the channel aired *Exodus: The Journey Continues*, the second part of a documentary that was remarkable in many ways. In its first part, *Exodus*, which won the International Emmy Award for Best Documentary 2017, migrants themselves filmed their journey through 26 countries to their final destination in Europe. Two years later, they tell how – and indeed if – they have managed to start rebuilding their lives.

Just Kids, a documentary by Mathias Pardo, tells the story of three young Africans who arrived on their own in France and the initiative of Maud Angliviel, a young law student, who created a football team for them. FC Melting Passes is a sporting and human story that reminds us that these young people left to look after themselves are still "just kids".

Canal+ also takes a fresh and offbeat look at the news, with a healthy dose of impertinence, in some of the productions created under the Création Décalée label. The documentary series *Kings, Moi si j'étais un Homme*, for instance, shows female actors, models, singers and comedians who disguise themselves as men and film themselves in streets and in bars. By going out and connecting with others, they reconnect above all with their femininity, their virility and the clichés associated with them. Directed by Katia Lewkowicz and featuring actress Mika Tard as a character in each episode, *Kings, Moi si j'étais un Homme* takes an offbeat look at the social construction of gender.

With the same goal of addressing contemporary issues, and with a hint of quirkiness that gets you thinking, comedian Kevin Razy, first discovered by the Jamel Comedy Club, has created *RDV avec Kevin*, where he and a guest take an original look at the world as socially aware citizens. Another example comes from actor and author Marion Seclin who revisits the news from a feminist angle in her weekly short-form series, *Cette Semaine Madame*.

Canal+ International also provides audiences with content on general interest issues in programs developed specifically for Africa. *Enquête d'Afrique* deciphers social issues. In 2018, the monthly magazine raised public awareness on major issues including ecological problems (the report *La Guerre des Sacs Plastiques*) and the absence of citizenship for many children in Africa (the report *Sans État Civil*).

Lastly, since 2018, the CNews 24/7 news channel has been producing, in partnership with Vivendi's Corporate Social Responsibility and Compliance department, a monthly program entitled *Envie d'Agir*. Every month, *Le Carrefour de l'Info* welcomes a socially committed citizen working in their own way to make a difference, especially in terms of inclusion.

Contributing to the visibility of general interest causes

In 2018, Vivendi and its subsidiaries partnered with the international organization Global Citizen, which works to combat extreme poverty, to support and raise awareness of one of its major events, the Global Citizen Festival: Mandela 100, held in Johannesburg on December 2, 2018. Canal+ Africa broadcast the festival to its millions of viewers in 30 African countries and CanalOlympia theaters offered free screenings. International stars including Beyoncé, Jay-Z and Eddie Vedder headlined the festival, held to mark the centenary of Nelson Mandela's birth and to raise funds and promote awareness about the fight against extreme poverty. UMG's Executive Vice President is a member of the Board of Directors of Global Citizen. She also chairs the Global Citizen Rewards program, an initiative in which major artists donate concert tickets that are earned when users take specified actions to end global poverty.

Vivendi was also a partner in the Paddington World Run for UNICEF solidarity race, a free, connected race that mobilized more than 10,000 participants over two days. Since 2017, Paddington™ has been a children's rights messenger for UNICEF: the partnership sees the little bear pursuing the organization's goal of promoting children's education and health, and helping to keep them safe, happy and fulfilled.

For the second year running, Gameloft partnered with War Child UK, an NGO that helps children living in conflict zones. The group has made dedicated bundles with non-aggressive content available in two of its games, *War Planet Online* and *March of Empires*, donating all their profits to the organization. Gameloft also joined four other mobile game publishers to produce *Help: The Game*, a bouquet of five games (each made specially by one of the partners), whose proceeds go to funding projects run by War Child UK and Children in Conflict to support child victims of war.

4.4.3.2. Supporting mechanisms to ensure responsible content

The influence of its content means that Vivendi has a special responsibility to its stakeholders and audiences, especially the younger ones, to ensure that the content produced and distributed by the group is not harmful to them.

The European Alliance to Better Protect Minors Online

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 in all of the countries where it operates.

Since 2016, Vivendi has been a member of the Alliance to Better Protect Minors Online, a European Commission working group promoting links between major media and digital players (e.g., operators, publishers, platform operators and search engines), and child safety NGOs. In 2018, two years since they came together, the signatories reviewed the measures taken to improve the protection of minors in the use of audiovisual and digital tools. Within the Vivendi group, practical initiatives have been conducted by UMG, Canal+ (in particular in the Piwi+ and Télétoon+ youth channels), Dailymotion and Gameloft. Described in the sections below, they have been presented to the Alliance.

Policies in place within the group

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

The corporate governance structure of Canal+ Group's television service providers ensures the independence of editorial functions 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.

Pursuant to French Law No. 2016-1524 of November 14, 2016 aimed at strengthening media freedom, independence and pluralism (the Bloche Law), Canal+ Group has adopted the following measures to address the law's two key focuses:

- 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. The CSA (the French broadcast media regulator) was notified of the Committee's composition. Initially made up of four members, the Committee was expanded to include a fifth member in November 2018. One matter was referred to it in 2018. Its annual report for the year was posted on the group's website in February 2019; and
- 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. Signed by management and the president of the CNews association of editors in December 2017, it was adopted for the group's other channels in 2018.

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+, 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.

In 2018, Canal+ Group continued to roll out policies aimed at providing parents with parental control tools and applying age range guidelines on its content wherever they broadcast. Also in 2018, the group launched a new online platform for children, myCanal Kids: free of advertising, the new interface 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 primary expectation of Havas stakeholders is that Havas supports responsible communication that takes into account the impact of the representations conveyed and ensures the truthfulness, clarity and fairness of the information stated or implied in its messages.

Two documents govern the group's policy: 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 empower employees and give them a reference tool to guide them in determining appropriate courses of action when creating advertising campaigns.

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), whose powers in some cases include mandatory control over advertising messages upstream of their distribution. Agencies can request advice and opinions from these bodies to ensure that ethical rules are taken into account from the design stage. Havas Paris, for instance, proactively seeks advice from the ARPP on publications in the press, which, unlike productions intended for TV, are not subject to mandatory control.

At the same time, various initiatives are implemented within the agencies to raise awareness and train teams on ethical rules. These initiatives help employees to provide services that are aligned as closely as possible with the expectations of the profession and consumers, and to anticipate new challenges in terms of responsible communication. They include face-to-face meetings, the provision of online resources and the opportunity to take part in training provided by the regulatory authorities.

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. That is why the video game publisher has adopted detailed rules to control each game from the creation and development phase and throughout its lifetime, especially when updates are made.

The group'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 guidelines setting out the rules applicable to games 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.

Compliance with these guidelines is overseen by the Legal department itself, which is involved at all stages, with a lawyer assigned to each game. 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 receive Gold Standard certification from the Internet Advertising Bureau (IAB), which has three objectives: reduce advertising fraud, improve the digital advertising experience and increase brand security. 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 relaunch in 2017, Dailymotion has aimed to offer the highest standards of any service in the market to protect its users, rights holders and the brands of its advertisers. Several initiatives and commitments have been made to protect Internet users and enhance the rights of third parties, in the consistent aim of creating a safer Internet for users and better value sharing between creators and content-sharing platforms.

To protect Internet users in general, and in particular, its own users, Dailymotion has a team dedicated to support and moderation working 24/7. It handles all reports received. On the issue of regulating illegal online content, Dailymotion is committed to making its best efforts to remove all terrorist and child pornography content within an hour of a report being received. Other clearly illegal content is aimed to be removed in less than two hours. To achieve these results and in accordance with regulations, Dailymotion provides Internet users with an easily accessible tool for reporting illegal content and works closely with France's Central Office for Combating Information and Communication Technology Crime (OCLCTIC) and its Pharos platform dedicated to the fight against cybercrime.

In a continuous improvement approach, Dailymotion has progressively strengthened its reporting system by adding new categories in line with developments in its interface in 2017 and 2018. It has incorporated two new occurrences, one to report any hate content (racial, anti-Semitism, anti-LGBT+) and the second to signal fake news with a biased treatment of information. Dailymotion is the first European video hosting platform to have introduced a tool for reporting fake news.

To address the growing concern of Internet users, in 2018, Dailymotion also adhered 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. Dailymotion also remains very committed to protecting minors and young Internet users. To this end, it has signed the European Safer Social Networking Principles associated with the Safer Internet program and has rolled out a parental filter, which is a default setting on its service.

At the same time, Dailymotion has been committed since its creation to the protection and fair remuneration of authors and creators. In addition to the content reporting procedure, with the terms and removal times described above, Dailymotion offers its partners a content protection solution that uses two technologies developed by INA and Audible Magic in tandem. The solution is based on the use of "fingerprints" that can block the fraudulent uploading of any video or audio content protected upstream by the rights holder. Dailymotion also offers partners wanting to manage their rights closely an in-house solution that allows them to monetize content posted without their consent.

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. UMG includes this information in music file metadata to ensure that the label is uniformly displayed across the entire distribution chain, including digital channels.

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, a different set of reviewers at the corporate level makes another assessment of the material in question. This corporate review may lead to another dialogue with the artist – and at times the artist may decide to make certain additional modifications.

Finally, wherever UMG operates, the company works with local industry associations and regulators. In Japan, UMG is a member of the Music Production Ethics Committee of the Recording Industry Association of Japan and applies both the committee's standards and its own internal guidelines. In the United Kingdom, UMG applies an age-rating system in coordination with the British Board of Film Classification, to which all videos intended for online distribution that may also include inappropriate content are submitted. In 2018, the 43 submitted videos were returned with a 12 or 15 rating and none were rated 18.

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

4.4.4. MAKING PEOPLE THE COMPANY'S DRIVING FORCE

Vivendi is well aware that the group's success is a direct outcome of the engagement of the people who work for it and, as such, is committed to career development and working conditions that protect their quality of life in the long term. The human resources (HR) function has a decisive role to play in the company's development, organization and activities, matching employee expectations with opportunities to develop and thrive within the constantly changing environment of Vivendi's different businesses.

Long-term success is dependent on the group's ability to attract, support and promote talent. This means the group must be able to offer all its employees an environment conducive to their career expectations, encouraging each business and each subsidiary to develop and implement its own initiatives. 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.

Furthermore, in today's environment of digital transformation, more and more companies are in need of technical experts, engineers, developers, data scientists and web designers. Faced with this shift, the group's business units actively seek to make their projects more attractive to ensure that their corporate culture and management practices satisfy employee expectations.

With this in mind, the HR teams work with managers to make sure that employees are listened to, particularly through surveys, feedback interviews and other opportunities for discussion, whether structured or informal. They also aim to give employees the best possible career development opportunities, implementing dedicated programs where each individual 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.

4.4.4.1. Attracting talent

All the group's businesses strive constantly 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.

They form 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) and foster dialog by attending recruitment forums, holding classes given by managers or talks from company employees, taking part in challenges for students and hiring interns or candidates for work-study programs.

Several of the group's entities have identified work-study programs as a valuable HR development strategy, with 701 work-study contracts running across the group in 2018.

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.

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 fourth 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.

Another example is Dailymotion, which has partnered with a digital development education center to help people in difficulty find their way back into the world of work.

A number of Vivendi's business units have taken measures to improve their employer brand image by increasing their presence on professional social networks as well as platforms like Welcome to the Jungle (Dailymotion, Gameloft and Havas) 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.

A Canal+ Group (France) and Canal+ International HR development committee meets twice a month to encourage a cross-functional approach and to promote mobility.

Havas France's HR team has set up a cross-functional recruitment division that covers the Havas Group's various agencies and positions itself as an in-house headhunter, handling 60% of new hires directly.

Gameloft has rolled out a recruitment platform used by all its studios worldwide and holds meetings with schools specializing in video games.

Careful management of the hiring experience is key to maintaining the company's reputation and attractiveness, as well as ensuring effective recruitments. With this in mind, the business units solicit feedback on the entire recruitment process, employee onboarding and their working life in the company.

At Gameloft France, for example, a member of the HR team is responsible for the employee experience and, in particular, has set up detailed exit interviews to give specific feedback to managers.

In addition, all the business units 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. They may also receive mentoring to learn the new skills or behavior necessary for their job description.

Havas France runs an onboarding day centered around strategic talks from senior managers at Havas Village, a game presenting the various agencies and business cases to demonstrate how the different agencies complement each other in a business sense. The day usually ends in a concert, which boosts Havas' appeal as an employer and contributes to the "Village" atmosphere.

In the United Kingdom, Havas organizes three different types of onboarding sessions as part of its integration process for all employees during their first three months in the company. The first session introduces new arrivals to how the Village works, along with a presentation of Havas Group and more practical information on the working environment and human resources. A breakfast with members of the group's leadership is also organized every six to eight weeks giving new hires an opportunity to personally meet the management team, ask questions and learn more about Havas' roadmap and strategy. Lastly, breakfasts are held every Friday morning to give employees an insight into the various agencies' different businesses. At each session, four agencies or teams are invited to give a 15-minute talk, introducing themselves and illustrate the projects they are working on.

4.4.4.2. 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:

- 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 appraisals as well as less formal dialog. Together, these discussions help form a talent map which is then shared with others in the company to best reconcile the needs of both the company and its employees.

Numerous programs and measures are in place in the group to develop and retain talent identified in this way and match each employee's skillset with the needs of the group and its business lines.

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 cross-fertilization;
- 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 Loft, 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. At the end of their placement, participants have 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. For this, it is vital to set up internal mobility opportunities and make these accessible to employees so that they can gain new experiences and skills.

The role of HR is to facilitate the processes involved in mobility and career development. A broad panel of HR procedures involving the HR teams and management at all levels guarantee transparency within the process. 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.

Promotion of mobility is also the responsibility of the managers, who are encouraged to mentor their employees in developing their careers.

International "co-founder" seminars bring together the group's main executives to encourage a groupwide focus and thereby promote career mobility.

4.4.4.3. Quality of life at work

Policies to ensure quality of life at work are aimed at enhancing the company's attractiveness, improving employees' creativity, engagement and motivation and retaining talent.

To adapt to technological, cultural and other changes in the business environment, companies must develop new working practices to preserve the necessary balance between employees' work and home life. The shift in work habits seen in new generations produces, in turn, new employee expectations for work methods. With this in mind, each business and each subsidiary must review the way it works in line with its operations and in compliance with legal and contractual requirements.

Vivendi wishes to guide its employees toward new work habits that facilitate cooperation, 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, 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 cooperative intelligence across multidisciplinary teams to stimulate innovation.

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.

Further to this, Havas Group company BETC has instigated "short conversations", regular discussions where employees receive feedback from their managers. These are an opportunity for employees to discuss their latest projects, consider what might be coming next, receive advice and make suggestions on how to improve or adapt the organization of the agency or its services.

A number of group companies have opted for new collaborative working methods and offer remote working arrangements to meet the expectations of their employees, who are looking for work that feels meaningful and promotes their well-being. New working methods have been developed due to changes in the way companies are run, new management practices and the skills of employees, who are now better equipped to balance their working and personal lives.

- UMG offers employees the opportunity to work remotely and adapt their working hours; this policy is not necessarily defined in signed collective agreements but, given the diversity of regulations in the 47 countries where UMG has employees, tends to take the form of specific action plans.
- In 2015, Canal+ Group renewed its agreement on telecommuting (originally signed in 2012) for a further three-year period, considering this an innovative form of work organization that affords greater flexibility and adaptability by allowing employees greater responsibility and independence.
- A number of Havas Group agencies offer or practice working arrangements such as regular or occasional telecommuting and flexible hours.
- Several Gameloft studios, along with several Vivendi Village and New Initiatives entities, including Dailymotion, have also opted for remote working arrangements and flexible working hours.

In parallel, some companies have implemented right-to-disconnect policies, although interpretations of this concept vary widely between countries, cultures, company organizations and employees.

- Gameloft: some studios in Canada, Spain and Eastern European countries guarantee employees the right to not consult their emails during vacation or at the weekend.
- Canal+ International: a charter on the right-to-disconnect has been distributed to all 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.
- Havas France: the Village's internal rules include a charter on the right-to-disconnect. In 2017, the agency W&Cie signed a charter with its different structures on the right-to-disconnect.

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 specific events such as festivals, shows and sporting events.

Spotlight

In late 2017, UMG launched an engagement survey for all employees to determine their main expectations on various topics, including development, career prospects and management, and thereby define and implement measures to best meet these expectations. A total of 5,785 employees took part in the survey, representing a participation rate of 84%.

In 2019, Havas will launch its third engagement survey for all employees in its scope.

4.4.4.4. Training

To sustain a rapid response capability and keep pace with changes affecting the group's businesses, talent must be maintained by effective training that covers emerging jobs and challenges. The development, acquisition and consolidation of professional skills are key to the success of all employees and, consequently, to the company.

Employee motivation and investment relies first and foremost on employees' ability to achieve their professional development goals. This requires a partnership in which the employee takes the leading role in his or her professional development. To this end, employees are assisted by their managers and the human resources (HR) teams. Each group business offers a set of resources aimed at creating the most favorable conditions conducive to development.

Training is offered in all countries in which group subsidiaries operate and uses innovative digital formats adapted to existing practices. Training policies are the central focus of the plan on human capital development, which derive from the strategy of the group or the subsidiary in question.

The group's priorities in 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: main training areas determined by the subsidiary in line with its strategy and analysis of training needs.

68% of the group workforce attended at least one training course in 2018

Each of the group's major subsidiaries implements 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 or other entity.

The survey allowed UMG to draw up a three-year training plan aimed in particular at contributing to development in management and strengthening leadership skills at every level. The SHARE Feedback program was set up in 2018 to give managers the tools needed to improve their communication with employees.

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. Twenty-five customized micro-modules have already been launched and more are upcoming.

Training methods are often individualized and employee-led, especially in the United Kingdom. This results in far more flexibility for employees because much of the training unfolds gradually or in work situations. This means that some training operations are not recorded. Therefore, an assessment of the number of hours of training does not reflect the reality of the training efforts actually undertaken by the music companies.

This is also the case for other companies, including some Havas Group entities, which offer a number of training sessions *via* DIY modules.

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:

- H 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;
- H 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
- H 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 subsidiaries.

Canal+ Group gives priority to collective initiatives that best meet business challenges.

In France, the training policy focuses on major points such as:

- emerging digital technologies and their impact on business unit transformation;

- the improvement of business unit expertise and rollout of design thinking as a creativity tool;
- the development of managerial culture through the Manager+ program to help managers motivate individual employees on developing their skills (positioning, authority, feedback, communication, and delegation); and
- the rollout of the Talents programs addressing specific objectives: the Be The Change program to develop leadership skills and discover the group's other businesses; the Canal Business Makers program to build employee business expertise; and the + Digital program to provide insight and master social networking, or to introduce employees to computer programming.

In other countries where Canal+ Group operates, training policies focus on adapting and developing employees' professional skills and employability. The training plan is established each year based on identified needs.

In a similar vein, Dailymotion's training plan takes into account the company's international development but also focuses on management skills, particularly for junior managers, to help them better manage and develop their teams in areas such as feedback techniques, leading difficult conversations and understanding themselves better so as to better help others.

4.4.4.5. Profit-sharing and employee shareholding

Vivendi places particular importance on the equitable distribution of the products of its employees' efforts. The group has therefore established a profit-sharing policy that strongly encourages the development of employee savings plans, especially through employee shareholding.

Under its long-standing employee shareholding program (PEG), employees are represented on the Vivendi Supervisory Board.

Employee savings plans in France

In 2018, 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 €22.1 million, which represents a total expense of €29.4 million for group companies.

The total amount of newly invested employee savings was €27.1 million. Of this amount, employees placed €24.5 million in the various PEG funds of Vivendi and Havas, in the company savings plan (PEE) of Canal+, as well as in the various diversified funds of Canal+ International. An additional €2.6 million was also invested in pension savings plans (PERCO) for Havas, Canal+, Canal+ International and UMG France.

For the most part, the savings were placed in employee shareholding funds: €18.4 million out of a total of €24.5 million (75%), following completion of a new share capital increase reserved for employees in July 2018.

Employee shareholding in France and worldwide

On December 18, 2017, Vivendi's Management Board approved the launch of a new share capital increase reserved for employees in 2018. The first part is a basic plan reserved for employees of the group's French companies, to which a reserve of 1.5 million shares was attributed. The second part is a leveraged plan, Opus 18, offered to employees in France and the main countries in which the group operates (i.e., 13 countries, representing 60% of the group's total workforce), for which 7.25 million shares were offered.

The total subscription was €100.2 million, with 5,185,878 new shares issued as part of the share capital increase of July 19, 2018: 4,452,282 for Opus 18 and 733,596 shares for the basic plan.

At July 31, 2018, employees held 2.52% of Vivendi's share capital.

6,875 employees subscribed to the capital increase, which represents an overall participation rate of 29%

4.4.4.6. Attention to people

Respect for human rights and fundamental freedoms

For Vivendi, respect for human rights means first and foremost promoting a responsible employer model that protects the fundamental rights of all group 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 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.

In addition, UMG has raised employee awareness about harassment for several years using a specific training module.

4,232 UMG employees received training on harassment in 2018, representing an overall participation rate of approximately 51%

Respect is another core value for Havas, which has launched a new e-learning module for all employees to educate them in identifying and preventing harassment and in business ethics.

11,543 members of staff at Havas received training in identifying and preventing harassment and in business ethics in late 2017 and early 2018, representing an overall participation rate of approximately 45% (1)

As part of its policy to raise awareness among its employees, Havas will relaunch this training in 2019.

Canal+ Group has incorporated a whistleblowing system in line with its collective agreement on quality of life at work.

Gameloft has recently drawn up a Corporate Charter, to be issued to all new employees, that sets out the principles and values to be respected.

In the United Kingdom, See Tickets has implemented a charter on equal opportunities, which includes a section on harassment.

At Dailymotion, a mandatory online training course was introduced in March 2018 to raise awareness among employees about harassment in the workplace.

(1) This figure includes employees, interns and other service providers working for Havas Group's various entities. The percentage is therefore expressed as a proportion of this group and not as a proportion of employees.

Continuous social dialog

In compliance with the ILO fundamental conventions, Vivendi promotes social dialog and consultation at all levels. All employees based in France and in its overseas departments and territories are covered by collective bargaining agreements.

At group level, social dialog is organized around Vivendi's Works Committee and the European Social Dialog Committee (IDSE). The social partners of these bodies are informed regularly of the group's strategy, its financial position, its social policies and the main events of the year. In 2017, Vivendi signed an amendment to the IDSE agreement manifesting its commitment to enhancing communications.

In addition to the annual plenary sessions of these corporate bodies, several extraordinary sessions of the extended bodies were organized with the Chairman of the Management Board, for providing improved and accelerated information on Vivendi's strategic plans.

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 46 agreements or supplemental agreements were signed or renewed in France in 2018. These include various agreements on compensation policies and profit sharing (optional and statutory), aimed at involving employees in their company's performance, or concerning retirement savings plans.

In France, labor relations are a particular focus for Canal+. To maintain this focus and to constantly 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.

Occupational well-being, health and safety

Promoting health and well-being in the workplace complements the group's policy to retain talent.

Providing employees with space for quiet moments, time to attend to personal matters and time to recover from any mental and physical stresses has benefits for employee morale and for general well-being.

In addition, group entities have increased local initiatives and operations to promote employee health and well-being in the workplace.

These initiatives available to employees include services such as yoga, meditation classes, a gym, a relaxation room and access to massage therapists, dentists, doctors and lawyers. Various well-being events are also held on a number of different themes (e.g., sleep, nutrition, posture at work, cardiac coherence and body clocks). There is also the opportunity to organize charity events and to volunteer. In addition, group entities often sponsor projects in the workplace that encourage all staff to get involved.

Some of the initiatives are described below:

- UMG US: the Come Together Events program covers a series of health and well-being activities such as twice-weekly yoga classes, along with special get-together events including Turkey Bowl, Halloween Costume Party and Battle of the Bands. At the Woodland Hills site in California, employees have access to a meditation and relaxation room during breaks.
- UMG Norway: an awareness-raising campaign on the importance of physical exercise has been implemented.
- Canal+ Cameroon: the company organizes sports activities for employees every third Saturday of the month, prompted by the realization that physical activity is an important factor in reducing the risk of cardiovascular disease.
- Gameloft: joint initiatives with a number of other studios have been organized, including yoga and sport classes, game rooms, break rooms and the provision of fruit bowls.
- Digitick: employees have access to the services of a masseur/physiotherapist once a month.
- Dailymotion: employees can attend yoga or meditation classes, and have access to a room set aside for relaxation. The company is also examining further possibilities for enhancing employee well-being at the workplace.
- Havas Village France offers entertainment programs, such as concerts once or twice a year, photo exhibitions, a summer party and breakfasts.
- Fullsix ran an internal initiative, "Selfies de l'Avent", to bring employees together and encourage them to learn more about co-workers. Each day, employees were given a clue about a mystery co-worker and challenged to determine who it was and take a selfie together.
- In the United Kingdom, Havas offers its employees a multi-disciplinary program, Havas Equalize, to help maintain energy and performance levels. It also provides coaching sessions and personal development workshops for employees to develop self-awareness and improve personal planning. Workshops such as art therapy and team games are also available to promote culture, have fun and, most of all, to re-energize employees during the working day.
- In a number of group companies, "short Fridays" have been implemented. Depending on the company, this can be one Friday per month or every Friday during the summer months.

Occupational health and safety concerns all business units, all of which implement action plans and preventive measures.

Ad hoc committees (CHSCT for French entities), which maintain a dialog between employees and Management, address these issues and prepare related documents, such as the Single Document for the Assessment of Occupational Risks, in the case of the French entities.

The objectives of these Committees 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 personal and professional lives;
- monitoring the implementation of action plans required in the event of serious incidents;
- improving workstation ergonomics (mouse/keyboard use, eye fatigue from screen work, postural problems), and 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.

4.4.5. TAKING ENVIRONMENTAL ACTION

Protecting the environment is a key part of Vivendi's corporate social responsibility policy. Even though the group's negative externalities are low, Vivendi is well aware of the need to manage and reduce its environmental footprint in the various regions where its subsidiaries operate. For the group, helping to protect the environment and maintaining the trust of its stakeholders go hand in hand.

Two major themes in the group's environmental policy are (i) to better evaluate its environmental impact and (ii) to manage and reduce direct and indirect energy consumption. The various strategies rolled out by its subsidiaries are centered around these goals.

Vivendi's business units develop their own environmental action plans that are adapted to the specific work they do – particularly in terms of energy assessment, certifications and training and information given to employees.

4.4.5.1. Expanding the scope of environmental reporting and environmental certifications

Commitment from employees is essential to ensuring the success of the group's environmental policies, which are centered around environmental reporting and certifications.

Reporting requirements

The Vivendi group has expanded its reporting scope to include Havas and new entities of Canal+ International (Togo and Haiti), allowing for a more complete environmental data set. This wider scope allows the group's main environmental impacts to be taken into consideration. In 2018, environmental data was reported by a network of nearly 200 contributors in more than 50 countries.

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

Certification process

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 management systems. Obtaining certifications with demanding criteria is a key part of the group's policy. The group's subsidiaries in Europe and the United States have been committed to applying this approach for several years now.

As greenhouse gas emissions from buildings account for over 6% of emissions worldwide, the group focused on obtaining certification for building energy efficiency and energy management.

Vivendi's headquarters send a clear message about the group's environmental policy. Its EMAS (Eco-Management and Audit Scheme) and ISO 50001 certifications were renewed in June 2018.

In France, numerous business unit headquarters and buildings have also received certifications, such as the Arcs en Seine production studios for Canal+ Group's channels, which have a "Very Good" BREEAM (Building Research Establishment Environmental Assessment Method) certification rating, and Dailymotion's Paris headquarters, which has been awarded dual HQE certification: "HQE™ Tertiary sector buildings: Construction and Renovation – design and construction phases" and "HQE™ Tertiary sector buildings in operation".

BETC's premises in the Magasins Généraux in Pantin have Effinergie and HQE renovation certification, along with the BiodiverCity® label awarded by the International Biodiversity and Property Council (IBPC), the first international label that recognizes biodiversity in new build and renovation property projects.

Outside France, several subsidiaries have also opted for more sustainable buildings.

UMG's Santa Monica site has Energy Star certification, awarded to buildings that comply with the strict energy efficiency standards set by the Environmental Protection Agency (EPA). These buildings consume less energy, generate lower operating costs and emit fewer greenhouse gases than conventional premises.

Havas' King's Cross site (HKX), home to more than 20 Havas Group agencies in London, holds ISO 14001 certification, which recognizes continuous improvement in an organization's environmental performance through management of impacts related to its business. HKX is committed both to ensuring continuous improvement and to complying with regulations.

In London, UMG UK's new headquarters has received BREEAM certification, the world's leading sustainability assessment method for buildings. The building combines a range of systems and approaches to make energy savings, particularly due to its position, sun protection, thermal mass for cooling, passive ventilation and the site's district heating network. Furthermore, the site was crowned best commercial project (post-construction) at the BREEAM Awards 2018.

In Australia, the site hosting Havas Worldwide Australia and The Red Agency has a five-star NABERS (National Australian Built Environment Rating System) rating. NABERS is an initiative run by the Australian government to measure and compare the environmental performance of buildings and their occupants in Australia.

In addition, UMG's new site in Nashville from February 2019 has obtained LEED (Leadership in Energy and Environmental Design) Silver certification. Developed by the U.S. Green Building Council, LEED is a green buildings rating system that provides independent verification.

Lastly, in Canada, Gameloft also obtained LEED certification for its 7,000 square meter site in Montreal.

4.4.5.2. Managing and reducing environmental impacts

Obtaining and maintaining certification requires careful auditing and monitoring of energy use, which provides invaluable information about high-priority environmental targets. The group manages, and more particularly reduces, its environmental impacts through a set of strategic low-carbon measures, including, among others, management of energy consumption at its sites (offices, agencies and logistics facilities), employee awareness and use of low-carbon energy.

Employee training and awareness about environmental issues

The key to ensuring an environmental policy's success is to make it part of the company's culture. This makes commitment from employees essential. With this in mind, Vivendi's business units take steps to train and/or raise awareness among their employees, firstly to educate them on environmental issues and secondly to give them a better understanding of the environmental impacts of the business and how they can mitigate these effects.

When it comes to implementing measures – mostly related to changing habits – to save energy, reduce environmental impacts or raise awareness in the workplace, nothing is more effective than teamwork.

Therefore, at Vivendi's headquarters, decisions about these issues are made by the Green Team, which has approximately ten members from different departments (Administrative Services, IT Support, Human Resources, Finance, Communication, CSR and Internal Audit) and the service provider responsible for site maintenance.

In addition, UMG UK has formed its own Team Green to define and coordinate an environmental policy for all its London sites. At the Creative Green Awards, organized by the NGO Julie's Bicycle in July 2018, UMG UK earned recognition in the Highest Achievement for Understanding category for its commitment to protecting the environment. Julie's Bicycle is a non-profit that supports the creative industries as they transition to more environmentally friendly practices to reduce greenhouse gas emissions.

Awareness campaigns on the right habits to reduce energy consumption and/or waste have also been organized at several group subsidiaries. In Vietnam, for example, Gameloft has raised awareness among its teams about environmentally friendly behavior and put in place a number of measures, including programming the air conditioning to turn off automatically at a certain time, setting the lights to switch off at lunchtime, and designating employees to ensure that various environmental guidelines are being followed. In Spain, Media Planning Group, Havas Worldwide Spain and Gameloft in Barcelona have launched information email campaigns for their employees to raise their awareness of best environmental practices in the workplace.

Lastly, BETC has implemented environmental measures to improve waste sorting through specific guidelines for the different categories available (known as "tutotri"). In addition, on the first Tuesday of each month, it organizes presentations of its CSR approach for new arrivals.

Managing and reducing energy consumption

Over the course of 2018, the group put in place a variety of initiatives to reduce its energy consumption, particularly for its IT facilities, which can represent up to 30% of a building's energy bill. In late 2018, UMG began rolling out a software designed to optimize its computers' energy consumption. Covering around 3,500 computers in the Americas – Canada, the United States, Costa Rica, Mexico, Argentina and Brazil – the tool should reduce each device's energy use by around 74 kg of CO_2, representing potential annual savings of nearly 285 tons of CO_2. In Canal+'s three call centers in Poland, an automatic system running the power supply of IT equipment has been rolled out to efficiently manage when the equipment is turned on and off so as to avoid consumption peaks.

Canal+ in Warsaw, UMG in Berlin and Tokyo and Havas in Düsseldorf have each replaced their conventional lighting with LED bulbs, which use less energy.

The Havas Village site in London has implemented a range of measures to reduce its environmental imprint, including a sedum green roof (these act as carbon sinks, storing carbon gases that are harmful to the planet's climate balance) and the use of rainwater for toilets. It has also installed a centralized building management system to monitor and manage energy use on site. Lastly, the building in Puteaux where a number of Havas agencies are located, including Havas Paris, HumanSeven and Fullsix, has set up a free cooling system in its air handling unit to reduce its energy consumption. Free cooling is an intensive building ventilation method that uses free energy from outside air when the temperature outdoors is lower than the temperature inside the building.

Use of renewable energy

Increasing use of renewable energy is vital on a global scale. Supplied by the sun, wind, the earth's natural heat, waterfalls and tides, these energy sources generate little or no waste products or pollution. Using power produced in this way is a means for companies – and even more so for the group – to make a considerable difference in fighting the greenhouse effect and CO_2 emissions in the atmosphere. To this end, several of the group's sites use renewable energy.

95% of UMG's electricity consumption in the United Kingdom (including the famous Abbey Road studios) comes from renewable energy

In the United Kingdom, UMG has taken out a contract with a specialized provider for energy that is entirely from renewable sources (photovoltaics and wind power). In the same way, 80% of the electricity used by UMG Germany comes from renewable energy sources.

Havas King's Cross in London has its own photovoltaic network which in 2018 generated 13,172 kWh of electricity from solar energy.

Entities at the Havas Villages in Madrid and Barcelona use an electricity supply where 63% comes from renewable sources.

The Canal+ warehouse in Nouméa, New Caledonia, is equipped with a solar power plant. All of the energy generated by the site is sold to the power grid. The power plant produced over 39,000 kWh in 2018.

97% of electricity consumption at Gameloft sites in Canada is based on renewable energy sources.

Group-wide, 14.38% of electricity consumption came from renewable energy in 2018.

Optimization of raw materials consumption (plastic, paper and cardboard)

Following a responsible environmental policy also involves ensuring better management of the consumption of raw materials. The main types of raw materials used at group subsidiaries are:

- plastics, for UMG products (CDs and DVDs) and Canal+ International products in Africa (set-top boxes sold to customers); and
- paper, for advertising media and administrative operations.

Plastic consumption decreased by 18% compared with 2018 due to two factors:

- firstly, the ever-increasing popularity of music streaming, which continued to affect sales and therefore production of physical discs; and
- secondly, Canal+'s new 4K set-top box (G9 model) which was launched in 2018 is smaller and more lightweight, requiring less plastic than the previous version. Since the boxes now take up less space, CO_2 emissions from delivering them are also reduced as one truck can hold more of them. In addition, they consume nearly 70% less energy on standby.

Paper is still the most widely used consumable by Vivendi subsidiaries. Consumption of paper is related to a number of environmental issues including waste management, climate change, pollution and deforestation.

Use of paper remains unavoidable for the group but it has put in place numerous local initiatives to reduce consumption including computerizing resources such as expense reports and annual appraisal forms, setting printers to print double-sided by default, removing local printers and encouraging the use of photocopiers on the network.

Digitick, whose online ticketing business is almost entirely paperless, offers more advantageous prices to customers who opt for digital tickets over paper versions.

As well as measures to reduce paper consumption in their communications, the group's various subsidiaries promote the use of more environmentally friendly resources (FSC/PEFC paper). Therefore, 97% of paper used externally (i.e., excluding office use) is FSC or PEFC certified. In late 2017, BETC took first place in the PAP50 ranking, which assesses the paper policies of companies to encourage them to take responsibility and commit to sustainable practices.

At group level, the consumption of cardboard packaging for products on the market fell by 33%. This decrease is largely connected to lower sales of physical media as well as the environmentally friendly design approach Canal+ applied to its set-top boxes to make them more compact.

CO_2 emissions generated by the textile industry, estimated at between 3% and 10% of emissions worldwide, just behind those generated by oil, are something that Bravado, UMG's merchandising subsidiary, takes very seriously. In 2018, it launched a joint initiative alongside EVERYBODY.WORLD to recycle unsold t-shirts and turn them into a raw material that can be used again in future products.

More than 43,000 t-shirts, or 21 tons of fabric, were recycled by Bravado and EVERYBODY.WORLD

The use of a kilogram of recycled cotton from textile waste rather than a kilogram of conventional cotton reduces the global warming impact by 86%.

Management of end-of-life electrical and electronic equipment

The main types of waste generated in the group's business operations are:

- waste from office activities (e.g., paper, packaging and food waste);
- electronic equipment used at group subsidiaries (e.g., data servers, desktop computers and laptops and peripheral devices – keyboards, mice, printers); and
- equipment leased to Canal+ Group customers (e.g., set-top boxes), which are returned at the end of their life cycle.

To manage end-of-life waste, the group has applied two complementary approaches for several years now:

- firstly, it promotes the reuse of products and equipment to prolong their lifespan; and
- secondly, it optimizes 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.

By allowing customers to return leased equipment, Canal+ Group encourages reuse in its fight against product waste and the increasing scarcity of natural resources, raw materials and energy.

In Madagascar, Canal+ Group repairs defective set-top boxes sold by other group entities and returns them to the sales circuit. By reconditioning its equipment, Canal+ Group reduces its use of raw materials and its environmental footprint. In 2018, 22,631 set-top boxes were reconditioned for sale.

Some entities, such as Flab Prod and Gameloft in the Philippines and Vietnam, resell obsolete equipment to specialist companies who then recondition it and put it back on the market.

Others donate equipment that is obsolete but still functional to associations or schools, including Havas entities Ekino, Havas Worldwide Amsterdam and Media Planning Chile, as well as Dailymotion in France through a skill-based sponsorship with the Simplon school.

When equipment can no longer be reused or reconditioned, Vivendi subsidiaries are responsible for disassembling and recycling it in line with environmental standards.

To optimize its waste management, Canal+ Group collects and processes end-of-life equipment returned by its customers, calling on qualified external partners or collective networks when possible.

On a like-for-like basis (excluding Havas) between 2017 and 2018, the volume of WEEE generated (e.g., computers, screens and printers) remained stable, with a slight 3% increase. The volume of equipment leased to Canal+ Group customers (e.g., set-top boxes), which were returned at the end of their life cycle rose by nearly 59% in 2018. This increase is mainly a result of Canal+ Group's equipment renewal campaigns on an international level.

Group-wide (excluding Havas), WEEE (all types) collected for recycling accounts for 73% of the total waste produced.

Monitoring of ordinary waste (e.g., paper, cardboard and food waste) has been in place since the 2018 reporting period. The recovery rate of non-hazardous waste came to 45% for the year. This average rate takes into account the wide disparity between the networks available in different countries to process this kind of waste and the fact that many entities that lease their buildings are not able to obtain this information from their lessors (partly because the indicator was only rolled out recently so the system for reporting the information is still relatively immature).

Business travel

Business travel is a regular occurrence in Vivendi's various business lines. It is an essential part of building and maintaining sound, productive relationships with customers and business partners. However, mindful of the associated carbon footprint, the group looks for ways to optimize business travel to reduce its environmental impact.

In 2018, Vivendi employees traveled 335 million kilometers by plane (taking the consolidation of Havas into account in the reporting scope). Since this figure remained largely stable between 2017 and 2018, with only an increase of 7%, Vivendi is placing great importance on the reduction of emissions caused by business travel as a key focus of its environmental policy.

As a whole, the subsidiaries encourage low-carbon travel and in particular make use of new communication tools and working methods (e.g., remote or peripatetic working) where possible to replace physical meetings by virtual video conference or conference call meetings to communicate with employees on remote sites.

In France, the headquarters of Vivendi, Gameloft, Dailymotion and UMG France carried out a mobility assessment to obtain better knowledge of their employees' commuting habits. These companies have implemented various action plans to improve commutes and reduce their environmental impacts from 2019.

The Purchasing department, working with group business divisions, is working to reduce the carbon footprint of company cars by choosing cars that generate less pollution, particularly electric and LPG models.

For example, the Canal+ Group subsidiary in Gabon has two electric vehicles available for employee use (e.g., shopping, post office and supplier visits). UMG in the Netherlands has an LPG car for its employees' business travel.

Canal+ Madagascar has fitted the cars used by its traveling salespeople with solar panels so that they can power the equipment used in demonstrations; this is particularly useful in areas where local access to electricity is limited. Canal+ Haiti also has solar panels that act as a back-up in the event of power cuts in points of sale in remote areas.

4.4.5.3. The environmental challenges of digital content

The Internet has completely revolutionized the entertainment industry. While use of plastic has gone down (with CDs and DVDs now less popular, for example), access to online content and new consumer habits in culture and entertainment generate new forms of energy consumption that should not be underestimated. The direct and indirect environmental impacts of the information and communications technology (ICT) industry is estimated to represent 14% of greenhouse gas emissions worldwide in 2040 – the equivalent of current emissions generated by the United States.

To gain a more accurate understanding of the environmental footprint of its business activities, Vivendi launched a study in late 2018 to assess the greenhouse gas emissions arising on the consumption and distribution of content from its subsidiaries UMG, Canal+ Group, Dailymotion and Gameloft.

For UMG, greenhouse gas emissions generated in 2018 through listening to music (by streaming or on physical media) were estimated at more than 350,000 tons of CO_2eq, representing the equivalent of the average greenhouse gas emissions generated by more than 30,000 people in France over a year.

The results of the study for the group's other businesses will be published later in 2019.

4.4.5.4. Combating climate change

Vivendi fights climate change on two levels: firstly, with an underlying strategy and concrete measures in house, and secondly, by raising the awareness of its customers, who are first and foremost citizens.

Although the media industry is not considered to be a major contributor to greenhouse gas emissions, the group plans to factor climate change issues into its long-term strategy and business activities, which includes obtaining better knowledge of the most significant causes of emissions.

Greenhouse gas emissions related to the use of the group's products and services (e.g., listening to UMG's music online or on physical media, viewing programs on Canal+ Group's channels or Dailymotion's online videos and playing Gameloft's video games) are potentially the most significant. However, the group considers that these emissions cannot be measured with enough accuracy to be included in its total emissions assessment. Collecting these data would require measuring the electricity consumption of all devices used by customers (e.g., computers, mobile phones and tablets and televisions) and calculating, on a pro rata basis, the proportion corresponding to content from the group's subsidiaries. Consequently, information about these emissions are provided for indicative purposes only (see Section 4.4.5.3 of this chapter). In addition, the group has very little control over these sources of emissions.

The main areas where the group has more leverage are business travel, the purchase of raw materials used to manufacture products sold by the group (plastic, cardboard and paper), and the energy consumption of its buildings. Examples of actions that aim to reduce the carbon footprint of these sources of emissions are presented above.

In 2018, the main cause of emissions (excluding use of products) was related to business travel (46%), followed by the purchase of raw materials used to manufacture products sold by the group (plastic, cardboard and paper).

In addition to the abovementioned steps taken to measure and reduce the emissions, the group also takes concrete action to contribute to the worldwide effort to fight climate change.

In September 2018, Havas launched "Solidarité Climat", an innovative, unique initiative 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 agreement of the advertiser, the carbon cost of each production (technical expenses only) is added to the cost of the production and invested in a wind power project in New Caledonia run by the operator South Pole, which is then authorized to issue a carbon certificate that the agencies can send to their customers.

More than 70 customers of Havas Group agencies took part in the "Solidarité Climat" initiative in 2018

The group also contributes to the fight against climate change through its subsidiaries by raising awareness among consumers, citizens and customers about this major challenge in the 21st century.

Alongside the five major international communication groups, Havas has been committed to the Common Ground initiative since 2017, which aims to help achieve the United Nations' 17 sustainable development goals. Each group has undertaken to tackle a specific target, with Havas taking on the issue of climate change.

Host Havas Sydney's *Palau Pledge* campaign is designed to raise tourists' awareness of the threats to Micronesian archipelago Palau and the importance of conserving its ecosystem (see Section 4.4.3.1 of this chapter). BETC ran the campaign *Save Our Species* for its client Lacoste, in partnership with the International Union for Conservation of Nature (IUCN), the world standard for data about the state of the natural world and the measures needed to conserve it. During this campaign, Lacoste replaced its famous logo with ten endangered animals. 1,775 polo shirts were produced, with the number of shirts available for each species corresponding to the exact number of animals still living. The campaign was highly successful, quadrupling donations to the IUCN.

Canal+, through its channel Planète+, screened several documentaries to raise awareness of the importance of protecting the environment: *L'Odyssée pour le Futur*, an eight-part series of 52-minute documentaries began broadcasting in October 2018. It follows people who invent the innovative initiatives of tomorrow to protect the environment, reinventing agriculture, the economy and transport and finding new solutions to promote biodiversity. Documentary series *Green Cops* focuses on people from all over the world taking a stand against those who harm the environment and their devastating practices, from deforestation in the wild to waste trafficking, poaching, unsustainable fishing and illegal gold panning.

UMG in Brazil joined forces with C&A to create a new song and music video about sustainability to launch a campaign on sustainable production in the fashion industry. Artist Mahmundi was selected to record the song and video.

4.4.6. CONTRIBUTING TO LOCAL DEVELOPMENT

Vivendi contributes to the development of the territories in which it operates, not only through employment, but also by promoting local cultures and by sharing its expertise. Whether by supporting artistic talents and working with local producers, investing in infrastructure or helping improve the skills of creative professionals, the group plays an important part in the development of the local creative ecosystem. Its preference for purchasing from local suppliers, supporting associations and helping projects that promote equal opportunities further compound the group's contribution to the economic and social development of the areas in which it operates.

4.4.6.1. Investing in local economies and skills sharing

Through its activity, Vivendi contributes to creating jobs and supporting local cultural industries, particularly in countries where they are not fully structured.

Supporting the local economy

84% of purchases are made from local suppliers

The group has analyzed the purchases made with suppliers and subcontractors, which account for at least 75% of the overall expenditure of each of the subsidiaries (see Note on Methodology in Section 4.7.1). On average, 84% of purchases made by UMG, Canal+ Group, Havas Group, Gameloft, Dailymotion and Vivendi Village are from local suppliers. By choosing proximity, Vivendi has a positive impact on the local economic fabric by helping to create jobs.

Vivendi also contributes to the development of the economic and cultural fabric by involving local businesses in its operations. Committed to supporting local creative projects, Canal+ Group entities work with many audiovisual and film production companies. In France, 429 local producers – of immediate broadcast shows, films, documentaries, *Créations Originales,* animations, series and TV shows – worked with the group's channels (excluding Studiocanal) in 2018. In Africa, Canal+ Group worked with over 40 local producers for the purchase and pre-purchase of rights, or to co-produce series, films, documentaries and shows. Similarly, in Poland, more than 70 local production companies worked with nc+ to provide the group's various channels with programs. In Vietnam, K+ partners with around ten local studios, with which it co-produces movies and sports programs. In France's overseas departments and territories, the group supports local channels by guaranteeing free transportation, a source of income and access to certain programs. A specific budget is set aside for local production. In 2018, Canal+ Antilles launched a call for projects to production companies in the region for short films and documentaries. The projects selected were financed by a support fund launched in partnership with the Guadeloupe Region.

Promoting skills sharing

In 2018, Vivendi continued its training program for sound engineers launched in Mali in 2006. This program, which is being held in Bamako, in the studios of singer-songwriter Salif Keita, was selected by UNESCO for its contribution to developing local production capacities. Recorded during the 14th training session, the album *Made in Bamako – Volume 2* illustrates the ability of trainees to record and mix the productions of artists and features talents from various universes: seven artists from the new Malian scene and one young photographer who illustrated the cover. *Made in Bamako – Volume 2* invites listeners on a journey of musical discovery, immersing them in the creative effervescence of Mali and the rest of the African continent.

Skill sharing is central to many programs set up by Canal+ International to enhance the professional skills set available in the local cultural sector and identifying promising young talents. In 2018, Canal+ International continued its support for the Galaxie Africa production company and its pan-African journalists training program, by providing practical courses for 15 video journalists taught by professional reporters in MOOC format (online courses) and in face-to-face classes. The group also ran the second edition of *L'Afrique au Féminin*, a training program aimed at ramping up skills in the audiovisual sector through seminars on scriptwriting, filming, video editing and the use of digital tools. In partnership with Galaxie Africa and CFI, the French media cooperation agency, the group gave support to seven talents from seven French-speaking African countries in learning the various professions in the audiovisual industry and producing a 13-minute report on "Women in African society". The production was broadcasted on Canal+ to mark International Women's Day in March 2019, on the *Enquête d'Afrique* program.

Filming is often a chance for providing training on set. This was the case, in partnership with CFI, for production teams during the shooting of the series *Flingues et Chocolat* in Côte d'Ivoire. Some projects also enjoy the support of Vivendi Create Joy, the group's solidarity program (see Section 4.4.2.3 of this chapter). Examples include acting training offered to Senegalese actors working on the series *Sakho et Mangane* and training for young African humorists offered by humorist Valery Ndongo.

Canal+ Calédonie, in partnership with the Mission for Cultural Affairs, the Southern Province, the Jean-Marie Tjibaou Cultural Centre and the Maison de la Nouvelle-Calédonie, offered a training program to ten selected candidates in a professional development process during the FAO Film Festival to support them in the writing of short films. In December 2018, after the group and individual sessions led by directors Sacha Woff and Elsa Diringer, the participants delivered their screenplay. Their films are scheduled for screening at the festival's 2019 edition.

Supporting local cultural life and creating new opportunities for access to different forms of creation

Vivendi actively supports regional cultural life by contributing to the existence of a diverse range of festivals in France. The group ensures respect for their individual identity by relying on their founding teams. It works on their programming and the welcoming of festival-goers.

Olympia Production, part of Vivendi Village, now owns Garorock – one of France's biggest regional festivals – in Marmande, as well as Les Déferlantes in Argelès-sur-Mer, Live au Campo in Perpignan and the Brive Festival in Brive-la-Gaillarde (through Festival Production, a joint venture set up by Vivendi and the Centre France group). Olympia Production also co-produces the ODP Talence festival, taking charge of programming, ticketing and communication.

In the United Kingdom, U Live which is also housed within Vivendi Village, designs and develops a diverse range of festivals held in the heart of the English countryside: Love Supreme in East Sussex, The Long Road in Leicestershire, Sundown in Norfolk and Nocturne in the gardens of the prestigious Blenheim Palace in Woodstock, Oxfordshire. U Live is also developing Le Crxssing, a Franco-British cultural festival promoting different forms of artistic expression on both sides of the Channel.

BETC operates out of the Magasins Généraux in Pantin, a former industrial site it has remodeled as an innovative workplace and vibrant cultural venue in Eastern Paris, known for having its doors open to all local residents. Magasins Généraux's programming is punctuated by artistic and cultural seasons, taking an exhibition as a starting point and then adding talks, concerts and workshops. The highlights of 2018 included "Par Amour du Jeu 1998-2018", a festival that explored the links between creation, football and society to mark the World Cup in Russia. The Magasins Généraux are also home to the Medialab93, a cooperative incubator mentoring young creative people in Seine-Saint-Denis.

Some 50-100 years ago, it was mandatory for key classical music artists visiting Australia to take their artform to regional Australia. As a means of reintroducing this phenomenon and both educating and entertaining audiences in sections of Australia that are increasingly under-serviced, Universal Music Australia is on a mission to take its key artists to these very areas of the country and not simply release recordings by them. This year saw 14-date tours of Australia from Greta Bradman and Aled Jones. Audiences not only enjoyed performances from these artists, but more importantly got to interact with the artists after each concert. Further tours are planned and a new entity, Decca Concerts, has been developed to act as the presenter for these.

In Africa, other than film festivals (see Section 4.4.1.2 of this chapter), the Canal+ Group subsidiaries support many local events such as the Arondihy festival in Madagascar and the Amani festival in the Great Lakes region of the Democratic Republic of Congo, a music festival promoting peace.

To make culture more accessible in countries with less developed infrastructure and to enhance the cultural offering in Africa, Vivendi continued to roll out its CanalOlympia movie theaters and venues. By year-end 2018, the network had 11 theaters in eight countries in Central and West Africa, 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, at around €2.30, to allow access to as many people as possible. A partnership with Orange (see Section 3.1.5.2 of this chapter) also allows the operator's customers to enjoy the Cinédays offer (a free cinema ticket for every ticket purchased), two days every week. Orange Money, the mobile financial services offer, will also be phased in as a means of payment.

Nineteen screenings are programmed each week, including four dedicated to children's films. To support the local cinema industry, at least one of the films screened every week is an African production. International productions are also popular with the public. One big hit was *Black Panther*, the global phenomenon seen – due to the CanalOlympia network – by thousands of people on the very continent that plays a starring role in the film, amplifying the blockbuster's cultural resonance. These versatile structures are also venues: the 2018 program included nearly 20 live shows (concerts, standup, showcase) and two major sports competitions organized by Vivendi Sports.

Nearly 560,000 film-lovers back in theaters due to CanalOlympia in Africa

Supporting the same goal of bringing cinema to even more people, Canal+ Group reiterated the La Fête du Cinéma traveling film festival in Benin in 2018. The Canal+ caravan spent a month roaming between six cities in Benin to allow the country's rural populations to discover the magic of cinema through a selection of local and African films from the Canal+ catalog. Canal+ also supported another itinerant festival, Afrikabok, presenting awareness-raising films on the theme of health in Senegal. In Mali, the group supported the Ciné à Dos festival, which takes place on the beach in Koulikoro, a place where access to theaters is limited.

To mark its 20th anniversary, Canal+ Côte d'Ivoire launched a program to bring electricity to remote villages using solar panels, removing a major hurdle to access to entertainment in Africa. Twenty-five villages in several regions of the country were chosen for the installation of solar energy kits coupled with a one-year subscription to Canal+ to promote access to information and entertainment.

In Gabon and Togo, GVA, Vivendi's telecom subsidiary in Africa, offers fiber-optic Internet with Canalbox. This ultra-high-speed fiber Internet offer allows Gabonese and Togolese users to enjoy an unlimited connection with a speed of up to 30 Mb/s, giving them access to all available online content on mobile devices, which are increasingly widespread in Africa.

Canal+ Group's subsidiary Canal+ Télécom works to reduce the digital divide in the West Indies and French Guiana and Réunion. Canal+ Télécom was named number one in Martinique and Guadeloupe in 2018 by the nPerf barometer, logging the best performance on fixed Internet speeds.

4.4.6.2. Getting involved in solidarity initiatives

The group-level Vivendi Create Joy fund provides support for marginalized, underprivileged or disabled young people or those suffering from illness (see Section 4.4.2.3 of this chapter). Subsidiaries in different territories run their own sponsorship and solidarity programs.

More than €8.7 million spent by the group in 2018 on corporate foundations, solidarity programs, partnership actions, patronage and pro bono support

Supporting employee engagement

Pro bono work and skills sponsorship are a big commitment and a clear strategic push for Havas Group (see Section 4.4.3.1 of this chapter). The agencies show their commitment by freeing up time for their employees and encouraging them to lend their time and creativity to charities or non-profit. The aim is to foster individual initiative and commitment. Pro bono work is done on creative campaigns but can also involve getting free advertising space for the associations which are supported.

To share best practices in this area, the Havas CSR department held a webinar, which was open to the group's entire CSR network on the topic "Collaborating with NGOs" in 2018.

Dedicated programs are in place to encourage young talent. At Havas Paris, Assault Créatif gives free rein to young talent (defined as those with less than five years of experience and aged under 30) to defend causes that matter to them, allowing them to use the agency's resources. A junior team representing the agency's various professions puts together an initiative in favor of a general interest cause such as an awareness building campaign, a partnership with an association or management of the agency's social networks. The agency's resources are at their disposal to help support their project. The agency's employees come together to choose the big cause of the year.

Twice a year at Havas Sport and Entertainment, the HSE Academy sets the agency's trainees a challenge, offering them the chance to explore their creativity by responding to an association's practical communication issues.

UMG pursued the philanthropic program All Together Now. Through this initiative UMG seeks to support employees' good work and engagement in various important causes and to maximize UMG's impact in key areas of need across education and health & well-being, especially those with a connection to music and the arts. In addition to the charities available for contributions, periodically throughout the year UMG spotlights different organizations as Featured Giving Opportunities such as non-profits working for gender equality on International Women's Day. On November 27, 2018, UMG participated in the global #givingtuesday movement and matched all employee contributions made on that day at 150%. After the California wildfires in 2018, which were some of the deadliest in the state's history, UMG employees were also able to donate money through All Together Now to help the victims.

In many countries UMG employees regularly donate their time to people – particularly young people – interested in music business jobs

Contributing to social cohesion

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 helps mentor students who benefited from the procedure. 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 broadening their worldview through a program, which allows them access to many cultural activities.

In 2018, the group also supported a school trip to Cape Canaveral for students of the "Maintenance of industrial equipment" vocational baccalaureat class at the Théodore Monod technical school in Noisy-le-Sec.

Vivendi is also a stakeholder in the PAQTE (Neighborhood Pact for All Businesses) project with the French government, communities and other businesses, which aims to help residents of the city's priority neighborhoods. The group welcomes work experience students from high schools classified as priority education networks to allow them to see how a large group like Vivendi works and to find out about the various jobs it offers. For example; in music with Universal, in broadcasting with Canal+ Group, in advertising with Havas and in video games with Gameloft.

In France's overseas territories, Canal+ Caraïbes and Canal+ Réunion, which actively contribute to the promotion of overseas talent, have signed a partnership with Nos Quartiers Ont du Talent offering voluntary mentoring schemes allowing company employees to help young job seekers.

In mainland France, BETC, based in Pantin in the department of Seine-Saint-Denis, is very committed locally. Since 2012, the agency has been a signatory of the Corporate and Territorial Charter with Est Ensemble, a territorial public entity that brings together nine cities in the department to promote economic activity and local development. Priority areas include the development of actions on local employment, integration and disability, the development of links with schools, universities and training centers and the increase in local outsourcing and links with the local fabric of small businesses.

Lastly, HumanSeven and BETC of Havas Group have partnered with Kodiko, an association operating in Paris and Tours which works for the professional integration of refugees. The two agencies offer individual and collective support sessions to people with refugee status wishing to enter the job market, teaching them the professional and cultural codes and helping them gain autonomy, build a network and increase their chances of finding a job.

Supporting local communities

The group takes part in solidarity initiatives in the field in the areas where it operates.

Many of the organizations supported by UMG use music to assist vulnerable people: one such organization is Playlist for Life, an NGO in the United Kingdom that teaches skills to help family members and care staff find the right music for people with dementia.

In South Africa, the group works with the Foundation for Children with Hearing Loss to provide early access to hearing technology to children who are deaf or hearing-impaired.

UMG Nashville was a principal supporter of the First Annual Red Bird Games, an outdoor sporting event hosted by Capitol Records Nashville artists, Luke Bryan and Jon Pardi, and the UMG team. Dedicated to funding the Brett Boyer Foundation, the event raised approximately $2.7 million for congenital heart disease (CHD) research and organizations who support children and adults with Down syndrome. The decision to support this worthy cause was an example of UMG Nashville's ongoing support of its own artists. In early 2017, Brett Boyer, niece of artist Luke Bryan lost her life as a result of complications stemming from congenital heart disease. The Brett Boyer Foundation was formed in direct support of children born with CHD.

Canal+ Group employees in France regularly support local associations such as Sport dans la Ville and Les Restos du Cœur through collections, sales of objects or solidarity shopping. In 2018, Studiocanal supported the organization of preview screenings of its film *Le Grand Bain* in over 20 cities in France; all the proceeds were donated to Les Restos du Coeur.

In Africa, the group supports many youth initiatives in sport, education and culture. For example, in Senegal and Gabon the Football pour Tous and Mwana Foot tournaments were supported and school kits were distributed in Côte d'Ivoire, Mali, Cameroon and Togo, where a big Christmas party was held for orphaned and destitute children in partnership with NGOs and neighborhood committees. Supporting young African entrepreneurs is another line of action, illustrated by local initiatives such as support given for the Gabonese incubator JA Gabon and the award of the African Women Entrepreneurship prize by Canal+ International at the African Rethink Awards.

In Vivendi Village, Vivendi Sports also supports the development of local talents, notably by providing them with quality equipment that promotes sport and gives new champions the chance to thrive. In 2018, on the sidelines of the first edition of the *Tour de l'Espoir,* Vivendi Sports donated 90 bikes to the Cameroon Cycling Federation. It also announced the distribution of 300 pairs of gloves, 500 t-shirts/shorts sets and 100 pairs of bearpaw boxing gloves to Senegalese boxing clubs following *Jab & Vibes,* the event that marked the return of international boxing in Africa.

Gameloft also took part in several solidarity initiatives in the territories it covers. In Canada, the Montreal studio prepared meals and collected food and clothing to help Accueil Bonneau, a local association that works for the social integration of vulnerable people and those at risk of homelessness. In Indonesia and Vietnam, Gameloft actively supports several NGOs, relying on a strong commitment by its employees locally.

4.5. Indicator tables

4.5.1. PERFORMANCE INDICATORS

The information below relates to the scope set forth in the Note on Methodology in Section 4.7.1 of this chapter.

		2018
Attracting and retaining external talent (a)	Number of hours' training provided by Canal+ International for creative talent in Africa **(b)**	1,576
Attracting and retaining internal talent	Turnover rate **(c)**	25.75%
	of which Universal Music Group	16.35%
	of which Canal+ Group	16.20%
	of which Havas	34.19%
	of which Gameloft	23.66%
	of which Vivendi Village	25.54%
	of which New Initiatives	37.03%
	of which Corporate	11.76%
Responsible content	Number of intervention measures taken by the CSA with respect to Canal+ Group	2
	2018 saw a decrease in the number of intervention measures taken by the CSA (the French broadcast media regulator) with respect to Canal+ Group, resulting in two rulings compared to six in 2017. *In 2018, Canal+ Group received only one warning for all of its channels combined, relating to remarks made by Dominique Besnehard on CNews' morning show, La Matinale, with Jean-Pierre Elkabbach, but no summon was issued.* *In its decision on October 24, 2018, the CSA penalized Canal+ Group for a lack of information for viewers during the broadcast of a short program about an African country on one of its channels. It imposed that a statement be read out on the Canal+ channel.*	
	Number of creative projects by Havas deemed non-compliant by regulatory authorities **(d)**	287
	Number of campaigns by Havas subjected to intervention measures by the regulatory authorities and a withdrawal request	2
	Two campaigns designed by Havas Group agencies were the subject of withdrawal requests in 2018: a radio advert that the French Board of Advertising Ethics (Jury de déontologie publicitaire) deemed to convey sexist stereotypes and a commercial promoting an automatic vehicle braking system that the French Board of Advertising Ethics deemed to portray driving without sufficient care. *The majority of rejections received by Havas agencies for campaigns prior to their broadcast in 2018 related to the legibility of terms and conditions.*	

Comments:

(a) The following additional performance indicators related to this risk were consolidated and audited for UMG: the number of voluntary artist departures, the number of artist agreement renegociations and renewals, the share of non-recorded income and the 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 of individual training are recognized for each person who received training. Hours of collective training are recognized once, regardless of the number of people who received training.

(c) 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.

The number of departures of people on permanent contracts is calculated as the difference between the total number of departures and the number of people on temporary contracts whose contracts expired ("End of temporary contract"). Any departures of people on temporary contracts before the end of their contracts, which would be classified in "Other reasons" (e.g., death or termination during or at the end of a trial period), could impact the turnover rate because these departures would be taken into account in the calculation.

(d) In nearly 20% of the countries where Havas agencies operate, local regulatory authorities require creative projects to be submitted to them before being broadcast in some cases.

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4.5.2. SOCIAL INDICATORS

Headcount at December 31	2018	2017
Universal Music Group	8,319	7,912
Canal+ Group	7,739	7,707
Havas	19,622	18,966
Gameloft	4,456	5,681
Vivendi Village	640	733
New Initiatives	567	490
Corporate	257	254
Total	**41,600**	**41,743**

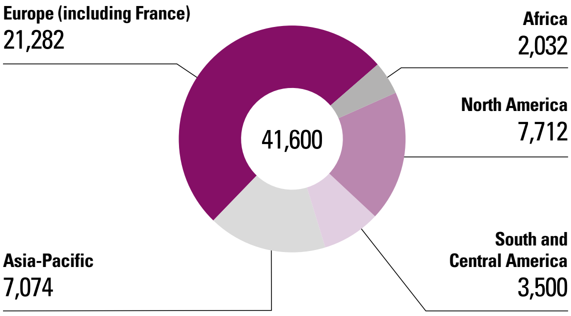
	2018				2017			
Headcount by gender	**Women**	**% Women**	**Men**	**% Men**	**Women**	**% Women**	**Men**	**% Men**
Universal Music Group	4,017	48%	4,302	52%	3,793	48%	4,119	52%
Canal+ Group	3,699	48%	4,040	52%	3,763	49%	3,944	51%
Havas	11,080	56%	8,542	44%	10,703	56%	8,263	44%
Gameloft	931	21%	3,525	79%	1,173	21%	4,508	79%
Vivendi Village	297	46%	343	54%	378	52%	355	48%
New Initiatives	188	33%	379	67%	149	30%	341	70%
Corporate	145	56%	112	44%	145	57%	109	43%
Total	**20,357**	**49%**	**21,243**	**51%**	**20,104**	**48%**	**21,639**	**52%**

	2018					
Headcount by age	**< 25 years**	**25-34 years**	**35-44 years**	**45-54 years**	**55 years and above**	**Total**
Universal Music Group	583	2,819	2,208	1,952	757	8,319
Canal+ Group	561	2,868	2,456	1,437	417	7,739
Havas	2,180	8,993	4,945	2,531	973	19,622
Gameloft	710	2,774	860	96	16	4,456
Vivendi Village	70	302	186	61	21	640
New Initiatives	35	347	151	29	5	567
Corporate	14	49	57	80	57	257
Total	**4,153**	**18,152**	**10,863**	**6,186**	**2,246**	**41,600**
As a percentage	**10%**	**44%**	**26%**	**15%**	**5%**	**100%**

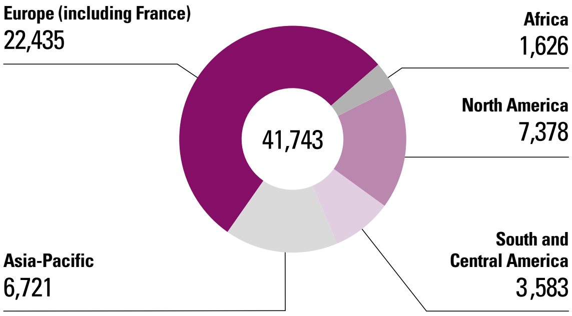
	2018				
Headcount by geographic region	**Africa**	**North America**	**South and Central America**	**Asia-Pacific**	**Europe (including France)**
Universal Music Group	66	3,052	357	1,212	3,632
Canal+ Group	1,699	79	-	468	5,493
Havas	71	3,888	2,937	3,077	9,649
Gameloft	2	558	206	2,312	1,378
Vivendi Village	69	40	-	-	531
New Initiatives	125	85	-	5	352
Corporate	-	10	-	-	247
Total	**2,032**	**7,712**	**3,500**	**7,074**	**21,282**
As a percentage	**4.9%**	**18.5%**	**8.4%**	**17.0%**	**51.2%**

	2017				
Headcount by geographic region	**Africa**	**North America**	**South and Central America**	**Asia-Pacific**	**Europe (including France)**
Universal Music Group	64	2,835	350	1,150	3,513
Canal+ Group	1,480	70	-	347	5,810
Havas	71	3,679	2,923	2,719	9,574
Gameloft	2	652	310	2,500	2,217
Vivendi Village	9	38	-	-	686
New Initiatives	-	93	-	5	392
Corporate	-	11	-	-	243
Total	**1,626**	**7,378**	**3,583**	**6,721**	**22,435**
As a percentage	**3.9%**	**17.7%**	**8.6%**	**16.1%**	**53.7%**

HEADCOUNT BY GEOGRAPHIC REGION IN 2018



HEADCOUNT BY GEOGRAPHIC REGION IN 2017



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New hires	2018 Permanent contracts	2018 Temporary contracts	2018 Total
Universal Music Group	1,347	433	1,780
Canal+ Group	937	699	1,636
Havas	5,199	1,518	6,717
Gameloft	376	747	1,123
Vivendi Village	96	99	195
New Initiatives	127	92	219
Corporate	29	23	52
Total	**8,111**	**3,611**	**11,722**
As a percentage	**69%**	**31%**	**100%**

Departures by reason	2018 Resignation	Termination	Redundancy	End of temporary contract	Retirement	Other reasons	Total
Universal Music Group	738	143	144	341	13	65	1,444
Canal+ Group	585	224	243	767	10	140	1,969
Havas	4,885	601	298	653	34	435	6,906
Gameloft	1,286	74	205	56	-	77	1,698
Vivendi Village	133	8	6	24	-	15	186
New Initiatives	125	19	-	96	-	23	263
Corporate	13	7	-	22	-	7	49
Total	**7,765**	**1,076**	**896**	**1,959**	**57**	**762**	**12,515**
As a percentage	**62%**	**9%**	**7%**	**16%**	**< 1%**	**6%**	**100%**

Training	2018 Employees trained	2018 Hours of training
Universal Music Group	6,915	39,740
Canal+ Group	4,568	79,764
Havas	13,405	127,379
Gameloft	3,009	105,159
Vivendi Village	108	2,301
New Initiatives	109	4,501
Corporate	116	2,936
Total	**28,230**	**361,780**
As a percentage of headcount	**68%**	**-**

Proportion of women in management	2018 Total managers	2018 Women managers	2018 Percentage of women managers
Universal Music Group	3,704	1,525	41%
Canal+ Group	3,052	1,328	44%
Havas	5,500	2,949	54%
Gameloft	623	142	23%
Vivendi Village	280	116	41%
New Initiatives	328	89	27%
Corporate	210	111	53%
Total	**13,697**	**6,260**	**46%**

	2018	% of total headcount	2017	% of total headcount
Headcount				
Headcount – Total	41,600	-	41,743	-
Headcount – Men	21,243	51%	21,639	52%
Headcount – Women	20,357	49%	20,104	48%
Headcount on permanent contracts	37,074	89%	36,947	89%
Headcount on temporary contracts	4,526	11%	4,796	11%
Headcount by age				
Employees under 25	4,153	10%		
Employees 25 to 34	18,152	44%		
Employees 35 to 44	10,863	26%		
Employees 45 to 54	6,186	15%		
Employees aged 55 and above	2,246	5%		
Arrivals and departures				
Total hires/new arrivals	11,722	-	12,157	-
Of which on permanent contracts	8,111 (69%)	-	7,675 (63%)	-
Total departures	12,515	-	13,398	-
Of which terminations and redundancies	1,972 (16%)	-	2,692 (20%)	-
Training				
Number of employees trained	28,230	68%	23,888	57%
Hours of training	361,780	-	346,661	-
Hours of training per participant (average)	12.8	-	14.5	-
Compensation				
Personnel costs **(a)**	3,221.2	-	2,529.4	-
Payroll costs **(a)**	3,059.2	-	2,398.4	-
Payroll costs as a percentage of revenue	21.96%	-	19.27%	-
Optional profit sharing **(a)**	16.0	-	8.5	-
Statutory profit sharing **(a)**	11.4	-	8.8	-
Absenteeism				
Number of employees with at least one day absent	21,340	51%	22,063	53%
Days absent – Total	299,251	-	267,706	-
Of which for illness	149,642 (50%)	-	141,778 (53%)	-
Of which for maternity, paternity and adoption leave	111,362 (37%)	-	90,170 (34%)	-
Health and safety				
Number of workplace accidents resulting in lost work time	83	-	105	-
Number of days lost due to workplace accidents	1,133	-	2,061	-
Employee relations and collective bargaining agreements				
Collective bargaining agreements signed or renewed (France)	46	-		
Of which relating to compensation and employee savings plans	31 (67%)	-		
Of which relating to working conditions, health and safety	9 (20%)	-		
Organization of working time				
Full-time employees	40,023	96%		
Part-time employees	1,577	4%		
Career development				
Number of temporary contracts transformed into permanent contracts	1,291	-		
Professional integration and disabilities				
Number of employees with disabilities	324	-		

(a) Figures stated in millions of euros.

4.5.3. ENVIRONMENTAL INDICATORS

	Unit	2018	% of total headcount
Energy consumption			
Electricity	MWh	122,600	86%
Electricity from renewable sources	MWh	17,746	16%
Natural gas	MWh GCV	9,293	26%
Domestic fuel	liters	118,167	19%
Steam used for space heating	MWh	7,987	20%
Diesel used by the fleet of vehicles	liters	1,340,497	26%
Petrol used by the fleet of vehicles	liters	802,024	36%
LPG used by the fleet of vehicles **(a)**	liters	1,552	0.4%
Materials consumption			
Purchase of paper for internal use	tons	460	85%
Purchase of paper for external use	tons	639	24%
Purchases of plastics and acrylics used in the manufacturing of products brought to market by a group entity	tons	15,295	24%
Purchase of cardboard packaging for products brought to market by a group entity	tons	909	25%
Waste			
Professional WEEE	tons	252	67%
Professional WEEE recovered	tons	46	35%
Household WEEE **(b)**	tons	74	3%
Household WEEE recovered **(b)**	tons	59	2%
Hazardous waste (excluding WEEE)	tons	15	58%
Non-hazardous waste	tons	3,818	68%
Non-hazardous waste recycled or recovered	tons	1,724	58%

(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 which means Canal+ Group is not responsible for collecting the equipment when discarded.

GREENHOUSE GAS EMISSIONS

	Unit	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	**17,481**
Mobile sources	tons of CO_2eq	6,485
Stationary sources	tons of CO_2eq	10,996
Of which refrigerants	tons of CO_2eq	8,630
Of which domestic fuel	tons of CO_2eq	377
Of which natural gas	tons of CO_2eq	1,989
Scope 2 greenhouse gas emissions related to energy consumption (b)	tons of CO_2eq	**35,555**
Of which electricity (including electricity from renewable sources)	tons of CO_2eq	34,061
Of which steam	tons of CO_2eq	1,494
Scope 3 greenhouse gas emissions (c)	tons of CO_2eq	**157,197**
Hazardous waste (including WEEE)	tons of CO_2eq	144
Non-hazardous waste	tons of CO_2eq	165
Business travel	tons of CO_2eq	98,257
Purchase of raw materials	tons of CO_2eq	44,170
Of which plastics	tons of CO_2eq	43,286
Of which paper	tons of CO_2eq	1,070
Of which cardboard	tons of CO_2eq	355
Property (buildings leased or owned)	tons of CO_2eq	14,461

(a) Scope 1 corresponds to direct emissions, including energy consumption (excluding electricity), fuel combustion and fugitive emissions (e.g., from leaks of refrigerants).

(b) Scope 2 corresponds to indirect emissions from energy consumption, including the consumption of electricity or steam *via* distribution grids.

(c) Scope 3 corresponds to other emissions produced indirectly by the group's activities which are not covered in scopes 1 and 2 but which 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 (see also Section 4.4.5.4, "Combating climate change").

The calculation methodology is described in the paragraph entitled "Methodological details and limits in relation to indicators" in (see Note on Methodology in Section 4.7.1) 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.

4.6. 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 Annual Report where information relating to each category can be found.

Category of Information	Relevant sections in the 2018 Annual Report
Presentation of the business model	Chapter 1, Section 2.2
Description of the main non-financial risks	Chapter 1, Section 4.3
Description of policies to prevent, identify and mitigate the main non-financial risks and their impact and performance indicators	Chapter 1, Sections 4.4.1.1, 4.4.3.2, 4.4.4, 4.4.5 and 4.5.1; 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, Sections 4.4.5.3 and 4.4.5.4
Societal commitments for sustainable development	Chapter 1, Sections 4.4.1, 4.4.2, 4.4.3 and 4.4.6
Circular economy	Chapter 1, Section 4.4.5.2
Combating food waste	Not relevant – Chapter 1, Section 4.3.1
Combating food insecurity	Not relevant – Chapter 1, Section 4.3.1
Respect for animal well-being and responsible, fair and sustainable food	Not relevant – Chapter 1, Section 4.3.1
Collective bargaining agreements in place in the Company and their impact on its financial performance	Chapter 1, Sections 4.4.4.6 and 4.5.2
Working conditions	Chapter 1, Section 4.4.4
Measures taken to combat discrimination and promote diversity and measures taken to benefit people with disabilities	Chapter 1, Section 4.4.2
Measures to combat tax evasion	Chapter 1, Section 3.5

4.7. Verification of non-financial data

4.7.1. NOTE ON NON-FINANCIAL REPORTING METHODOLOGY

Reference frameworks

The reporting of non-financial information is based on internal guidelines drawn up by Vivendi, with reference to the following national and international texts: French Executive Order No. 2017 – 1180 of July 19, 2017 relating to the publication of Non-Financial Performance Statements; French Decree No. 2017-1265 of August 9, 2017, the guidelines of the Global Reporting Initiative **(1)** (GRI) and the GRI 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

The societal, social and environmental indicators are presented in Sections 4.4 and 4.5 of this chapter.

Unless otherwise indicated, the societal, social and environmental indicators refer to consolidated data as of December 31, 2018.

The data presented for 2018 is consolidated. A breakdown by subsidiary is provided 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 case of a disposal during the reporting year, the data for the company are not recognized in the scope of that year; and
- in the case of an acquisition during the reporting year, the data for the company will be fully consolidated into the reporting as from the following year, unless that company can provide the required information for the reporting year. The acquired company's headcount is however incorporated into the scope of the current reporting year.

Societal reporting scope

The societal reporting scope corresponds to the group's business units, subject to the following clarifications:

- UMG: unless otherwise indicated, the reporting scope applies to nine companies that account for 80% of the group's revenues (Australia, Brazil, France, Germany, Japan, the Netherlands, South Africa, the United Kingdom and the United States); the indicator for digital and physical sales generated by the catalog (works marketed for more than three years) applies to a wider scope of 50 countries;
- 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 11 countries: Benin, Burkina Faso, Cameroon, Congo, Democratic Republic of the Congo, Gabon, Côte d'Ivoire, Madagascar, Mali, Senegal and Togo) and Vietnam. For some indicators that specifically apply to the French company the scope "Canal+" is mentioned;
- Havas Group: unless otherwise indicated, 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 by regulatory authorities", "Number and description of campaigns subjected to intervention measures by regulatory authorities and a withdrawal request", "Communication campaigns helping to 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 (Digitick and See Tickets), CanalOlympia and L'Olympia; and
- New Initiatives: the reporting scope applies to Dailymotion.

For the purchasing indicators (see Section 4.4.6.1 of this chapter), the data relate to tier-one suppliers and subcontractors that account for at least 75% of total purchasing expenditure to facilitate reporting by the business units.

(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 2018 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 2018, 30 entities were newly consolidated in the group, including two at UMG (19 people), six at Canal+ Group (353 people), 12 at Havas (364 people), seven at Vivendi Village (136 people) and three at New Initiatives (131 people), representing a total of 1,003 people.

In social reporting, unless otherwise indicated:

- "Vivendi Village" refers to L'Olympia, Olympia Production, Petit Olympia, CanalOlympia Talents & Spectacles (Benin, Cameroon, Guinea, Togo, Niger, Burkina Faso, Senegal and Gabon), Festival Prod, Paddington Group, Théâtre de l'Œuvre and Vivendi Ticketing (Digitick, Paylogic and See Tickets);
- "New Initiatives" refers to Dailymotion, Flab Prod, Flab Presse, Vivendi Content and GVA (France, Gabon and Togo); and
- "Corporate" refers to the Paris headquarters and the New York office, and "Headquarters" corresponds to the Paris headquarters.

Environmental reporting scope

The environmental reporting scope (89% of employees) is as follows:

- UMG: the reporting scope applies to 16 countries that account for 90% of the group's revenues (Australia, Brazil, Canada, France, Germany, Italy, Japan, Hong Kong, Mexico, the Netherlands, Poland, Spain, Sweden, Taiwan, the United Kingdom and the United States);
- Havas: the reporting scope applies to 113 entities with more than 50 employees, located in 36 countries and representing 79% of the Havas Group's employees (five entities, representing less than 0.0703% of Vivendi's employees, were mistakenly excluded when consolidating Havas in the overall reporting scope);
- Canal+ Group: the reporting scope applies to the companies located in mainland France and its overseas departments and territories, Poland, Africa (11 countries: Benin, Burkina Faso, Cameroon, Congo, Democratic Republic of the Congo, Gabon, Côte d'Ivoire, Madagascar, Mali, Senegal and Togo), Haiti and Vietnam;
- Vivendi Village: the reporting scope applies to Vivendi Ticketing (Digitick and See Tickets) and L'Olympia;
- New Initiatives: the reporting scope applies to Dailymotion (Paris and New York) and Flab Prod;
- Gameloft: the reporting scope applies to 13 entities: France, Bulgaria, Belarus, Canada, China, Hungary, Indonesia, Mexico, the Philippines, Romania, Spain, Ukraine and Vietnam; and
- 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.

Societal indicators

With regard to the indicator "Percentage of purchases made from local suppliers" (see Section 4.4.6.1 of this chapter), the subsidiaries reported on tier 1 suppliers and subcontractors representing at least 75% of the total purchasing amount. For Dailymotion, purchases related to IT and technical infrastructure services were included; for 2018, Dailymotion's purchases do not represent a significant amount of the consolidated total (0.14%). Gameloft's purchases of content (mostly licenses) are not included in the scope of this indicator since their very nature means they cannot be considered local purchases.

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.

The number of departures of people on permanent contracts is calculated as the difference between the total number of departures and the number of people on temporary contracts whose contracts expired ("End of temporary contract"). Any departures of people on temporary contracts before the end of their contracts, which would be classified in "Other reasons" (e.g., death or termination during or at the end of a trial period) could impact the turnover rate because these departures would be taken into account in the calculation.

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 is primarily collected for sites with more than 50 employees (except for five Havas entities for which the information could not be reported, representing less than 1% of group employees), 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). 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 is 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 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 and steam; 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 in particular 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, the sources of emissions used 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.

4.7.2. INDEPENDENT THIRD PARTY'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2018

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under number n° 3-1050 (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, 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory 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 Board of Directors 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 online.

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 the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

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;
- 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 determining the conditions in which the independent third party performs its engagement and with the professional guidance applicable in France to such engagements, as well as to the international ISAE standard 3000 – Assurance engagements other than audits or reviews of historical financial information.

The work that we conducted allows us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- We obtained an understanding of the entity's activities and of all the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, where applicable, the impact of this activity on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- 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 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 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;

- We verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code;
- We assessed the process used to select and validate the principal risks;
- We asked about the existence of internal control and risk management procedures the entity has put in place;
- We assessed the consistency of the outcomes and the key performance indicators with respect to the principal risks and policies presented;
- We verified that the Statement covers the consolidated scope, i.e. all the companies 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 assessed the data collection process implemented by the entity 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: Canal+ UES, Canal+ International RDC, Havas Media France, BETC, Havas Worldwide London Ltd, UMG France, UMG USA, Gameloft France which cover 18% of employees;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered the most important presented in Appendix 1;
- 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 2018 and February 2019 on a total duration of intervention of about twelve weeks.

We conducted twenty-one interviews with the persons responsible for the preparation of the Statement including, in particular, the General Management, Administration and Finance, Human Resources, Public Affairs, 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 non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Comment

Without qualifying our conclusion above and in compliance with the provisions of Article A. 225-3 of the French Commercial Code, we have the following comment:

- Policies relating to responsible contents, human rights and attraction and retention of internal talents, may sometimes still show a lack of consistency in their international deployment.

Paris-La Défense, February 28, 2019

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Partner, Sustainable Development	Partner
Éric Duvaud	Claire Pajona

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) 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 (Canal+ France)
Environmental information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Main sources of greenhouse gas emissions (All activities)	Actions taken to fight climate change, in particular advertising campaign tackling climate change (Havas)
Societal information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Share of employees trained to sexual and moral harassment prevention (%) (Havas) 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) against Canal+ Group (Canal+ France) Number of training hours of local African talents (Canal+ International)	Actions taken to defend human rights in particular whistleblowing procedures (Canal+, Havas) Training program to prevent harassment (Havas) Respect of digital stores guidelines on contents (Gameloft) Respect of group's guidelines on contents (Havas) Respect of ethics rules and Ethics Charter (Canal+) Training program of local African talents (Canal+ International) Monitoring of attraction and retention of external talents (UMG) Program implemented for personal data protection (All activities)

STUDIOCANAL

2 Risk Factors, Internal Control and Risk Management, Compliance Policy

Mia and the White Lion

The Passenger

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 other than those described below.

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, set up by the Management Board in 2018, 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 the General Data Protection Regulation (EU) 2016/679 (GDPR). 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.

This section takes into account the provisions of EU regulation "Prospectus 3" (Regulation (EU) 2017/1129 of June 14, 2017), which will come into effect on July 21, 2019. The risk factors are presented below in decreasing order of importance within each category.

1.1. Risks associated with the group's operations

1.1.1. RISKS ASSOCIATED WITH THE INCREASING COST OF EXCLUSIVE CONTENT AND PREMIUM RIGHTS IN THE GROUP'S VARIOUS BUSINESSES

Vivendi's businesses are faced with 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.

Faced with this cost increase, the Vivendi group exercises strict cost discipline coupled with a reasonable investment policy 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 increase and the potential loss of some premium rights in the medium and/or long term.

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 which the public authorities face in protecting rights holders are facilitating the unauthorized reproduction of music and audiovisual, thereby contributing 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.

Vivendi invests significant financial resources into combating piracy and is working more closely with key sector operators, such as rights holders, internet service providers (ISPs) and sports federations. In addition, regular action is taken to raise public authority awareness of the problem to help find effective means to combat piracy.

For a detailed analysis of piracy issues and measures taken by each of the group's business units to combat them, see Section 3 of Chapter 1 of this Annual Report.

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, such as advertising consultants and live streaming companies, coupled with the creation of OTT TV packages by publishers or rights agencies, could have an impact on the development of packages provided by the group, along with its revenue and operating results.

Vivendi pays close attention to these market trends and has a recognized and differentiating expertise in content production, editorialization and distribution. The group forges strategic partnerships with major market operators to reduce its exposure to disintermediation risk.

1.1.4. 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, creator, authors, managers and some technical profiles, is a key success factor for the group in an environment characterized by both mobility and competition. If Vivendi were to lose the ability to attract new talent or support, its growth prospects or financial position could be affected.

Vivendi has implemented a strategy aimed at attracting and retaining the best talent to preserve the operation of the group's functions as well as 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.

1.1.5. 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.

The security of infrastructures and information systems is an ongoing concern for Vivendi's group. Security audits are conducted regularly with support from outside specialist companies. Detection systems and incident response processes are deployed in the group's critical activities.

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.

In 2016, Vivendi appointed a Group Data Protection Officer at headquarters level. Within the group, each operating entity has its own Data Protection Officer responsible for overseeing compliance with the relevant national personal data protection regulation.

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.

1.1.7. RISKS ASSOCIATED WITH CORRUPTION

The group operates in a global and highly competitive environment. It is subject to various regulations regarding the prevention of corruption and influence peddling, and in particular, the new, tighter French regulations on identifying and preventing corruption risk. In this context, Vivendi has identified the main risks and implemented anti-corruption procedures covering all of its subsidiaries and setting out the guiding principles and conduct to be observed in that respect. The objective of the anti-corruption system is to protect the group's reputation and ensure the continued trust of its stakeholders.

The system is supervised by the Group Chief Compliance Officer and the Group Compliance Officer. The Compliance Committee, created in 2018, reviews the implementation of measures to prevent corruption in the group's various operating entities. An Audit Compliance team reporting to the Internal Audit Control Department makes sure that the anti-corruption measures are properly applied.

For a more detailed description of these measures, see Section 3 of this chapter.

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

The production and distribution of content or services represent a significant portion of Vivendi's revenues. The commercial success of specific content will depend on how the public responds to it, which cannot always be predicted. The existence and success of competing offers and the general economic environment will also both have an impact. The lack of commercial success of new content or services published, distributed or marketed by the group could have a negative impact on its revenue and results.

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

1.1.9. RISKS ASSOCIATED WITH THE CONDUCT OF OPERATIONS IN VARIOUS COUNTRIES

Vivendi conducts its operations in several markets in more than 100 countries. 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;
- the various tax systems, which may have an adverse effect on the results of Vivendi's operations or on its cash flow and, in particular, regulations relating to transfer pricing and withholding tax on the repatriation of funds; and
- tariff barriers, customs duties, export controls and other trade barriers.

The majority of businesses most at risk are still in the development stage and do not yet make a significant contribution to the group's financial results. Vivendi's broad geographic footprint reduces the potential impact of a failure in a particular local market.

1.1.10. RISKS ASSOCIATED WITH ADVERSE ECONOMIC AND FINANCIAL CONDITIONS

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

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

1.2. Financial risks

1.2.1. EQUITY MARKET VALUE RISKS

As part of a sustainable investment strategy, Vivendi has built up an equity portfolio comprising listed and unlisted French and European companies in the telecommunications and media sector that are leaders in the production and distribution of content.

As of December 31, 2018, Vivendi had a portfolio of listed non-controlling equity interests, including a €429 million receivable related to the forward sale of the balance of its interest in Ubisoft (see Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2018 in Chapter 4 of this Annual Report). The portfolio had an aggregate market value of approximately €3.9 billion (before taxes) as of that date. Vivendi is exposed to the risk of fluctuation in the value of these interests: as of December 31, 2018, the net unrealized loss with respect to the interests in Telecom Italia, Mediaset, Spotify and Tencent Music was approximately €1.8 billion (before taxes). A 10% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €2.5 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 €2.9 billion on Vivendi's financial position.

1.2.2. EXCHANGE RATE RISK

Management of the group's exchange rate risk is centralized within Vivendi SA's Finance and Treasury Department for all its controlled subsidiaries, except in circumstances where a newly acquired subsidiary is authorized, during a transition period, to continue to carry out foreign exchange spot transactions or standard currency hedges. This policy mainly seeks to hedge budget exposures (80%) related to monetary flows generated by operations in currencies other than the euro, as well as external firm contractual commitments (100%), which is essentially related to the acquisition of editorial content (sports, TV and film rights), and certain industrial capital expenditures (e.g., set-top boxes) made in foreign currencies. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity of less than one year. Given the exchange rate hedges in place, a uniform adverse change of 1% in the euro against all foreign currencies in position as of December 31, 2018 would have a non-significant cumulative impact on net earnings (approximately €1 million). In addition, the group may hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. However, 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 and the associated risks are settled at the end of each month by translating the amounts into the functional currency of the relevant operating entities.

Additionally, the depreciation of the British pound (GBP) against the euro, following the referendum held on June 23, 2016 endorsing the United Kingdom's exit from the European Union ("Brexit"), mainly impacted Universal Music Group's revenues in 2017. In addition, Vivendi performed a detailed analysis of the impact of interest and foreign exchange rate changes on the group's debt and financial assets, as well as on pension funds, and a report was submitted to Vivendi's Audit Committee to that effect. As of the date of this report, no significant impact on Vivendi's consolidated financial position has been recognized. Other potential effects that could impact the group as a result of Brexit will be assessed when the terms of the United Kingdom's departure from the European Union are known.

1.2.3. 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, 2018, the group's cash position amounted to €4,392 million (compared to €2,026 million as of December 31, 2017), of which €3,354 million was held by Vivendi SA (compared to €1,072 million as of December 31, 2017).

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.

1.2.4. CREDIT RISK

Vivendi does not consider there to be a significant risk of non-recovery of trade accounts receivable for its business segments: the large individual customer base and the broad variety of customers and markets, as well as the geographic diversity of its business segments (mainly Universal Music Group, Canal+ Group, Havas and Gameloft), enable Vivendi to minimize the risk of credit concentration related to trade accounts receivable.

Havas provides advertising and communications services to a wide range of clients operating in multiple industry sectors around the world. Havas grants payment terms to all qualified customers. It does not believe it is exposed to any undue concentration of credit risk related to either a specific country or client. Consequently, the concentration of credit risk and accounts receivable is limited. In 2015, Havas selected a leading credit insurer to cover its main client credit risks worldwide. This credit insurance cover began in July 2015 and continued since then, including in 2018.

1.2.5. INTEREST RATE RISK

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 enable the group to manage and reduce volatility for future cash flows related to interest payments on borrowings.

1.2.6. LIQUIDITY RISK

As of February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), 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 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 made under existing corporate authorizations, as well as its investment projects, if any, for the next 12 months.

For a detailed analysis of market risks (interest rates, foreign exchange rates, market liquidity and stock prices), see Notes 12, 13, 14 and 19 to the Consolidated Financial Statements for the year ended December 31, 2018 in Chapter 4 of this Annual Report.

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.

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 23 to the Consolidated Financial Statements in Chapter 4 of this Annual Report.

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

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 2018).

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 which Vivendi is required to make publicly available and includes: (i) periodic information, including disclosure of documents to investors and financial markets in compliance with French financial market regulations, (ii) press releases related to half-yearly financial results, and (iii) presentations to investors and analysts.

For a description of the functions and activities of this committee in 2018, see Section 1.2.10.6 of Chapter 3 of this Annual Report.

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 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 organized into six business units (Universal Music Group, Canal+ Group, Havas, Gameloft, Vivendi Village (1) and Dailymotion). Each of these entities must implement the strategies set by the Management Board, including internal control objectives. Each entity has a tailored set of internal control measures that includes the implementation of the group's procedures and the definition and implementation of procedures specific to each business unit, depending on its organization, culture, risk factors and operational requirements. As the parent company, Vivendi ensures the internal control measures in question exist and adequately address the needs of each entity, particularly with respect to the accounting and financial procedures applied by group entities that are fully consolidated.

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 includes Vivendi Ticketing, l'Olympia, the Théâtre de l'Œuvre, CanalOlympia, Vivendi Talents, Vivendi Sports, Olympia Production, Festival Production and Copyrights.

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 legal departments within the group are aware of the need to update the latest Charters on data and content protection and good practice guidelines for the protection of sensitive data. Against this backdrop, in 2016, the group once again reinforced these controls by appointing a Data Officer who reports to the Group General Counsel. Controls were further strengthened in 2017 by the appointment of Data Officers 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.

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 Vivendi SA senior executives responsible for communications, and financial and accounting reporting.

Rules on securities market ethics

Vivendi complies with the regulatory requirements of the European Directive 2014/57 of April 16, 2014 and European Regulation 596/2014 of the same date, effective July 3, 2016 (Market Abuse Regulation), the positions and recommendations of the AMF published on October 26, 2016 and the recommendations of the AFEP/MEDEF Code as revised in June 2018. Consequently, the purchase or sale of company securities is prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would likely have a material impact on the company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for 30 calendar days preceding and including the day of publication of the company's 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 achievement of the group's objectives.

The assessment of risks at a group level is based on a qualitative and quantitative approach within each business unit. In 2018, risk mapping was updated at Canal+ Group, Universal Music Group and Gameloft, and risk mapping was conducted at Dailymotion by the Audit and Risk department, based on interviews held with senior and operating managers. These risk maps, as well as those prepared by Havas, 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 responsible for the prevention and management of risks relating to ethics, competition and conflicts of interest. Financial risks, including liquidity, credit and market risks, are managed by Vivendi's Finance, Risk Management and Treasury department through a centralized organization 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 a description of the current insurance programs, see Chapter 1 of this Annual Report.

In 2018, 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 primarily by the functional and operational management teams in accordance with existing reference procedures.

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 carry out 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 2018, upon the proposal of its Chairman, the Audit Committee reviewed and made improvements to its multi-year program. This program notably includes:

- the half-year Consolidated Financial Statements and annual financial statements of Vivendi SA, prepared by the Management Board;
- a report on quarterly activity;
- a review of impairment tests;
- a review of the company's financial management (debt, investments and foreign exchange);
- the assessment and coverage of operational and financial risks;
- a review of pension commitments;
- changes in accounting standards, methods and accounting principles, the company's scope of consolidation and the company's off-balance sheet commitments;
- the consistency and effectiveness of internal control procedures and a review of this report;
- the Internal Audit report;
- tax-related risks;
- major legal proceedings including legal and regulatory issues;
- insurance policies;
- the CSR policy;
- material internal control weaknesses and corruption and fraud cases where applicable; and
- the appointment and compensation of the Statutory Auditors.

A report is systematically presented by the Chairman of the Audit Committee to Vivendi's Supervisory Board and sent to every member of the Audit Committee and Supervisory Board.

Vivendi's Audit Committee long ago established a specific procedure to control or limit engagements in respect of "Non-Audit Services" (NAS) entrusted to the auditors, in accordance with a pre-approved procedure and specific reporting:

- all NAS engagements must be pre-approved by the Chairman of the Audit Committee. 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 2018, Vivendi's Audit Committee met four times, with an attendance rate of 100%. For a description of its work, see Section 1.1.1.13 of Chapter 3 of this Annual Report.

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 2018. The main topics covered include the:

- monitoring of the risks identified during the risk mapping process carried out in 2017 and review of the new risk maps prepared in 2018 at UMG, Canal+, Havas, Gameloft and Dailymotion;
- raising of awareness of information security issues;
- review of cybersecurity issues and IT security;
- review and monitoring of the risks identified in the group's risk mapping;
- creation of a Compliance Audit team, reporting to the Audit and Risk department, responsible for monitoring the various compliance measures undertaken within the group and raising awareness of the group's best practices among the operating teams most affected; and
- review and monitoring of insurance policies.

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 five 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. It contributes to disseminating best practices within the group.

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 linked 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 used as a basis to assess annual performance are then set for each business unit's management. Budgets are reviewed each month and updated three times per year.

Investments/divestments: any investments or divestments must receive prior approval from the Investment Committee, which comprises the Chairman 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 Regulations.

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. They are also presented to the Audit Committee once a year.

Sureties, endorsements and guarantees: pursuant to the company's by-laws and the Internal Regulations of the Supervisory Board, the granting of sureties, endorsements and guarantees by Vivendi to its subsidiaries is subject to prior approval in accordance with the following 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: Vivendi SA has an international cash pooling arrangement which enables it to centralize the cash surpluses and shortages of its controlled subsidiaries on a daily or weekly basis. Vivendi's investment management policy is aimed at minimizing and diversifying its exposure to counterparty risk with low-risk mutual funds (*fonds commun de placements*) and commercial banks that have high credit ratings. Vivendi SA also centralizes hedge transactions (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. The cash positions of business units, the weekly variations in cash flow and the cash flow forecasts over 13 rolling months are monitored on a bi-monthly basis by a Treasury Committee. Exposure to foreign exchange and interest rate risk is reported monthly to the Treasury Committee, 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 Regulations. A financial management presentation is made to the Audit Committee at least once a year. Monthly reporting on the net financial cash position, to the Chairman of the Supervisory Board and 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 Vivendi SA Tax department also provides advisory services for the group's subsidiaries and defends their tax interests before the local tax authorities.

Litigation: major disputes are monitored directly or coordinated by the group's General Counsel. A report relating to litigation involving Vivendi and its business units is prepared by the group's legal department in collaboration with the general counsels and heads of the legal departments of the main business units. A 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 SA.

Training materials relating to the application of IFRS standards within the group are available online and are accessible to all employees. Training is organized each year by the Corporate Consolidation and Financial Reporting department at headquarters.

2.5. Outlook

In 2019, Vivendi will continue to assist its business units with regard to internal control and related responsibilities. In particular, it will focus on the integration of Editis, including carrying out risk mapping using group methodology, and implementing group procedures. The new compliance team will continue in its efforts relating to internal control. Five principal themes (securing sources of revenue and revenue assurance, operating cost control, raising teams' awareness of external fraud and implementing controls to limit such fraud risks, IT security and data protection) will continue to be the focus of a cross-disciplinary initiative by the Audit and Risk department.

Section 3
Compliance policy

Vivendi conducts its operations with strict respect to 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 in the fourth quarter of 2018. The 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 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.

In addition, the group's Ethics Code, which brings together the principles and rules of conduct applicable to the group and its employees, is currently being reviewed.

3.1. Anti-corruption policy

The fight against corruption is one of the components of Vivendi's compliance policy and was a primary focus for the group and all its subsidiaries in 2018.

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 the 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

Roll-out of the main components of the policy in the business units began in 2018 and will be completed in 2019 to manage and control non-compliance risks in line with the rules in place.

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 20 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 sets out certain provisions for the prevention of corruption in line with US regulations, has been retained in its subsidiaries and amended with specific requirements imposed by the Sapin II Act.

Risk mapping

Risks are identified through an analysis conducted with operational officers at subsidiaries, based on a questionnaire and interviews. The risks are then prioritized and will be subject to an additional review in 2019.

Whistleblowing procedure

An internal whistleblowing system has been available to group employees since the issue of the Anti-Corruption Code. 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 organized in certain countries and they will continue in 2019.

Assessment procedures

Accounting control procedures have been thoroughly reviewed in all 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 to choose an analysis tool compatible with the group's existing indexing tools will be carried out in 2019.

Review of anti-corruption policy measures

An audit plan is in the process of being finalized. It will focus in particular on the implementation of the anti-corruption policy in group entities. In 2019, the Compliance Audit team will regularly report on the progress of its work to the Risk Committee and Audit 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. Priority areas in the supplier and subcontractor chain identified through the vigilance process and the related action plans will be communicated to the members of the Committees in 2019.

The Compliance Audit team is involved in reviewing the proper implementation of the measures provided for by the program. Work on this began in 2018.

3.2.2. THE NEW GROUP ETHICS CODE

As part of the overhaul of the Compliance Program, which began in 2018, a wider consultation with group stakeholders will be set up to incorporate issues relating to human rights and fundamental freedoms, health and safety and the environment.

The Anti-Corruption Code and the personal data protection policy are directly linked to the group Ethics Code.

The group Ethics Code also invites subsidiaries to define their own ethics rules to meet the standards of their business sector. A number of internal charters are already in place in some entities. A harmonization process will be carried out to ensure that the principles set out in these internal documents are aligned with the group Ethics Code.

3.2.3. RISKS AND AREAS FOR VIGILANCE IDENTIFIED IN THE VIGILANCE PROGRAM

Two approaches were used in assessing risks linked to vigilance obligations: firstly, an assessment of the vigilance risks associated with the group's activities, which was carried out as part of the process assessing non-financial risks; and secondly, an assessment of the chain of suppliers and subcontractors used by the group in producing and distributing its products and services, which was carried out based on an analysis jointly 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 of Chapter 1. For a presentation of Vivendi's proposals for managing these risks, see this Section of this chapter.

Identification of areas for vigilance resulting from the activities of suppliers and subcontractors

In 2018, the supplier and subcontractor chain was reviewed alongside a review of the subsidiaries' Purchasing departments, giving rise to a detailed assessment of issues relating to the group's purchasing policy.

This review focused on: 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 UMG, which already has procedures in place under its Supplier Vigilance Program (see details on UMG's Global Vendor Management Office below).

The collection and centralization of key data for each major family or category of purchases (e.g., total expenses incurred, number of suppliers involved and procedures put in place along the supply chain) allowed the group to carry out an initial assessment and identify the following areas for vigilance:

- the scope of content purchases;
- the application of vigilance measures in purchases of advertising space; and
- the strengthening of vigilance measures for purchases of electronic equipment.

In 2019, particular attention will be paid to these areas, which will be presented to the Risk Committee along with the associated action plans, which will be rolled out in the business units to improve risk management along the supplier chain. These action plans will be structured around four key priorities:

- the alignment of purchasing policies in the business units;
- an update of compliance clauses in purchasing and service agreements;
- the implementation of a tool to assess suppliers and subcontractors; and
- the setting out of monitoring indicators.

These action plans will also help raise the awareness of the group's business partners to the group's compliance policy.

At UMG, the Global Vendor Management Office (VMO) is responsible for the purchasing policy for suppliers and subcontractors. It has a CSR Policy in place and a Supplier Vigilance Program, which provides for regular meetings between the VMO and Bravado, the subsidiary responsible for merchandising activities.

In line with the VMO's principles, Bravado has also issued a set of internal documents (Manufacturer's agreement, Vendor Compliance Guide to UK and US vendors) setting out commitments and requirements for its suppliers. Among other points, suppliers are required to provide a complete list of their subcontractors with a view to ensuring transparency along the supply chain.

In 2018, the VMO evaluated 102 first-tier suppliers, an increase of 40% compared to the previous year. The department also assessed contract lifecycle management software in collaboration with operational departments. To communicate and promote its principles, the VMO has worked with UMG's Global Procurement department to develop an internal platform to share resources relating to governance and best practices. The VMO and Global Procurement teams will continue work on this platform in 2019, meeting several times a month to share best practices and encourage new initiatives.

3.2.4. WHISTLEBLOWING SYSTEM

Having launched its whistleblowing platform in 2018 as part of its anti-corruption measures, Vivendi plans to add to the procedure in 2019 by rolling out a specific system for alerts on situations relating to the group's vigilance commitments.

3.2.5. MONITORING OF THE VIGILANCE PROGRAM

In 2018, the Compliance Audit team began a review of the compliance of French subsidiaries with legal provisions on inter-company payment times, which will continue in 2019.

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 General 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.

A specific governance system was defined for this compliance program, with operational steering committees at each business unit and a central group committee. Every quarter, the group committee meets with the General Counsel, Data Protection Officers, and representatives from the Programs department and from the departments affected by the application of GDPR, such as legal, technical and security departments. Its role is to centralize the monitoring of projects underway at entities, define priorities and oversee the work of cross-business focus groups (e.g., HR and subcontractor agreements).

Following GDPR's entry into force in May 2018, Vivendi decided to turn the group committee responsible for the compliance program into a Data Protection Committee, reporting to the group's General Counsel, responsible for laying the foundations for more extensive governance of data issues, directing Privacy and Security compliance and promoting associated initiatives within the business units.

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.

Lastly, the group is continuing to take steps to increase its policies' effectiveness, particularly through effectiveness audits, indicator tests, and by making the "privacy and security by design" approach systematic in all its initiatives involving personal data, both in-house and with its partners and suppliers.

CRÉATIONS ORIGINALES, CANAL+

3

Corporate Governance of Vivendi, Compensation of Corporate Officers of Vivendi, General Information about the Company

Le Bureau des Légendes

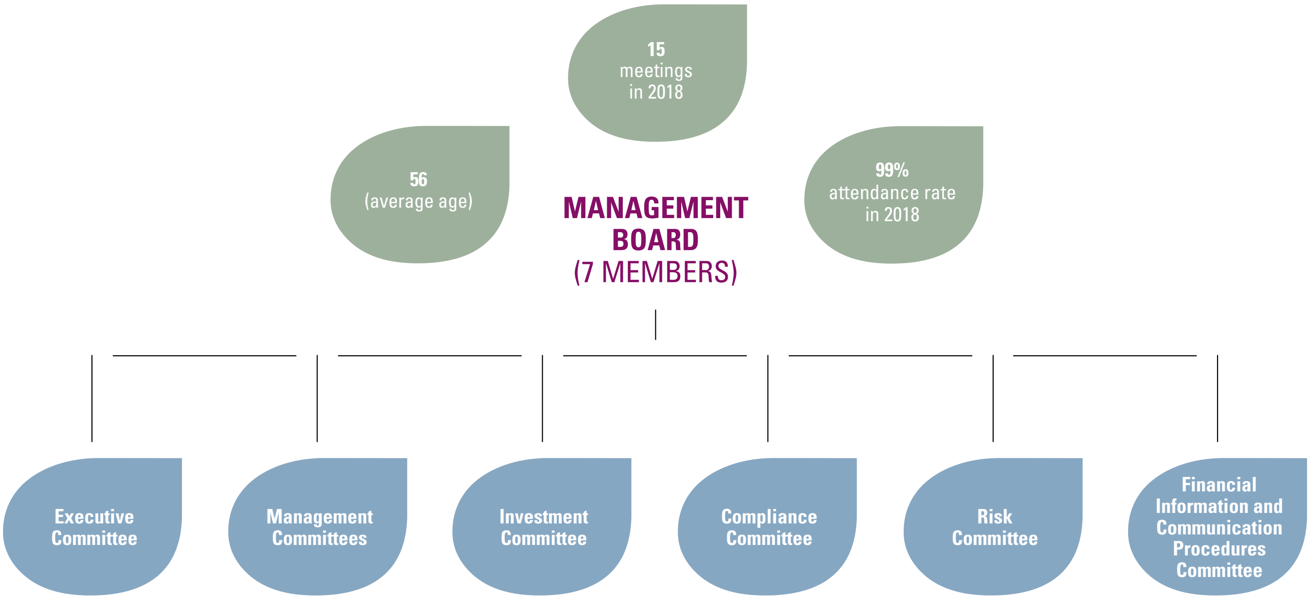
Hippocrate

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 14, 2019.

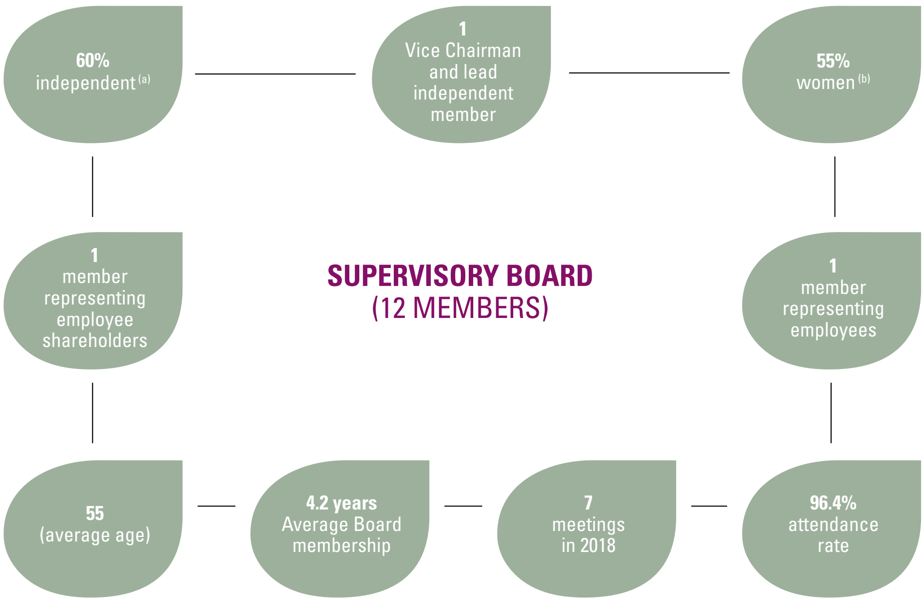
Since 2005, Vivendi has opted for a two-tier governance structure consisting of a Supervisory Board and a Management Board. This separated structure maintains a balance between management functions and oversight functions. It allows the Management Board to act with the promptness and efficiency required 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.

The Management Board is supported by six 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) Excluding the member representing employee shareholders and the member representing employees.

(b) Excluding 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 set in place 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, which stems 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 matter relating, directly or indirectly, to its Chairman, he is asked to leave the Supervisory Board meeting during voting and deliberations. 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 June 2018 (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.

Except for the member 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, the Supervisory Board has 12 members, including one member representing employee shareholders and one member representing employees.

SUPERVISORY BOARD 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 (*)	Chairman of the Supervisory Board Member of the Supervisory Board	39	0	**SB 04/19/2018** AGM 04/25/2017 SB 05/11/2016	n/a	AGM 2020	3,616
Philippe Bénacin	Vice Chairman, lead independent member Independent member of the Supervisory Board	60	1	**SB 04/19/2018** SB 06/24/2014 **AGM 04/19/2018** AGM 06/24/2014	**B**	AGM 2022	14,100
Tarak Ben Ammar (2)	Independent member of the Supervisory Board	69	1	AGM 04/17/2015	**A**	**AGM 2019**	1,003
Vincent Bolloré (**) (3)	Member of the Supervisory Board Chairman of the Supervisory Board	66	0	**AGM 04/25/2017** AGM 04/30/2013 SB 12/13/2012 **SB 04/25/2017** SB 06/24/2014	**A, B**	AGM 2021	6,000
Paulo Cardoso	(a) Member of the Supervisory Board	45	0	**DUP 10/19/2017** WC 10/16/2014	**B, C**	10/18/2020	n/a
Dominique Delport (4)	Member of the Supervisory Board	51	0	AGM 04/17/2015	n/a	**AGM 2019**	-
Véronique Driot-Argentin	Member of the Supervisory Board	56	0	AGM 04/25/2017	**C**	AGM 2021	1,366
Aliza Jabès	Independent member of the Supervisory Board	56	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	47	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	48	0	AGM 04/25/2017	**C**	AGM 2021	3,197
Michèle Reiser	Independent member of the Supervisory Board	69	0	AGM 04/19/2018	**A, C**	AGM 2022	1,000
Katie Stanton	(c) Independent member of the Supervisory Board	49	0	**AGM 04/19/2018** AGM 06/24/2014	**A**	AGM 2022	1,000

n/a: not applicable.

(*) Chairman of the Supervisory Board since April 19, 2018.

(**) Chairman of the Supervisory Board until April 19, 2018.

(1) Number of positions held, taking into account the exemptions set forth in the French Commercial Code and the AFEP/MEDEF Code. 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 term of office will expire at the close of the General Shareholders' Meeting to be held on April 15, 2019 (not standing for re-election).

(3) Member who has chosen to end his term of office at the close of the General Shareholders' Meeting to be held on April 15, 2019.

(4) Member whose renewal of term is proposed to the General Shareholders' Meeting of April 15, 2019.

(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 2018

	Supervisory Board	Audit Committee	Corporate Governance, Nominations and Remuneration Committee	CSR Committee
Yannick Bolloré	Chairman (since April 19, 2018)	Member (until April 19, 2018)	Member (until April 19, 2018)	-
Philippe Bénacin	Vice Chairman and lead independent member (renewal April 19, 2018)	-	Chairman (renewal April 19, 2018)	-
Vincent Bolloré	Chairman (until April 19, 2018)	Member (since April 19, 2018)	Member (since April 19, 2018)	-
Dominique Delport	Member (no change)	-	Member (until March 26, 2018)	-
Aliza Jabès	Member (renewal April 19, 2018)	-	Member (renewal April 19, 2018)	-
Cathia Lawson-Hall	Member (renewal April 19, 2018)	Chairwoman (renewal April 19, 2018)	-	Member (renewal April 19, 2018)
Virginie Morgon	Member (until April 19, 2018)	-	Member (until April 19, 2018)	-
Michèle Reiser	Member (since April 19, 2018)	Member (since April 19, 2018)	-	Member (since April 19, 2018)
Katie Stanton	Member (renewal April 19, 2018)	Member (renewal April 19, 2018)	-	-

Independence of Supervisory Board members

Excluding the member representing employee shareholders and the member representing employees, the Supervisory Board has 10 members, including six independent members (60%).

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 8 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	√	√	√	√	√	√	√	√	**√**
Tarak Ben Ammar	√	√	√	√	√	√	√	√	**√**
Vincent Bolloré	-	√	-	-	√	√	√	-	**-**
Paulo Cardoso	-	√	√	√	√	√	√	√	**n/a**
Dominique Delport **(1)**	-	√	-	√	√	√	-	√	**-**
Véronique Driot-Argentin	-	√	√	√	√	√	√	√	**-**
Aliza Jabès	√	√	√	√	√	√	√	√	**√**
Cathia Lawson-Hall	√	√	√	√	√	√	√	√	**√**
Sandrine Le Bihan	-	√	√	√	√	√	√	√	**n/a**
Michèle Reiser	√	√	√	√	√	√	√	√	**√**
Katie Stanton	√	√	√	√	√	√	√	√	**√**

n/a: not applicable.

(1) Executive positions within the Havas Group until April 30, 2018.

Following its review of the independence of Tarak Ben Ammar, Chairman and Chief Executive Officer of Quinta Communications, which has a video and television rights license agreement with Studiocanal (an indirectly owned, wholly controlled subsidiary of Vivendi), the Corporate Governance, Nominations and Remuneration Committee, having regard to Article 8.5 of the AFEP/MEDEF Code, concluded that this business relationship was not material. In 2018, it represented €1.7 million charged by Studiocanal to the Quinta Communications company, *i.e.*, 0.4% of Studiocanal's revenue over the period. Furthermore, the five-year term of this agreement, entered into in 2015, is standard for this type of business.

The Corporate Governance, Nominations and Remuneration Committee also reviewed the status of Aliza Jabès, Chairwoman of Nuxe Développement, and Philippe Bénacin, Chairman and Chief Executive Officer of Interparfums. Having regard to Article 8.5 of the AFEP/MEDEF Code, the Committee concluded that the business relationships conducted on an arm's length basis by certain Vivendi subsidiaries with Interparfums and the Nuxe Group were not material and were not of a nature to compromise the Board members' judgment or their independence in exercising their duties.

For a description and quantification of these business relationships, please see Note 21.3 "Other Related-Party Transactions" in the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2018, presented in Section 4 of this Annual Report.

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. The Supervisory Board comprises six women (55%) (the employee representative is not counted in calculating this percentage, pursuant to Law No. 2011-103 of January 27, 2011 concerning gender parity on Boards of Directors and Supervisory Boards, and professional equality). 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:

- **Communication, media and content** 100%
- **Development and strategy** 75%
- **International** 67%
- **Digital/New technologies** 75%
- **Financial and accounting expertise** 92%
- **Governance and organization** 92%
- **Human Resources and CSR** 100%

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 15, 2019

Tarak Ben Ammar is not standing for re-election. The General Shareholders' Meeting of April 15, 2019 will be invited to renew the term of office of Dominique Delport. Given that Vincent Bolloré has decided to step down at the close of the next General Shareholders' Meeting, shareholders will be asked to elect Cyrille Bolloré as a new member of the Supervisory Board.

Cyrille Bolloré has experience in an integrated multinational company and in the content, media and communication businesses. His appointment would also strengthen the Supervisory Board's expertise in issues relating to emerging markets and, in particular, Africa.

For detailed information about the current members of the Supervisory Board and the nominee proposed for election at the General Shareholders' Meeting of April 15, 2019, 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 15, 2019" below.

At the close of the General Shareholders' Meeting to be held on April 15, 2019, and subject to approval of the relevant resolutions, the Supervisory Board will have 11 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 five independent members out of eleven (56%).

Main Activities of the Current Members of the Supervisory Board

YANNICK BOLLORÉ

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

Havas Group (in France)

- Havas, Chairman of the Board of Directors and Managing Director
- Havas Media France, Director
- W & Cie, permanent representative of Havas on the Board of Directors

Havas 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 SA (*), Vice Chairman and Director
- Financière de l'Odet (*), Director
- Bolloré Participations, Director
- Financière V, Director
- Omnium Bolloré, Director
- JC Decaux Bolloré Holding, member of the Executive Board
- Sofibol, member of the Supervisory Board
- 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
- 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 on a regulated market.

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, 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 (Great Britain), Director

(*) Listed on a regulated market.

TARAK BEN AMMAR

Independent member of the Supervisory Board whose term of office will expire at the close of the General Shareholders' Meeting to be held on April 15, 2019 (not standing for re-election).

French citizen.

8, avenue de Montmorency – 75016 Paris – France

EXPERTISE AND EXPERIENCE

Tarak Ben Ammar is an entrepreneur in audiovisual media both within Europe and worldwide.

He began his career in 1974 by convincing a number of American producers to produce parts of their films in Tunisia. As a result, he participated in the production of a number of international films, including the blockbusters *Star Wars* (George Lucas) and *Raiders of the Lost Ark* (Steven Spielberg). He has also co-produced and distributed more than 70 movies, including the prestigious *La Traviata* (Franco Zeffirelli), *Pirates* (Roman Polanski), *The Passion of the Christ* (Mel Gibson) and *L'Or Noir* (Jean-Jacques Annaud).

Simultaneously, he developed a group that is now present in several countries, including:

- in France, through his company Quinta Communications, he participated in the development of the French film industry, and, as an investor, he partnered with Luc Besson to found Cité du Cinéma, set to become a first-class international film studio;
- in Italy, his subsidiary Prima TV has rapidly established its position as the fourth-largest multimedia group, behind Mediaset, RAI and Sky, primarily through the company Eagle, the largest independent distributor in the country. In 2013, the telecommunications group Nabil Sawiris purchased a stake in Prima;
- in North Africa, he is committed to promoting the values of tolerance and freedom in his country of birth. He co-founded the TV channel Nessma, which has become the leading television channel in Tunisia, Algeria and Libya and the second biggest channel in Morocco. On account of its independence and democratic views, this channel played a central role in the Arab Spring and the fight against radical Islam.

He graduated from Georgetown University in Washington, D.C. with a degree in international economics.

POSITIONS CURRENTLY HELD (IN FRANCE)

- A Prime Group SAS, member of the Supervisory Board
- Euronews SA, member of the Supervisory Board

POSITIONS CURRENTLY HELD (OUTSIDE FRANCE)

- Holland Coordinator & Service Company B.V. (Netherlands), shareholder and Managing Director
- A1 International Investment B.V. (Netherlands), Supervisory Director
- Nessma SA (Luxembourg), Director
- Andromeda Tunisie SA (Tunisia), Chairman and Chief Executive Officer
- Quinta Communications Distribution Tunisie SARL (Tunisia), Manager
- Quinta Communications LTC Gammarth SARL (Tunisia), Manager
- Carthago Films Services SARL (Tunisia), Manager
- Empire Productions SARL (Tunisia), Manager
- Holland Coordinator & Service Company Italia SpA (Italy), Chairman of the Board of Directors and Director
- Eagle Pictures SpA (Italy), Chairman of the Board of Directors and Director
- Europa Network Srl (Italy), Director
- Prima TV SpA (Italy), Chairman of the Board of Directors and Director
- Delta Films Limited (UK), Director
- Delta (The Last Legion) Limited (UK), Director
- Delta (Young Hannibal) Limited (UK), Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Edison SAS (France), member of the Board of Directors
- Quinta Communications SA, Chairman of the Board of Directors and Managing Director
- Téléclair SARL, Manager

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Mediobanca SpA (*) (Italy), member of the Supervisory Board
- Telecom Italia SpA (*) (Italy), Director
- The Weinstein Company Holdings LLC (USA), Board Member
- Lux Vide Finanziaria per iniziative audiovisive e telematiche SpA (Italy), Director
- Europa TV SpA (Italy), Chairman of the Board of Directors and Director
- Quinta Communications USA, Inc. (USA), Director
- Quinta Communications Italia Srl (Italy), Chairman of the Board of Directors and Director
- Imperium SpA (Italy), Chairman of the Board of Directors and Director
- La Centrale Finanziare Generale SpA (Italy), Vice Chairman of the Board of Directors and Director

(*) Listed on a regulated market.

VINCENT BOLLORÉ

Member of the Supervisory Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Vincent Bolloré holds a Master's degree in Law and is the Chairman and Chief Executive Officer of the Bolloré Group. In 1970, he began his career as a representative at Banque de l'Union Européenne before joining Compagnie Financière Edmond de Rothschild in 1976.

In 1981, he became Chairman and Chief Executive Officer of the Bolloré Group and its paper business. Under Vincent Bolloré's management, the group became one of the world's 500 largest companies. As a listed company, the Bolloré Group holds a strong position in each of its businesses, which are organized into three divisions: Transport and Logistics, Communication and Media, and Electricity Storage. The Bolloré Group also manages a long-term investment portfolio.

POSITIONS CURRENTLY HELD

Vivendi group (in France)
- Canal+ Group, member of the Supervisory Board

Bolloré Group (in France)
- Bolloré SA (*), Chairman and Chief Executive Officer
- Bolloré Participations, Chairman and Chief Executive Officer
- Financière de l'Odet (*), Chairman of the Board of Directors (separate management)
- Blue Solutions (*), Chairman of the Board of Directors (separate management)
- Somabol, Chairman
- Omnium Bolloré, Chief Executive Officer and Director
- Financière V, Chief Executive Officer and Director
- Financière Moncey (*), Director
- Société Industrielle et Financière de l'Artois (*), permanent representative of Bolloré Participations on the Board of Directors
- Compagnie du Cambodge (*), permanent representative of Bolloré Participations on the Supervisory Board

Bolloré Group (outside France)
- Nord-Sumatra Investissements, Chairman and Deputy Director
- Financière du Champ de Mars, Chairman and Deputy Director
- BB Groupe 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

OTHER POSITIONS AND OFFICES (OUTSIDE FRANCE)

- SAFA Cameroun (*), permanent representative of Bolloré Participations 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 on the Board of Directors
- Société des Caoutchoucs de Grand Bereby (SOGB) (*), permanent representative of Bolloré Participations on the Board of Directors
- Brabanta, permanent representative of Bolloré Participations on the Board of Directors
- SOGB, Vice Chairman
- COVIPHAMA, Director
- Plantations Socfinaf Ghana, Director
- Socfin Agricultural Company, Director
- Socfinco FR, Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Vivendi, Chairman of the Supervisory Board
- Canal+ Group, Chairman of the Supervisory Board
- Studiocanal, Member of the Supervisory Board
- 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

Pursuant to Recommendation 18 of the AFEP/MEDEF Code, "an Executive Officer should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group".

The AFEP/MEDEF Code Application Guide further provides that "the limit above does not apply to directorships held by an Executive Officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings."

All positions held by Vincent Bolloré within listed companies are:

- firstly, within the Bolloré Group, which is controlled by Vincent Bolloré (1) (Financière de l'Odet, Bolloré SA, Blue Solutions, Financière Moncey, Société Industrielle et Financière de l'Artois and Compagnie du Cambodge); and
- secondly, within equity interests (2) of Bolloré SA (Vivendi, Socfin and its subsidiaries), the main activity of which is to acquire or manage its subsidiaries and interests and where Vincent Bolloré serves as Corporate Officer (Chairman-CEO of Bolloré SA).

These positions, held outside the Bolloré Group but in interests held by Bolloré SA, meet the required conditions to benefit from the exemption and therefore need not be subject to application of the rules governing more than one directorship.

Vincent Bolloré's situation is thus consistent with the provisions of the AFEP/MEDEF Code concerning the accumulation of positions, since the positions he holds in listed companies are either within his group, or are subject to the exemption provided for in the AFEP/MEDEF Code.

(1) Through the Group company Bolloré Participations, of which Vincent Bolloré is Chairman and Chief Executive Officer.

(2) Pursuant to Article L. 233-2 of the French Commercial Code, an "equity interest" is defined as an ownership interest of between 10% and 50% of the share capital.

(*) Listed on a regulated market.

PAULO CARDOSO

Employee representative on 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 whose renewal of term is proposed to the General Shareholders' Meeting of April 15, 2019

French citizen.

Vice Media UK – New North Place – London EC2A 4JA – United Kingdom

EXPERTISE AND EXPERIENCE

Dominique Delport is a graduate of the EM Lyon (École Supérieure de Commerce de Lyon) and a winner of the MBA Moot Corp International Challenge hosted by the University of Texas, Austin. He is also the recipient of an Emmy Award.

He has had three distinct professional careers: television journalist, Internet entrepreneur, and head of a media agency, all of which give him expertise in content, digital and media at an international level.

Dominique Delport began his career as Deputy Chief Editor for the television channel M6 Lyon, and then became Chief Editor at M6 Lille. In 1996, he was appointed Chief Editor at M6, the second largest private television channel in France.

From 1996 to 2000, he directed the news program *6 Minutes* (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.

Dominique Delport joined Media Planning Group (MPG) on February 1, 2006 as Managing Director, while retaining his position as Chairman and Chief Executive Officer at Streampower. He was appointed Chief Executive of MPG France in June 2006 and then, in February 2007, Managing Director of Havas Media France.

In February 2008, he was promoted to the position of Chairman-Managing Director of Havas Media France, a position he held until the end of 2015.

In February 2009, he was elected to a two-year term as President of the Union of Media Consulting and Purchasing (UDECAM), 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 Group (in France)

- 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 PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

Havas 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 Vivendi SA

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 councillor in Villecresnes (Val-de-Marne *département*) and Vice President of the Social Housing and Action Management Committee.

POSITIONS CURRENTLY HELD

None

OTHER POSITIONS AND OFFICES

Vivendi group (in France)

- Group Works Council, member
- IDSE, member of the bureau
- Vivendi's Single Staff Delegation (DUP), secretary

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

None

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 the Eli Lilly laboratory in Indianapolis (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 wellbeing industry, with more than 50 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 *Prix de l'Entrepreneur de l'Année* from EY – L'Express. 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* (Havas International) in the "Women in Business" category, which rewarded her for her creativity and entrepreneurial spirit.

After being promoted to the rank of *Chevalier de la Légion d'Honneur* in 2008, she was named *Officier de l'Ordre National du Mérite* in 2015.

POSITIONS CURRENTLY HELD

NUXE Group (in France)

- NUXE Développement, 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 shareholding 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
- Vivendi's Single Staff Delegation (DUP), representative and treasurer
- Group Works Council, member
- IDSE, member of the bureau

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Vivendi Works Council, Deputy Secretary 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 *Épilepsies*;
- 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*, *La vérité sort de la bouche des enfants*; and
- profiles – Reiser, Juppé, François Truffaut, correspondance à une voix.

She also directed musical and theatre 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 1998-2005.

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 will be 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 the 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.

She was promoted to the rank of *Chevalier de l'Ordre de la Légion d'honneur* in 2010 and named *Chevalier de l'Ordre National du Mérite* in 2004.

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

In June 2016, Katie Stanton joined Color Genomics as Chief Marketing Officer. She is a graduate of Rhodes College (1991) and holds a Master's degree from the School of International Public Affairs (SIPA) at Columbia University.

Katie Stanton is the founding partner of #Angels, a Silicon Valley-based investment group. Until 2016, she was Global Media Vice President for Twitter. Previously, she served as Vice President for International Market Development with Twitter, responsible for partnerships, user growth and key operations in the strategic markets of Europe, Latin America, the Middle East and Africa. She participated in the setting up of a number of international offices, including in the United Kingdom, Japan, France, Spain, Brazil and Germany. Before joining Twitter, she worked at the White House, the US State Department, Google and Yahoo.

POSITIONS CURRENTLY HELD (OUTSIDE FRANCE)

- 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

Information about the nominee for the Supervisory Board submitted for the approval of the General Shareholders' Meeting to be held on April 15, 2019

CYRILLE BOLLORÉ

French citizen.

Tour Bolloré – 31-32, quai de Dion-Bouton – 92811 Puteaux Cedex – France

MANAGEMENT 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.

He became Vice Chairman and Managing Director of Bolloré in August 2012 and Deputy Chief Executive Officer of Bolloré in June 2013.

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.

In September 2017, he was appointed Vice Chairman and Chief Executive Officer of Financière de l'Odet.

Cyrille Bolloré has experience in an integrated multinational company and in the content, media and communication businesses. His appointment would also strengthen the Supervisory Board's expertise in issues relating to emerging markets, in particular, Africa.

Cyrille Bolloré is Vincent Bolloré's son.

POSITIONS CURRENTLY HELD

Bolloré Group (in France)

- Bolloré Energy, Chairman of the Board of Directors
- Bolloré Transport & Logistics Corporate (formerly Bolloré Transport & Logistics), Chairman
- Bolloré SA (*), Deputy Chief Executive Officer, Vice Chairman Managing Director
- Compagnie du Cambodge (*), Chairman of the Management Board
- Sofibol, Chairman of the Supervisory Board
- BlueElec, Chairman
- Financière de l'Odet (*), Chief Executive Officer, Vice Chairman and Director
- Bolloré Participations, 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 on the Board

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

Bolloré Group (in France)

- 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
- Société des Pipelines de Strasbourg SARL, Member of the Management Board

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

(*) Company whose securities are admitted to trading on a regulated market.

1.1.1.3. Family Relationships

Vincent Bolloré is the father of Yannick Bolloré, both of whom are members of the Supervisory Board. To the company's knowledge, there are no other family ties between any members of the Supervisory Board.

In addition, there is a family relationship between a Supervisory Board member and a Management Board member in the person of Cédric de Bailliencourt, the nephew of Vincent Bolloré. 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

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Supervisory Board with regard to their personal interests or other responsibilities.

Pursuant to the internal rules of the Supervisory Board, its members have a duty to inform the Supervisory Board of any actual or potential conflict of interest they have encountered, or might encounter in the future. 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.

Any business relationships between the Havas Group, of which Yannick Bolloré is Chairman and Chief Executive Officer, the Bolloré Group of which Vincent Bolloré is Chairman and Chief Executive Officer and certain Vivendi subsidiaries are ordinary business relationships entered into on an arm's length basis and are unlikely to create actual or potential conflicts of interest between Vivendi and Vincent and Yannick Bolloré. For a description and quantification of these business relationships, please see Note 21.3 "Other Related-Party Transactions" in the Notes to the Consolidated Financial Statements for the fiscal year ended December 31, 2018, presented in Chapter 4 of this Annual Report.

1.1.1.5. Absence of Any Conviction for Fraud, Liability Associated with a Business Failure, Public Accusation and/or Sanction

Over the past five years, to the company's knowledge:

- no member of the Supervisory Board has been convicted of any fraud-related matter;
- no member of the Supervisory Board has been associated with bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body;
- no official public accusation or sanction has been brought against or imposed on any member of the Supervisory Board; and
- no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer, with the exception, in the latter case, of the following:
  - in the context of the bankruptcy proceedings against Quinta Industries, of which Quinta Communications was an administrator at the time of the company's court-ordered liquidation on December 15, 2011, the Versailles Court of Appeal, in its decision issued on February 20, 2018, confirmed the decision of the Nanterre Commercial Court issued on December 16, 2016 prohibiting Tarak Ben Ammar from directing, managing, administering or controlling a company for a period of three years from the date of that decision, excluding currently held functions. In a statement received by Vivendi on March 7, 2019, Mr. Tarak Ben Ammar indicated that, in a rectifying court order issued on April 10, 2018, the Versailles Court of Appeal specified that the current functions of Mr. Tarak Ben Ammar as corporate officer were not excluded from the court-ordered prohibition and that he had lodged two appeals with the French Supreme Court (*Cour de cassation*) and requested the lifting of the prohibition before the Commercial Court of Nanterre. He also stated that pending the outcome of these appeals, he had resigned from all his functions as corporate officer, with the exception of those of Supervisory Board member, due to the nature of such function; and
  - on January 22, 2014, pursuant to Articles 187 *ter* and 187 *quinquies* of Italian Legislative Decree No. 58/1998 *(Testo Unico della Finanza)*, Financière du Perguet and Financière de l'Odet, as well as Vincent Bolloré, were jointly and severally ordered to pay an administrative fine of €1 million each in relation to the companies' acquisition of 3% of the capital in the Italian company Premafin (excluding any personal acquisition), and were prohibited from holding corporate officer positions in Italy for a period of 18 months, which had no effect as the latter held no such officer positions on that date.

1.1.1.6. Agreements between the Company and Members of the Supervisory Board – Service Agreements

At its meeting held on September 2, 2015, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board authorized a service agreement between Vivendi and Dominique Delport (non-independent member) for five years starting October 1, 2015.

Under the terms and conditions of this service agreement, which was entered into following approval of the shareholders of the company at the General Shareholders' Meeting of April 21, 2016, Dominique Delport rendered services and advice on the creation and use of new digital content tools as part of the development of Vivendi Content and Dailymotion.

In the context of digital strategy development, which requires both internal Vivendi group resources and external services, particularly with regard to original and unique digital content formats, the Supervisory Board determined that it was in the company's interest to use Dominique Delport's services considering his vast experience in these fields.

Total annual fees were set at a fixed amount of €300,000.

Upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, on May 11, 2017, the Supervisory Board decided to remove the €200,000 maximum variable component set forth in this agreement. The amendment to this agreement with Dominique Delport was approved by the Combined Shareholders' Meeting held on April 19, 2018.

The service agreement was terminated on March 26, 2018 and the prorated amount paid to Dominique Delport in 2018 was €75,000.

In addition, on March 26, 2018, Dominique Delport ceased to exercise any operational duties within the Vivendi group. As a result, pursuant to the terms and conditions of this agreement, he no longer benefits from a long-term incentive plan open to executives of the group who are most involved in the development of Dailymotion, which plan is indexed on the growth of Dailymotion's enterprise value as of June 30, 2020, based on a third-party appraisal, compared to its acquisition value (€271.25 million) (1). For additional information on this matter, please see the Statutory Auditors' special report on related-party agreements and commitments in Chapter 4.4.7. of this Annual Report.

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;

(1) Assuming an increase in Dailymotion's value, the amount of his compensation under the incentive plan would be capped at 1% of this increase.

- preventing conflicts of interest: working within the Corporate Governance, Nominations and Remuneration Committee, the lead independent member coordinates the work carried out to identify, review and manage any actual or potential conflicts of interest within 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. 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 10.3 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.

1.1.1.11. Activities of the Supervisory Board in 2018

In 2018, the Supervisory Board met seven times, with an average attendance rate of 96.4%.

It considered among others, the following matters:

- 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 disposal of Vivendi's interest in Ubisoft;
- the unwinding of the hedge on the interest held by Vivendi in the Fnac-Darty Group;
- the review and completion of preliminary transactions relating to potential changes in Universal Music Group's share ownership structure;
- the plan to sell part of Universal Music Group's share capital;
- acquisition of 100% of the share capital of Editis;
- the monitoring of changes in the governance of Telecom Italia;
- the review of the plan to convert the company into a European Company;
- 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 2017, the 2018 budget, the information contained in the 2018 half-year financial statements approved by the Management Board and the 2018 quarterly revenue information;
- the group cash position;
- the renewal of the EMTN program;
- the review of related-party agreements approved during previous periods;
- 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 renewal of the terms of office of the Management Board's members;
- 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;

- 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 2018 and 2019;
- 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 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 19, 2018;
- the review of the resolutions approved by the Management Board and submitted to the General Shareholders' Meeting held on April 19, 2018; and
- the monitoring of ongoing legal investigations and proceedings.

1.1.1.12. 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.

At its meeting on February 14, 2019, 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:

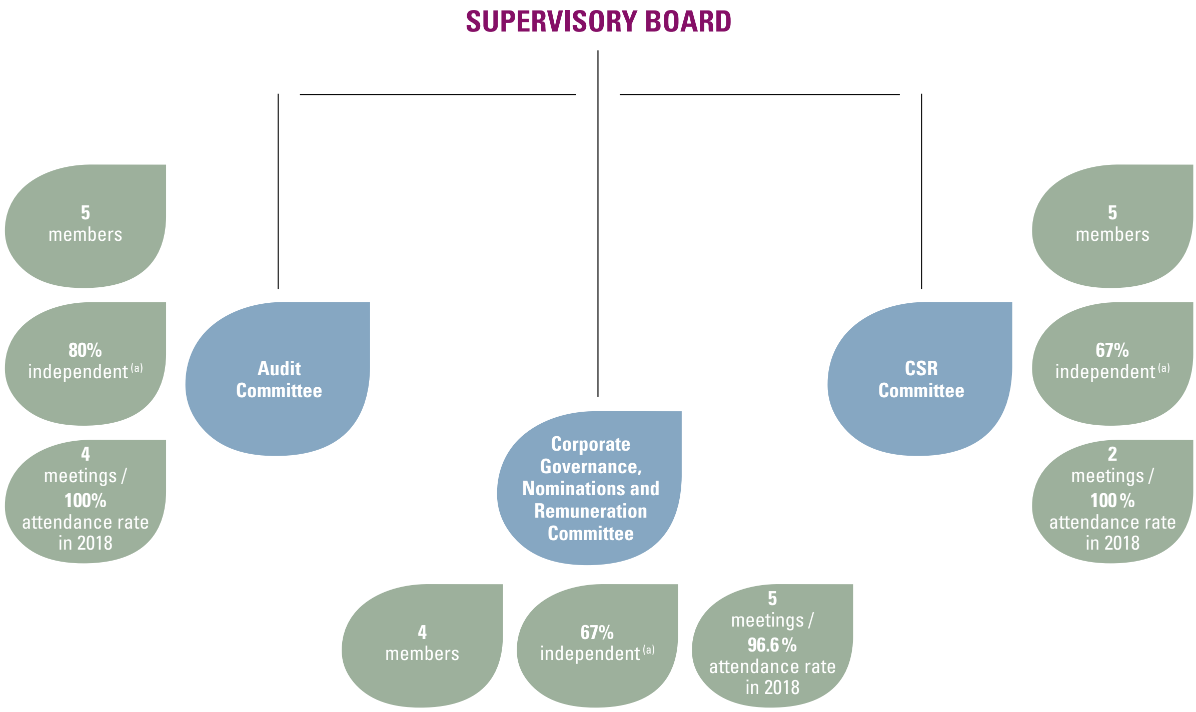
- were satisfied with the size of the Board and its composition in terms of age, nationality and diversity;
- were satisfied with the length of notice given for Board meetings, the way in which Board meetings are conducted, the consideration given to their requests, and the allocation of work between 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 scope and that its involvement in the company's major decisions was satisfactory, particularly in relation to financial and strategic issues, but also in the areas of non-financial information and corporate social responsibility; and
- noted that the Supervisory Board was mindful about promoting value creation over the long term.

1.1.1.13. 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.

1



(a) Excluding the member representing employees.

(b) Excluding 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 five members, four of whom are independent and all of whom have finance or accounting expertise. Its members are: Cathia Lawson-Hall (Chairwoman), Tarak Ben Ammar, Vincent 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 2018, the Audit Committee met four 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 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 primarily consisted of a review of:

- the financial statements for fiscal year 2017, the 2018 half-year financial statements, the Statutory Auditors' reports and the 2018 first and third quarter revenue information;
- the 2018 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;
- pension commitments;
- the re-appointment of the Statutory Auditors;
- 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 vigilance and personal data protection;
- the risk map and the 2019 audit plan; and
- the monitoring of ongoing legal investigations and proceedings.

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), Vincent Bolloré, Paulo Cardoso and Aliza Jabès.

Activity

In 2018, the Corporate Governance, Nominations and Remuneration Committee met five times, with an attendance rate of 96.6%.

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 2017 bonuses paid in 2018;
- the expenses of the Corporate Officers;
- the compensation policy for 2018;
- review of the resolutions approved by the Management Board and the Supervisory Board and submitted to the General Shareholders' Meeting held on April 19, 2018;
- the implementation of an annual performance share plan in 2018;
- the implementation of a capital increase reserved for employees in 2018;
- the main features of the capital increase and the leveraged plan reserved for group employees for 2019;
- the appointment of Yannick Bolloré as Chairman of the Supervisory Board;
- the composition of the Supervisory Board and its committees;
- the renewal of the terms of office of the Management Board's members and its Chairman;
- the review of the independence of the Supervisory Board members;
- the assessment of the performance of the Supervisory Board and its committees;

(1) Excluding the member representing employees.

- the review of the succession plans within the group and the retention of key employees; and
- the review of the company's equal opportunities, gender parity and diversity policy.

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.

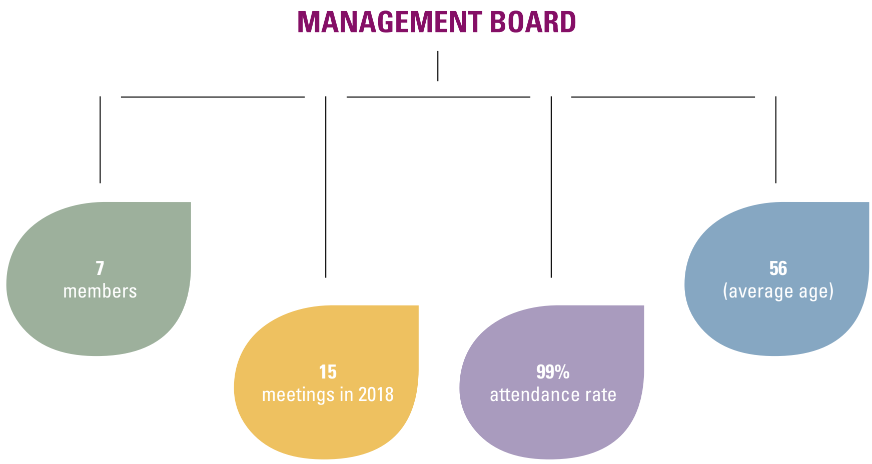
Activity

In 2018, the CSR Committee met twice, with an attendance rate of 100%.

Its work primarily focused on the following matters:

- risk ranking and the non-financial performance statement;
- the diversity policy; and
- the "Create Joy" solidarity program.

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

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 SA, 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. During 2018, the remit of the representatives in question, Gilles Alix and Cédric de Bailliencourt, was extended to include more operational aspects of the Vivendi group's activities, particularly in Africa. In addition, some Management Board members may hold operational positions within the group, notably at Gameloft, Groupe Vivendi Africa and Vivendi Village.

(1) Terms of office renewed for a four-year period starting June 24, 2018, following a decision made by the Supervisory Board on May 17, 2018.

Management Board Members

Name	Primary position	Age	Date of initial appointment and most recent re-election	Number of positions held in listed companies outside of 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 Member of the Management Board	54	**04/23/2018** 06/24/2014 **04/23/2018** 11/26/2013	1	100%	201,112
Gilles Alix	Member of the Management Board and Senior Vice President responsible for inter-group coordination	60	**04/23/2018** 09/01/2017	0	100%	1,826
Cédric de Bailliencourt	Member of the Management Board and Senior Vice President responsible for investor relations and inter-group financial communications	49	**04/23/2018** 09/01/2017	1	93%	2,573
Frédéric Crépin	Member of the Management Board, Group General Counsel and Group Chief Compliance Officer	49	**04/23/2018** 11/10/2015	0	100%	159,195
Simon Gillham	Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi	63	**04/23/2018** 11/10/2015	1	100%	119,449
Hervé Philippe	Member of the Management Board and Chief Financial Officer	60	**04/23/2018** 06/24/2014	1	100%	41,586
Stéphane Roussel	Member of the Management Board and Chief Operating Officer and Chairman and Chief Executive Officer of Gameloft	57	**04/23/2018** 06/24/2014	1	100%	139,542

(*) Number of positions held, taking into account the exemptions set forth in the French Commercial Code and the AFEP/MEDEF Code. 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, 2018, i.e., €21.280.

Main Activities of the Current Members of the Management Board

ARNAUD DE PUYFONTAINE

Chairman of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Arnaud de Puyfontaine is a graduate of the ESCP (1988), the Multimedia Institute (1992) and Harvard Business School (2000).

He started his career as a consultant at Arthur Andersen and then in 1989 worked as a project manager at Rhône-Poulenc Pharma in Indonesia.

In 1990, he joined *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. (*) (Great Britain), Non-Executive Chairman
- Schibsted Media group, Independent Director

(*) Listed on a regulated market.

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 the 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.

He began his auditing career at BEFEC in 1982. He joined the Bolloré Group in 1987 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
- Havas Media France (SA), Director

Bolloré Group (in France)

- BlueElec (SAS), Chief Executive Officer
- Société Autolib' (SAS), Chairman
- Bluealliance (SAS), Chairman
- Blue Project (SAS), Chairman
- Société Bordelaise Africaine (SAS), Chairman
- BlueSun (SAS), Chairman
- Compagnie des Tramways de Rouen, Director
- Bolloré Africa Logistics, Director
- Bolloré Logistics (SAS), Director
- Sofibol, member of the Supervisory Board
- Bolloré SA (*), permanent representative of Bolloré Participations on the Board of Directors
- Bolloré Energy, permanent representative of Bolloré on the Board of Directors
- Financière de Cézembre, permanent representative of Bolloré on the Board of Directors
- MP 42, permanent representative of Bolloré on the Board of Directors
- Société Française Donges-Metz, permanent representative of Bolloré 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)

POSITIONS AND OFFICES PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS

- Havas, permanent representative of Financière de Sainte-Marine on the Board of Directors
- Bluecub (SAS), Chairman
- Bluely (SAS), Chairman
- Bluelib (SAS), Chairman
- Bluestorage, Chairman
- Blue Sun, Chairman and Chief Executive Officer
- Whaller (SAS), Director
- Bolloré Logistics (SAS), Director
- Blue Project, member of the Management Committee
- Havas Media Africa (SAS), member of the Executive Board
- Blues Solutions, Chief Executive Officer
- Bolloré Transport & Logistics Corporate, Chief Executive Officer
- Bluebus, Director
- Samrail, Director
- W&Cie, permanent representative of Bolloré
- CD Africa, member of the Strategic Committee
- Bolera Minera, Director
- Bolloré Telecom, member of the Management Committee
- Euro Media Group, Director
- I.E.R., Chairman

(*) Listed on a regulated market.

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 the Bordeaux Institut d'Études Politiques. He holds a Master's degree in Political and Social Communications from the 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.

Cédric de Bailliencourt was appointed to the Vivendi Management Board on September 1, 2017.

POSITIONS CURRENTLY HELD

Bolloré Group (in France)

- Financière de l'Odet (*), Vice Chairman and Deputy Chief Executive Officer
- Bolloré SA (*), Vice Chairman of the Board of Directors
- Compagnie du Cambodge (*), Vice Chairman 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
- Imperial Mediterranean, Chairman
- Compagnie de Pont-l'Abbé, Chairman
- Financière de Quimperlé, Chairman
- Compagnie de Concarneau, Chairman
- Compagnie de l'Argol, Chairman
- Socarfi, Manager
- Compagnie de Malestroit, Manager
- Bolloré Participations, Director
- Omnium Bolloré, Director
- Compagnie du Cambodge (*), Member of the Supervisory Board
- Socotab, permanent representative of Bolloré on the Board of Directors
- Sofibol, member of the Supervisory Board

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 on the Board of Directors

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Musée National de la Marine, Director
- 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)

- Socfinasia (*), permanent representative of Bolloré Participations on the Board of Directors
- Socfinde, permanent representative of Bolloré Participations on the Board of Directors
- Terrasia, permanent representative of Bolloré Participations on the Board of Directors
- Socfin (formerly Socfinal) (*), permanent representative of Bolloré Participations on the Board of Directors
- Induservices SA., permanent representative of Bolloré Participations 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

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(*) Listed on a regulated market.

FRÉDÉRIC CRÉPIN

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Frédéric Crépin is a graduate of the Institut d'Études Politiques de Paris (Sciences-Po), and holds a Master's degree in European business law from the Université Panthéon-Assas (Paris II), a Master's degree in labor and employment law from the Université Paris Ouest Nanterre La Défense (Paris X Nanterre), and an LLM degree (Master of Laws) from New York University School of Law.

Admitted to the bars of both Paris and New York, Frédéric Crépin began his career working as an attorney at several law firms. 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
- Société d'édition de Canal+, permanent representative of the Canal+ Group on the Board of Directors
- 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
- Canal+ France, member of the Supervisory Board
- SFR, Director
- SFR, permanent representative of Vivendi on the Board of Directors
- SIG 50, Chairman and Chief Executive Officer and Director
- SIG 73, Chairman and Chief Executive Officer and Director
- SIG 108 (SAS), Chairman
- SIG 114 (SAS), Chairman
- SIG 115 (SAS), Chairman
- SIG 117 (SAS), Chairman
- SIG 119 (SAS), Chairman
- MyBestPro (formerly Wengo), Director

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia, SpA (Italy), Director and member of the Strategy Committee and the Nominations and Remuneration Committee
- Activision Blizzard, Inc. (United States), Director, Chairman of the Governance and Nominations Committee and Member of the Human Resources Committee

(*) Listed on a regulated market.

SIMON GILLHAM

Member of the Management Board

British citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Simon Gillham holds degrees from the Universities of Sussex and Bristol. In 1981, Simon Gillham began his career at Thomson where he was responsible for language and management training. In 1985 he formed his own training and communication company: York Consultants. In 1991 he was appointed Vice President Communications of Thomson Consumer Electronics and subsequently joined the CarnaudMetalbox group in 1994. In early 1999, Simon Gillham became Vice President, Global Communications of the Valeo group before taking on the role of Vice President, Communications at Havas in April 2001. He joined Vivendi in 2007, serving as Senior Executive Vice President, Communications & CSR.

Simon Gillham is Chairman of Vivendi Village. In this role, he oversees the activities of Vivendi Ticketing (Digitick, See Tickets and Paylogic), 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 Limited 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
- Digitick, Director
- Vivendi Village (SAS), Chairman
- L'Olympia (SAS), Chairman
- UBU Productions (SAS), Chairman

Vivendi group (outside France)

- 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

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Fnac Darty (*), permanent representative of Compagnie Financière du 42 avenue de Friedland on the Board of Directors
- CA Brive Rugby Club, Chairman

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- MyBestPro (formerly Wengo) (SAS), Chairman
- Digitick, Chairman of the Board of Directors
- Studiocanal, Member of the Supervisory Board
- Canal+ France, member of the Supervisory Board
- Watchever, Chairman of the Board of Directors
- The Franco-British Chamber of Commerce, Director

(*) Listed on a regulated market.

HERVÉ PHILIPPE

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland –
75008 Paris – France

EXPERTISE AND EXPERIENCE

Hervé Philippe is a graduate of the Institut d'Études Politiques de Paris and holds a degree in Economic Sciences. He began his career with Crédit National in 1982 as 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 *(Directeur général délégué)* until December 31, 2013.

He has served as Vivendi's Chief Financial Officer since January 1, 2014 and as a member of its Management Board since June 24, 2014.

POSITIONS CURRENTLY HELD

Vivendi group (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, Director
- Banijay Group Holding (SAS), permanent representative of Vivendi Content on the Supervisory Committee

OTHER POSITIONS AND OFFICES (IN FRANCE)

- Harvest (*), Director
- Sifraba 2, Director
- CA Brive Rugby Club, 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
- SFR, Director
- 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

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 on a regulated market.
(**) Listed on a non-regulated market.

STÉPHANE ROUSSEL

Member of the Management Board

French citizen.

Vivendi – 42, avenue de Friedland – 75008 Paris – France

EXPERTISE AND EXPERIENCE

Stéphane Roussel is a graduate of the École des Psychologues Praticiens de Paris.

Stéphane Roussel began his career working for the Xerox group from 1985 to 1997.

From 1997 to 2004, he held positions within the Carrefour group. He was first appointed Director of Human Resources for hypermarkets in France, before becoming Director of Human Resources Development for international business and then Director of Human Resources France for the entire Carrefour group.

From 2004 to 2009, he served as SFR's Vice President of Human Resources. From 2009 to 2012, Stéphane Roussel held the position of Executive Vice President of Human Resources at Vivendi before being appointed Chairman and Chief Executive Officer of SFR in June 2012, a position he held until May 2013, at which time he joined Vivendi's General Management.

Stéphane Roussel was appointed to the Vivendi Management Board on June 24, 2014. Since November 2015, he has been Vivendi's Chief Operating Officer, after serving as its Senior Executive Vice President, Development and Organization since October 2014.

In June 2016, he was appointed Chairman and Chief Executive Officer of Gameloft SE.

POSITIONS CURRENTLY HELD

Vivendi group (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 (IN FRANCE)

- Wetechcare, Chairman
- Le Cercle de l'Excellence RH, Chairman
- Les Entreprises pour la Cité, Director
- La Charte de la Diversité, Spokesman
- Fnac Darty (*), permanent representative of Vivendi on the Board of Directors

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (IN FRANCE)

- Vivendi group 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
- SFR, Chairman and Chief Executive Officer
- Fondation SFR, Chairman of the Board of Directors
- Digitick S.A., Chairman of the Board of Directors
- Arpejeh, President

POSITIONS PREVIOUSLY HELD THAT HAVE EXPIRED DURING THE LAST FIVE YEARS (OUTSIDE FRANCE)

- Telecom Italia SpA (Italy) (*), Director
- GVT Participações S.A. (Brazil), Director
- Activision Blizzard, Director
- See Group Limited (United Kingdom), Director
- UK Ticketing Ltd (United Kingdom), Director
- Vivendi group Africa Bénin (SAS), Chairman

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(*) Listed on a regulated market.

1.2.3. FAMILY RELATIONSHIPS

Cédric de Bailliencourt, a member of the Management Board, is the nephew of Vincent Bolloré, a member of the Supervisory Board.

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 SA 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 PROSECUTION AND/OR SANCTION

Over the past five years, to the company's knowledge, no member of the Management Board has been convicted of any fraud-related matter, no official public accusation or sanction has been brought against any member of the Management Board, and no member of the Management Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body, or has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

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 2018

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 2018, the Management Board met a total of 15 times, with an attendance rate of 99%. It considered among others, the following matters:

- the group's internal and external growth prospects;
- the principal strategic opportunities and initiatives;
- the activities of the group's main subsidiaries;
- the disposal of Vivendi's interest in Ubisoft;
- the unwinding of the hedge on the interest held by Vivendi in the Fnac-Darty Group;
- the review and completion of preliminary transactions relating to potential changes in the Universal Music Group's share ownership structure;
- the plan to sell part of Universal Music Group's share capital;
- the acquisition of 100% of the share capital of Editis;
- the monitoring of changes in the governance of Telecom Italia;
- the plan to sell MyBestPro;
- the review of the plan to convert the company into a European Company;
- the quality and structure of the group's balance sheet;
- the review and approval of the statutory and consolidated financial statements for fiscal year 2017, the 2018 and 2019 budgets, the 2018 half-year financial statements and the 2018 quarterly revenue information;

- the group's financial position;
- the group's cash position;
- the group's financial communications;
- the renewal of the EMTN program;
- 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 an annual capital increase reserved for group employees in 2018;
- the main features of the capital increase and the leveraged plan reserved for group employees for 2019;
- the development and retention of key talent;
- the deployment of the anti-corruption program and the creation of a Compliance Committee in charge of implementing, deploying and monitoring corruption prevention and detection measures and the personal data protection program;
- gender parity and diversity within the group;
- the notice to the General Shareholders' Meeting held on April 19, 2018; and
- the monitoring of ongoing legal investigations and proceedings.

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 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 16 members, including five women (31%), 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;
- François Bisiaux, Vice President, Securities and Corporate Law;
- Florent de Cournuaud, Vice President, Management and Business Plan Control;
- Laurence Daniel, Senior Vice President, Mergers and Acquisitions;
- Marie-Annick Darmaillac, Vice President, Corporate Social Responsibility (CSR) and Compliance;
- Jean-Louis Erneux, Vice President, Press Relations and New Media;
- Stéphanie Ferrier, Vice President, Facilities;
- Xavier Le Roy, Executive Vice President, Investor Relations;
- 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 Peycéré, Executive Vice President, Group Human Resources;
- Marc Reichert, Group Financing & Treasury Director;
- Pierre Le Rouzic, Senior Vice President, Group Consolidation and Financial Reporting;
- 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, Gameloft, Vivendi Village and Dailymotion) are required to present: their results for the month to the Management Board, 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 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 2018

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

To support the deployment of the group's compliance program, the Management Board set up a Compliance Committee in the fourth-quarter of 2018. 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 corruption and the duty of vigilance and EU General Data Protection Regulation No. 2016/679. 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.

A mandatory e-learning module has been introduced to make it easier for group employees to understand and apply the anti-corruption code implemented by Vivendi.

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 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, 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 2018

The Risk Committee met twice in 2018. Its proceedings primarily consisted of:

- the review of cyber security issues and IT security;
- the review and monitoring of the risks identified during the risk mapping processes carried out within the group;
- the creation of a Compliance Audit team, reporting to Internal Audit, and responsible for monitoring compliance measures undertaken within the group and raising awareness of the group's best practices among the operating teams most affected; and
- the review and monitoring of the insurance program.

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 nominated by the Chairman of the Management Board. At a minimum, the committee is made up of the Vivendi executives holding the following positions:

- Group General Counsel;
- 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 the regulatory and market authorities, specifically the AMF and Euronext Paris, in France.

In pursuing its duties and objectives, the committee ensures that Vivendi has established adequate controls and procedures so that:

- any financial information that must be disclosed to investors, the public or the regulatory authorities is reported within the deadlines set forth by applicable laws and regulations;
- all corporate communications are subject to appropriate verification pursuant to the procedures set up by the committee;
- all information requiring disclosure to investors or appearing in the documents recorded or filed with any regulatory authority is communicated to the company's senior management, including the Chairman of the Management Board and the group's Chief Financial Officer, prior to disclosure so that decisions regarding such information can be made in a timely manner;
- assessments of Vivendi's procedures, and those of its business units, for controlling information as well as internal control procedures, are monitored under the supervision of the Chairman of the Management Board and the group's Chief Financial Officer;
- the Chairman of the Management Board and the group's Chief Financial Officer are advised of any major procedural issues of which the committee should be informed, and which are likely to affect Vivendi's procedures for controlling information as well as its internal control procedures. The committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The committee monitors the implementation of changes approved by the Chairman of the Management Board and the group's Chief Financial Officer; and
- more generally, the Chairman of the Management Board and the group's Chief Financial Officer are able to effectively receive any information they might request.

Activity in 2018

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 2018, 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; 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.

Section 2
Compensation of Corporate Officers 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 during its meeting on February 14, 2019.

2.1. Compensation policy for Corporate Officers of Vivendi for 2019

This section presents the principles and criteria governing the determination, distribution and allocation of fixed and variable compensation and benefits of any kind payable to Corporate Officers of Vivendi, due to their service in such capacity, which will be submitted to the Combined General Shareholders' Meeting of April 15, 2019, pursuant to Article L. 225-82-2 of the French Commercial Code. In accordance with this Article and Article L. 225-100 II. of the French Commercial Code, payment of the variable component of the Management Board members' compensation for 2018 is subject to the approval of the General Shareholders' Meeting of April 15, 2019.

2.1.1. COMPENSATION POLICY FOR THE CHAIRMAN AND MEMBERS OF THE SUPERVISORY BOARD

2.1.1.1. Compensation policy for the Chairman of the Supervisory Board

Since the company became a *société anonyme* with a Management Board and Supervisory Board in 2005, the Chairman of the Supervisory Board has been awarded compensation based on his level of involvement in defining and developing the group's strategy and his role in the review of proposed acquisitions of controlling or minority interests. His compensation is set by the Supervisory Board upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. The Chairman of the Supervisory Board receives director's fees, which are deducted from the amount of his compensation.

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to maintain the Chairman of the Supervisory Board's compensation for 2019 at €400,000, from which the amount of his director's fees (€60,000) is deducted. His compensation has remained unchanged since 2014.

2.1.1.2. Compensation of the Members of the Supervisory Board

Directors' fees

Within the overall limit of €1.5 million per year, unchanged since it was set by the Combined General Shareholders' Meeting held on April 24, 2008, the payment of directors' fees to members of the Supervisory Board is based on attendance at meetings and the number of meetings held by the Supervisory Board and its committees. Payment of directors' fees is made on a half-yearly basis, in arrears.

At its meeting held on June 24, 2014, the Supervisory Board decided to pay directors' fees, subject to an attendance condition and calculated on a pro-rata basis, as follows: each member of the Supervisory Board receives a fixed annual directors' fee of €60,000; each member of the Audit Committee receives an annual attendance fee of €40,000 (€55,000 for its Chairman); each member of the Corporate Governance, Nominations and Remuneration Committee receives an annual attendance fee of €30,000 (€45,000 for its Chairman); and (as decided by the Supervisory Board meeting of May 11, 2017) each member of the CSR Committee receives an annual attendance fee of €20,000 (€30,000 for its Chairman).

The gross amount of directors' fees (before tax and withholding) for 2018 was €1,140,000. This amount is itemized in Section 2.2.1.2 below.

Apart from directors' fees, members of the Supervisory Board may receive compensation from the company for special assignments or services (see Section 1.1.1.6 of this chapter).

Nominated pursuant to Articles L. 225-71 and L. 225-79-2 of the French Commercial Code, respectively, the employee shareholder representative and the employee representative have entered into employment contracts with Vivendi SA under the terms of which they receive compensation commensurate with their position in the company (salary, incentive plans and performance shares, as applicable).

Members of the Supervisory Board who exercise an executive function 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 SA 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.

2.1.1.3. Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Fourteenth resolution: Approval of the principles and criteria for determining, allocating and granting the elements of compensation and benefits of any kind applicable to the members of the Supervisory Board and to its Chairman for their service in such capacity, in respect of fiscal year 2019.

The General Shareholders' Meeting, after having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code describing the compensation policy for the company's Corporate Officers established pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and the criteria for determining, allocating and awarding the fixed and variable elements making up the total compensation and the benefits of any kind applicable to the members of the Supervisory Board and to its Chairman for their service in such capacity, in respect of fiscal year 2019, as set out in Section 2.1.1 of this chapter.

2.1.2. COMPENSATION POLICY RELATING TO PRINCIPLES AND CRITERIA FOR SETTING THE COMPENSATION OF THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD IN RESPECT OF FISCAL YEAR 2019

2.1.2.1. General

At its meeting held on February 14, 2019, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, reviewed and reinforced certain elements of the compensation policy which applied to the Chairman and members of Vivendi's Management Board in 2019. The amendments made were made to take into consideration the feedback from discussions with several of Vivendi's investor shareholders.

These amendments include:

- the implementation of differentiated financial criteria for the assessment of short-term compensation (variable portion) and long-term compensation (granting of performance shares);
- removing for performance share grants the possibility of offsetting the results of each of the two indicators (internal and external) against each other;
- the cancellation of the possibility to maintain all rights to performance shares for beneficiaries who leave the company 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 level of achievement of the criteria set for the internal indicator; and
- the increase of 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, in both the short and long term, is to better align the compensation of Corporate Officers with shareholder interests. With this in mind, close attention has been paid to three main criteria:

- 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 of the criteria used to determine the annual variable portion. These criteria are based on both quantitative and qualitative targets proposed by the Corporate Governance, Nominations and Remuneration Committee and set by the Supervisory Board, giving special consideration to the issues defined in the company's corporate social responsibility (CSR) policy; and
- the group's long-term development, through the grant of performance shares that are subject to an internal indicator based on criteria tied 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.

This 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 elements of the Members of the Management Board

Fixed Portion

Each year, upon 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 benchmark studies of practices in a sample of French and international companies in the same business sectors (1) conducted by independent consulting firms.

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Annual Variable Portion

This is based on precise and adjusted quantitative and qualitative criteria. In order to provide dynamic support for the group's challenges, the weighting assigned to the quantitative and qualitative criteria used in calculating the reference annual variable portion of compensation is intended to reflect the importance of, and progress made in, strategic efforts.

Quantitative Criteria

Quantitative criteria are based on the financial indicators that the Corporate Governance, Nominations and Remuneration Committee has deemed most relevant to the assessment of the financial performance of the group and its major subsidiaries, whose businesses are based on a very similar economic model: the sale of content and services. These financial indicators are group EBIT and cash flow from operations after interest and income tax paid (group CFAIT). They allow for the accurate measurement of the performance and income recorded by each business unit in line with Vivendi's value creation and strategy.

Qualitative Criteria

Qualitative criteria are based on a series of priority actions assigned to executive and non-executive officers and defined in line with the group's strategy and the action plans approved 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) Atos, BT (United Kingdom), Capgemini, CGI (Canada), Lagardère, Publicis, RELX Group (United Kingdom), Sap (Germany), Sky (United Kingdom), Telenor (Norway), Thomson Reuter (Canada), Veon (Netherlands) and WPP (United Kingdom).

Criteria for 2019

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board set the following weightings and targets:

- financial targets (60% weighting unchanged from 2018):
  - 40%: group EBIT (1), and
  - 20%: Cash flow from operations after interest and tax (CFAIT);
- measurable priority actions (40% weighting):
  - 11%: implementation of the strategic and financial partnership for the development of UMG,
  - 9%: significant progress as regards the situation in Italy,
  - 9%: pursue growth opportunities and revenue and cost synergies,
  - 6%: reduce the group's exposure to risk (legal and tax disputes), and
  - 5%: implement measures to integrate the group's corporate social responsibility (CSR) initiatives.

These qualitative criteria take into account the extent of the group's corporate social responsibility and its corresponding initiatives and commitments (promoting cultural diversity, encouraging knowledge sharing, protecting and empowering young people, and reconciling the use of personal data with its protection).

Weighting of the variable portion (unchanged from 2018)

For 2019, the variable portion is equal to 80% of fixed compensation if the targets are achieved, with a maximum of 100% if the targets are substantially exceeded. In any event, and for all of the targets (financial targets and priority actions), if the threshold of 50% is not reached, its weighting in the determination of the variable portion of compensation is zero.

Removal of the Proration for Annual Fixed and Variable Compensation

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided, in light of the increasingly important roles played by Gilles Alix and Cédric de Bailliencourt within Vivendi, to no longer apply the proration of 50% on the fixed and variable portions of their compensation from January 1, 2019.

Extraordinary Compensation

No payment of extraordinary compensation or special award of performance shares has been authorized for 2019.

Grant of Performance Shares

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 grants of performance shares, 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 Corporate Officers as well as to all employee beneficiaries.

The Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, 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 are to vest in full or in part.

For the performance shares granted in February 2019, vesting is subject to the following conditions:

- the internal indicator (70% weighting) is tied to the group's adjusted net income per share (50%) and Cash flow from operations after interest and tax (CFAIT) (20%) between January 1, 2019 and December 31, 2021; and
- the external indicator (30% weighting) is tied to the change in Vivendi's share price relative to the EURO STOXX® Media index (20%) and the CAC 40 index (10%) between January 1, 2019 and December 31, 2021.

Achievement of the targets is assessed over a three-year period.

Weighting	Indicators
70	**Internal indicator: financial targets**
50	Adjusted net income per share
20	Cash flow from operations after interest and income tax paid (group CFAIT)
30	**External indicator: average stock market indices performance (1)**
20	EURO STOXX® Media
10	CAC 40

(1) Dividends reinvested.

Calculation

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided, for share grants from 2019 onwards, to remove the possibility of offsetting the results of each of the two indicators (internal and external) against each other: all performance shares vest after three years subject, in all cases, to beneficiaries being present in the company at the end of the holding period, and provided the weighted sum of each indicator (internal or external) meets or exceeds the 100% threshold. No shares vest under an indicator (internal or external) if the performance of such indicator is below 50%. An arithmetic calculation is made for interim results. No shares vest if the performances of both indicators (internal and external) are below 50%.

Section 2.3.4 of this chapter shows the calculation of the achievement rate for the performance criteria of each indicator set for the share plans granted in 2016.

(1) Different criteria to that applied to more long-term components (granting of performance shares in 2019) – Adjusted net income per share.

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
Reference period for the assessment of performance criteria	2013-2014	2014-2015	2015-2016-2017	2016-2017-2018
Vesting rate	76%	75%	75%	75%

Vesting conditions for performance shares held by Corporate Officers

Following the assessment of achievement of the performance criteria tied 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).

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to remove (for share grants from 2019 onwards) the possibility of retaining all rights to performance shares, should beneficiaries resign or leave the company at the initiative of the company (except in the event of gross misconduct). These rights may be maintained, where applicable, in proportion to the presence of the beneficiaries during the vesting period, provided that the applicable performance conditions are met at the end of the three-year vesting period (1).

Benefits of any Kind in Addition to Compensation

Benefits of any kind granted to the Chairman and members of the Management Board may include the use of a company car without a driver, profit sharing (under Vivendi SA's collective agreement), a time saving account (CET), employer contribution to social charges surpluses and GSC coverage (job-loss insurance for the Chairman of the Management Board who has waived the benefit of his employment contract).

Signing Bonus – Deferred Compensation

Signing Bonus

When Management Board members are hired externally, the Supervisory Board may, upon 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

The members of the Management Board are not entitled to non-compete benefits.

Severance Payments

Members of the Management Board who also have an employment contract are not entitled to any type of severance payment due to termination of their office. Except for the Chairman of Vivendi SA's Management Board (see Section 2.2.2.1 of this chapter), 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.

Supplemental Pension Plan

As is the case for a number of other senior executives of Vivendi SA, the Chairman and members of the Management Board are eligible for the supplemental defined-benefit pension plan, as implemented in December 2005 and approved by the Combined General Shareholders' Meeting held on April 20, 2006.

The main terms of this pension plan include: (i) a minimum of three years' seniority with the company, (ii) progressive maximum acquisition of seniority rights, limited to 20 years, which, according to a sliding scale, is not to exceed 2.5% per year and is progressively reduced to 1%, (iii) a reference salary for calculating pension payments equal to the average of the last three years of fixed and variable compensation, recalculated on an annual basis where necessary, with a dual upper limit (the reference salary is capped at 60 times the social security limit (€2,383,920 in 2018) and the acquisition of rights is limited to 30% of the reference salary), (iv) entitlement to a 60% survivor pension in the event of death, (v) rights maintained in the event of retirement at the initiative of the company after the age of 55, provided no other professional activities are resumed, and (vi) loss of benefits in the event of departure from the company, for any reason, before the age of 55.

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Pursuant to Article L. 225-90-1 of the French Commercial Code, the Supervisory Board resolved to submit the increase in the conditional rights of members of the Management Board under the group supplemental defined-benefit pension plan, for which they are eligible, to the following criteria, which are assessed each year: no increase in income shall apply if, for the year under consideration, the group's financial results (adjusted net income and operating cash flow) amount to less than 80% of the budget and if Vivendi's share performance is less than 80% of the average performance of a composite index (50% CAC 40 and 50% EURO STOXX® Media).

In accordance with the provisions of Article L. 225-90-1 of the French Commercial Code, this commitment in favor of the members of the Management Board and its Chairman, whose mandate was renewed by the Supervisory Board at its meeting of May 17, 2018 for a period of four years from June 24, 2018, is subject to the approval of the General Shareholders' Meeting of April 15, 2019.

The information required by Article D.225-104-1 of the French Commercial Code, deriving from Decree No. 2016-182 of February 23, 2016, is shown in Section 2.2.2.3 of this chapter.

2.1.2.3. Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Fifteenth resolution: Approval of the principles and criteria for determining, allocating and granting the elements of compensation and benefits of any kind applicable to the Chairman of the Management Board for his service in such capacity, in respect of fiscal year 2019.

The General Shareholders' Meeting, after having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code describing the compensation policy for the company's Corporate Officers established pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and the criteria for determining, allocating and awarding the fixed and variable elements making up the total

(1) For the Chairman of the Management Board, see Section 2.2.2.1 of this chapter.

compensation and the benefits of any kind applicable to the Chairman of the Management Board for his service in such capacity, in respect of fiscal year 2019, as set out in Section 2.1.2 of this chapter.

Sixteenth resolution: Approval of the principles and criteria for determining, allocating and granting the elements of compensation and benefits of any kind applicable to the members of the Management Board for their service in such capacity, in respect of fiscal year 2019.

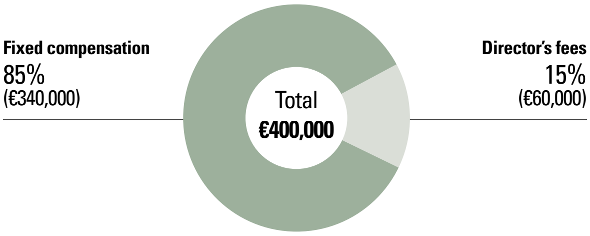
The General Shareholders' Meeting, after having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code describing the compensation policy for the company's Corporate Officers established pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and the criteria for determining, allocating and awarding the fixed and variable elements making up the total compensation and the benefits of any kind applicable to the Chairman of the Management Board for their service in such capacity, in respect of fiscal year 2019, as set out in Section 2.1.2 of this chapter.

2.2. Elements of compensation paid and benefits awarded during 2018 to corporate officers of Vivendi

This Section 2.2 presents the elements of the compensation policy applied to the Chairman and members of the Supervisory Board and to the Chairman and members of the Management Board in 2018, as approved by the General Shareholders' Meeting of April 19, 2018 (Resolutions 13 to 15).

2.2.1. ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND ITS CHAIRMAN

2.2.1.1. Compensation of the Chairman of the Supervisory Board in 2018



In 2018, the compensation of the Chairman of the Supervisory Board, which was set at €400,000, includes director's fees for €60,000 (1) and is broken down as follows:

- Vincent Bolloré, in his capacity as Chairman of the Supervisory Board until April 19, 2018, was paid a gross amount of €122,376, including €20,000 in director's fees; and
- Yannick Bolloré, in his capacity as Chairman of the Supervisory Board since April 19, 2018, was paid a gross amount of €277,624, including €40,000 in director's fees.

At its meeting held on February 14, 2019 and upon 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 2019.

(1) The amount of compensation remained unchanged in 2017, in respect of which Vincent Bolloré, in his capacity as Chairman of the Supervisory Board, was paid a gross amount of €400,000, including €60,000 in director's fees.

2.2.1.2. Directors' fees

Individual Amounts of Director's fees and Other Compensation Received by Members of the Supervisory Board (in euros – rounded to the nearest euro)

Members of the Supervisory Board	Amounts paid for 2017	Amounts paid for 2018	Individual attendance rate at Supervisory Board and Committee meetings in 2018			
			Supervisory Board	Audit Committee	Corporate Governance, Nominations and Remuneration Committee	CSR Committee
Yannick Bolloré, Chairman (a) (1)	130,000	80,000	100%	100%	100%	-
Philippe Bénacin, Deputy Chairman	105,000	105,000	100%	-	100%	-
Tarak Ben Ammar	97,500	92,500	85.7%	100%	-	-
Vincent Bolloré (b) (2)	60,000	110,000	100%	100%	100%	-
Nathalie Bricault (c)	20,000	na	na	-	-	-
Pascal Cagni (c)	20,000	na	na	-	-	-
Paulo Cardoso	105,000	120,000	100%	-	100%	100%
Yseulys Costes (c)	10,000	na	na	-	-	-
Dominique Delport (d) (3)	90,000	65,000	100%	-	100%	-
Véronique Driot-Argentin (e) (4)	60,000	80,000	100%	-	-	100%
Aliza Jabès	90,000	80,000	85.7%	-	100%	-
Alexandre de Juniac (c)	20,000	na	na	-	-	-
Cathia Lawson-Hall	115,000	135,000	100%	100%	-	100%
Sandrine Le Bihan (e)	60,000	80,000	100%	-	-	100%
Virginie Morgon (f)	45,000	7,500	50%	-	0%	-
Michèle Reiser (g)	na	85,000	100%	-	100%	100%
Katie Stanton	90,000	100,000	100%	100%	-	-
Total	**1,117,500**	**1,140,000**				

na: not applicable.

(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) Chairman of the Supervisory Board until April 19, 2018 and member of the Audit Committee and Corporate Governance, Nominations and Remuneration Committee since April 19, 2018.

(c) Member of the Supervisory Board until April 25, 2017.

(d) Member of the Corporate Governance, Nominations and Remuneration Committee until March 26, 2018.

(e) Member of the Supervisory Board since April 25, 2017.

(f) Member of the Supervisory Board until April 19, 2018.

(g) Member of the Supervisory Board since April 19, 2018.

(1) In 2018, Yannick Bolloré received €1,058,993 in compensation in his capacity as Chairman and Chief Executive Officer of Havas, which included a fixed component of €1,050,000 and €8,993 in benefits of all kind (no variable compensation was paid in 2018 in respect of fiscal year 2017). In his capacity as Chairman and Chief Executive Officer of Havas, he was also awarded 18,000 Vivendi performance shares (see Note 18.1 to the Consolidated Financial Statements for the year ended December 31, 2018 in Chapter 4 of the Annual Report – 2018 Document de Référence). He does not receive director's fees from the Havas' Group.

(2) In 2018, Vincent Bolloré received €4,286 in director's fees as a member of the Supervisory Board of Canal+ Group.

(3) In 2018, Dominique Delport received €1,775,437 in gross compensation as an employee of Havas Media France (a subsidiary fully controlled by Havas SA).

(4) In 2018, Véronique Driot-Argentin received €73,948 in gross compensation and €6,527 in incentive bonus as an employee of Vivendi SA.

2.2.2. ELEMENTS OF COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND ITS CHAIRMAN

2.2.2.1. Status and compensation of the Chairman of the Management Board

In compliance with the recommendations of the AFEP/MEDEF Code of Corporate Governance, Arnaud de Puyfontaine waived the benefit of his employment contract following his appointment as Chairman of the Management Board by the Supervisory Board at its meeting held on June 24, 2014.

At its meeting held on February 15, 2018, the Supervisory Board decided to apply a 60% proration factor to the reference amount of fixed and variable compensation for 2018 of the Chairman of the Management Board. This decision was made in order to take into account Arnaud De Puyfontaine's appointment as Executive Chairman of the Board of Directors of Telecom Italia on June 1, 2017. His compensation was set as follows:

Fixed compensation (in euros)		**Variable compensation** (in euros)			
		Target (80%)		**Maximum** (100%)	
Fixed reference amount	**Proration factor** (60%)	**Target reference amount**	**Proration factor** (60%)	**Maximum reference amount**	**Proration factor** (60%)
1,200,000	720,000	960,000	576,000	1,200,000	720,000

These elements were decided prior to the Supervisory Board being informed of the change in Arnaud de Puyfontaine's position with Telecom Italia, which took place after the General Shareholders' Meeting held on April 19, 2018.

At its meeting held on May 17, 2018, the Supervisory Board noted the termination of the Chairman of the Management Board's mandate as Executive Chairman of the Board of Directors of Telecom Italia, effective on April 24, 2018. This thereby resulting in:

- the cancellation of the fixed portion of his compensation in respect of 2018 (€900,000 before taxes and social security contributions), i.e., €611,538 not paid; and
- the non-payment in 2018 of the variable portion of his compensation in respect of 2017, i.e., €525,998.

Upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and having reviewed the consequences of the change in the position of the Chairman of the Management Board within the Board of Directors of Telecom Italia, at its meeting held on July 30, 2018, the Supervisory Board decided to:

- no longer apply a proration factor to his reference compensation and to award him a fixed compensation of €1,400,000 (before taxes and social security contributions) in 2018. The criteria and thresholds used to determine the variable portion of his compensation in respect of 2018 remain unchanged; and
- approve a one-time payment of €390,000 (before taxes and social security contributions).

The level of the above-mentioned elements of compensation, which includes the reintegration of the proration factor of 40% for the fixed and variable portions in respect of the period between January 1 and April 30, 2018, remains lower than the amounts not paid by Telecom Italia following the termination of the executive functions of the Chairman of the Management Board.

The change in compensation before taxes and social security contributions for the Chairman of the Management Board of Vivendi between 2017 and 2019 is as follows:

	2017		**2018**		**2019**
(in euros)	**Vivendi**	**Telecom Italia**	**Vivendi**	**Telecom Italia**	**Vivendi**
Fixed compensation	1,200,000	525,000	1,400,000	(1) 288,462	1,400,000
Variable compensation (for the previous year)	900,000	(2) -	540,000	-	(3) 1,050,000
Performance shares (book value)	(4) 718,500	-	(5) 992,500	-	(6) 774,800
One-time payment	-	-	390,000	-	-
Total	**2,818,500**	**525,000**	**3,322,500**	**288,462**	**3,224,800**
Total Vivendi + Telecom Italia	**3,343,500**		**3,610,962**		**3,224,800**

(1) Amounts prorated – annual basis: €900,000 (source: https://www.telecomitalia.com/content/dam/telecomitalia/en/archive/documents/investors/AGM_and_Meetings/2018/Report_on_Remuneration_2017.pdf).

(2) Achievement rate: 100.19% (source: https://www.telecomitalia.com/content/dam/telecomitalia/en/archive/documents/investors/AGM_and_Meetings/2018/Report_on_Remuneration_2017.pdf)

(3) Based on an achievement rate of 75% (see below).

(4) Includes 50,000 performance shares granted in 2017.

(5) Includes 50,000 performance shares granted in 2018.

(6) Includes 40,000 performance shares granted in 2019.

At its meeting held on February 14, 2019, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, reviewed the achievement rate of the financial targets and the priority actions set out in the table below to calculate the reference variable portion for fiscal year 2018. With respect to priority actions, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, chose to factor in the situation in Italy which is not reflected in the financial results:

Determination of variable compensation for 2018

Weighting (in points)			2018 targets (in millions of euros) (*)				
Targets met	**Maximum**	**Indicators**	**Threshold 50%**	**Target 80%**	**Maximum 100%**	**Achieved in 2018**	**Points obtained**
48	**60**	**Group financial targets**					**58**
32	40	Group EBIT	1,096	1,144	1,194	1,182	38
16	20	Cash flow from operations after interest and income tax paid (group CFAIT)	575	596	625	822	20
32	**40**	**Priority actions of the Vivendi Management team**	**Achievement rate**				**17**
16	20	Initiate external growth opportunities and integrate new entities	Opportunities taken (Editis) and satisfactory integration of Havas Group. Position of Vivendi in Italy to be clarified				5
16	20	Ensure the group's organic growth through the following actions:					12
7	8	Reduce the group's exposure to risk (legal and tax disputes)	Satisfactory prevention and management of disputes pending the resolving of the dispute with Mediaset				3
5	7	Continue to encourage activity between business units and develop revenue and cost synergies	Increasing number of collaborative projects between Havas Group and other Vivendi subsidiaries. Successful ongoing development of synergies at all group levels				5
4	5	Develop CSR-related initiatives	Consolidation of CSR-related initiatives: promote cultural diversity, protect and empower young people, encourage knowledge sharing, reconcile the use of personal data with its protection				4
80	**100**	**Total (financial targets and priority actions)**					**75**

(*) At constant exchange rates.

At its meeting held on February 14, 2019, the Supervisory Board set the reference variable compensation for the Chairman of the Management Board in respect of fiscal year 2018 at 75% of his reference fixed compensation based on the points obtained for each criterion. The amount of variable compensation that will be paid in 2019 in respect of 2018, subject to the approval of the General Shareholders' Meeting of April 15, 2019 (Resolution 7), amounts to €1,050,000 before taxes and social security contributions.

On May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board granted 50,000 performance shares (1) to Arnaud de Puyfontaine. Vesting of these performance shares is subject to the fulfillment, over three consecutive fiscal years (2018, 2019 and 2020) of performance conditions, assessed at the end of each period and based on criteria involving the following weighting: internal criteria (70% weighting), which includes group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), which is to be recorded as of December 31, 2020, and an external criterion (30% weighting) tied to the change in Vivendi's share price relative to the EURO STOXX® Media (20%) and the CAC 40 (10%) between January 1, 2018 and December 31, 2020.

(1) The value of the benefit for each performance share awarded in 2018 is €19.85. This estimated value per share is given for indicative purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date in 2021 and on the date of sale of the shares (as of 2023).

Calculation of compensation for 2019

At its meeting held on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the compensation of the Chairman of the Management Board for 2019 as follows:

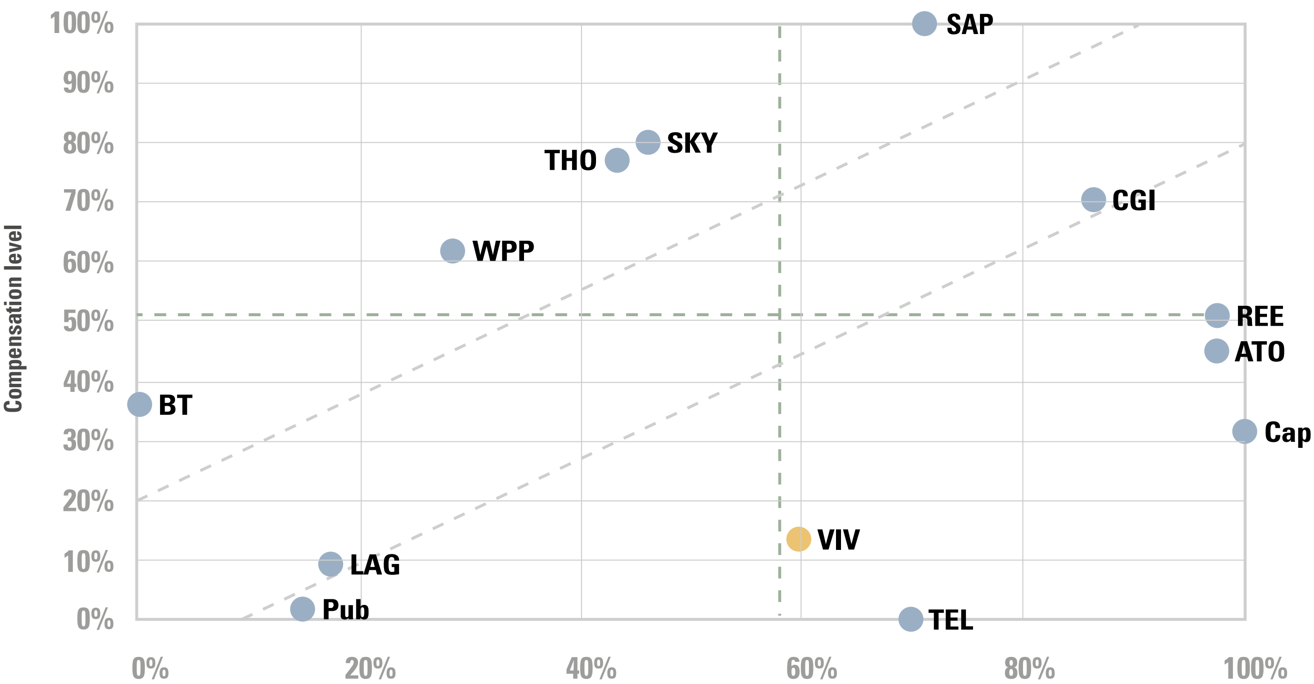
- fixed compensation: €1,400,000 (unchanged from 2018); and
- variable compensation: target of 80% of fixed compensation if targets are achieved and a maximum of 100% if the targets are substantially exceeded (1).

At the same meeting, the Supervisory Board granted the Chairman of the Management Board 40,000 performance shares (2) subject to the fulfillment, over three consecutive fiscal years of various conditions (see Section 2.1.2.2 of this chapter).

The chart below, based on the Total Shareholder Return (TSR), shows Vivendi's position in relation to the panel of companies used in the benchmarking study (3) to determine the elements of compensation for the Chairman of the Management Board.

It demonstrates the consistency between his compensation and Vivendi's stock market performance in comparison to this panel of companies.

2014-2018 – ADJUSTED STOCK MARKET PERFORMANCE



Source: Cabinet Boracay

Conditional Severance Package for the Chairman of the Management Board upon Termination of his Position

At its meeting held on February 27, 2015, the Supervisory Board noted that Arnaud de Puyfontaine no longer benefited from his employment contract, which was waived following his appointment as Chairman of the Management Board, nor did he benefit from any termination benefits in the event of dismissal. As a result, the Board decided, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, that in the event of termination of his duties at the initiative of the company, he would be entitled to compensation, subject to performance conditions as recommended in the AFEP/MEDEF Code. This severance payment would not be payable in the event of resignation or retirement. This severance compensation would be capped at a gross amount equal to 18 months of the target compensation (on the basis of the last fixed compensation and the last annual bonus earned over a full year).

At its meeting held on February 14, 2019 and upon 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.

(1) In any event, if the threshold of 50% is not reached, its weighting in the determination of the variable portion of compensation is zero.

(2) The value of the benefit for each performance share awarded in 2019 is €19.37. This estimated value per share is given for indicative purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2 relating to the valuation of compensation paid in shares (share-based payments). 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 on the date of sale of the shares (as of 2024).

(3) See Section 2.1.2.2 of this chapter.

Such conditional commitment referred to in Article L. 225-90-1 of the French Commercial Code was authorized by the Supervisory Board meeting of February 27, 2015 and approved by the General Shareholders' Meeting held on April 17, 2015 (Resolution 10). The new conditions governing the payment of the conditional severance package is subject to the approval of the General Shareholders' Meeting of April 15, 2019 (Resolution 3).

In accordance with Article L. 225-90-1 of the French Commercial Code, the continuation of this commitment in favor of the Chairman, as described in this paragraph and in the Statutory Auditors' special report, is subject to the approval of the General Shareholders' Meeting of April 15, 2019 (Resolution 17).

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 any event, 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 was 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 twenty-four months.

2.2.2.2. Status and Compensation of Members of the Management Board

With the exception of the Chairman, the members of the Management Board hold employment contracts. At its meeting held on February 14, 2019, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, reviewed the achievement of the financial targets 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 fiscal year 2018. Based on the points obtained for each criterion, variable compensation of the Management Board members for fiscal year 2018 was set at 75% of fixed compensation (see table above – Determination of variable compensation for 2018).

The amount of variable compensation due to each member of the Management Board in respect of 2018), subject to the approval of the General Shareholders' Meeting of April 15, 2019 (Resolutions 8 to 13), is provided below:

2

Fixed and variable compensation of Members of the Management Board for 2018 – Number of performance shares granted in 2018

	Fixed compensation (in euros)		**Variable compensation** (in euros)				
			Reference variable portion				
	Fixed compensation	**Proration**	**Target**	**Achieved**	**Proration**	**Variable (*)** (in euros)	**Performance shares (1)**
Gilles Alix (2)	500,000	50%	80%	75%	50%	187,500	-
Cédric de Bailliencourt (2)	400,000	50%	80%	75%	50%	150,000	-
Frédéric Crépin	800,000	na	80%	75%	na	600,000	35,000
Simon Gillham	750,000	na	80%	75%	na	562,500	30,000
Hervé Philippe	940,000	na	80%	75%	na	705,000	20,000
Stéphane Roussel	1,000,000	na	80%	75%	na	750,000	40,000

na: not applicable.

(*) Payment is subject to the approval of the General Shareholders' Meeting of April 15, 2019 (Resolutions 8 to 13).

(1) The value of the benefit for each performance share awarded in 2018 is €19.85. This estimated value per share is given for indicative purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date in 2021 and on the date of sale of the shares (as of 2023).

(2) Given the functions of Gilles Alix and Cédric de Bailliencourt within Bolloré Group and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board, at its meeting of February 15, 2018, decided to apply a 50% proration factor to the amount of their fixed and variable compensation in respect of fiscal year 2018. Bolloré Group does not control Vivendi within the meaning of Article L. 233-16 of the French Commercial Code.

(1) In any event, if the threshold of 50% is not reached, its weighting in the determination of the variable portion of compensation is zero.

Compensation for 2019 – Number of performance shares

At its meeting of February 14, 2019, the Supervisory Board set the elements of fixed and variable compensation for Management Board members in 2019 as follows:

	Fixed compensation (in euros)	Variable compensation (in euros)		Performance shares (1)
		Target	Maximum	
Gilles Alix	600,000	80%	100%	-
Cédric de Bailliencourt	400,000	80%	100%	-
Frédéric Crépin	800,000	80%	100%	35,000
Simon Gillham	750,000	80%	100%	30,000
Hervé Philippe	940,000	80%	100%	20,000
Stéphane Roussel	1,000,000	80%	100%	40,000

(1) The value of the benefit for each performance share awarded in 2019 is €19.37. This estimated value per share is given for indicative purposes only. It is calculated using the binomial model used to measure the value of share-based payments pursuant to IFRS 2. This theoretical value does not necessarily represent the gain that could be made on the future sale of the shares, which will depend on the share price on the vesting date in 2022 and on the date of sale of the shares (as of 2024).

2.2.2.3. Information required by Article D.225-104-1 of the French Commercial Code, deriving from Decree No. 2016-182 of February 23, 2016

	Seniority within the group as of 2018 (in years)	Annuity growth rate (1) (in %)	Total pension acquired in 2018 (in euros)	Estimated pension acquired at the close of 2018 (before tax and contributions – in euros)
Arnaud de Puyfontaine	5	2.50	48,500	238,392
Gilles Alix	2	2.50	15,625	22,500
Cédric de Bailliencourt	2	2.50	12,500	18,000
Frédéric Crépin	19	1.00	13,625	403,200
Simon Gillham	12	1.25	15,703	270,000
Hervé Philippe	5	2.50	41,125	169,200
Stéphane Roussel	15	1.25	27,500	520,125

(1) 1 to 5 years: 2.5%; 6 to 15 years: 1.25%; 16 to 20 years: 1%; over 20 years: 0%.

Calculation of the increase in income applicable to the supplemental defined-benefit pension plan – fiscal year 2018

At its meeting held on February 14, 2019, the Supervisory Board noted the satisfaction of one of the criteria that determines the annuity growth rate. As the financial targets had been exceeded, the rate for 2018 was approved.

	Fiscal year 2018		
Financial criteria (in millions of euros)	Targets	Achieved	Achievement rate
Adjusted net income	1,068	1,157	108%
Operating cash flow	884	1,126	127%
Average stock market indices performance (1)	-4.6%	-3.1%	+1.5 points

(1) Composite weighted index – CAC 40 (50%) and EURO STOXX® Media (50%), reinvested dividends.

The provision for 2018 for members of the Management Board under this pension plan structure totaled €7 million.

2.2.3. HIGHEST COMPENSATION PAID WITHIN THE GROUP

In fiscal year 2018, the compensation of the ten highest-paid Vivendi SA employees in France totaled €12.23 million, including benefits of any kind.

In 2018, the total compensation for the ten highest-paid employees in the group as a whole was €62.9 million, including benefits of any kind. None of the Management Board members were among these ten highest-paid employees.

2.3. Performance shares awarded to the Chairman and members of the Management Board

In 2018, awards made under performance share plans consisted of 1.632 million shares, or 0.125% of the share capital. Performance shares granted to members of the Management Board are presented in the table below. They represent 0.013% of the share capital and 10.72% 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 (Resolution 27) cannot exceed 0.33% of the share capital on the date of grant, and 0.035% for members of the Management Board.

2.3.1. PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD IN 2018: PLAN 2018-05–1 OF MAY 17, 2018 (AMF RECOMMENDATIONS, TABLE 6)

	Number of rights to shares granted during the fiscal year	Value of rights under the method used for Consolidated Financial Statements (in euros) (a)	Vesting date of the rights	Date of availability of shares	Performance conditions (b)
Arnaud de Puyfontaine	50,000	992,500	05/18/2021	05/19/2023	Yes
Gilles Alix	-	-	-	-	-
Cédric de Bailliencourt	-	-	-	-	-
Frédéric Crépin	35,000	694,750	05/18/2021	05/19/2023	Yes
Simon Gillham	30,000	595,500	05/18/2021	05/19/2023	Yes
Hervé Philippe	20,000	397,000	05/18/2021	05/19/2023	Yes
Stéphane Roussel	40,000	794,000	05/18/2021	05/19/2023	Yes
Total	**175,000**	**3,473,750**	**na**	**na**	**na**

na: not applicable.

(a) The retained value of the unit right, pursuant to IFRS 2, was €19.85.
Vesting of performance shares granted in 2018 will be reviewed in 2021, in accordance with the Plan Regulations, and these shares will not be available until 2023.

(b) Assessed over three years.

2

2.3.2. HISTORY OF PERFORMANCE SHARES GRANTED (AMF RECOMMENDATIONS, TABLE 8)

	2018	2017	2016	2015 (adjusted)	2014 (adjusted)
Date of the General Shareholders' Meeting approving the share grant	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	05/17/2018	02/23/2017	05/11/2016	02/27/2015	02/21/2014
Grant date	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	13,000,447	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	4,290,147	4,247,389	4,516,448	4,460,282	4,420,712
Total number of shares granted	1,631,750	1,547,750	1,320,440	1,565,880	400,796
Number of rights canceled due to the departure of beneficiaries	7,500	19,500	22,030	55,020	0
Number of Shares Granted to Members of the Management Board					
Arnaud de Puyfontaine, Chairman	50,000	50,000	(c) 95,000	(b) 70,000	(a) 105,497
Gilles Alix	-	na	na	na	na
Cédric de Bailliencourt	-	na	na	na	na
Frédéric Crépin	35,000	40,000	(c) 50,000	na	na
Simon Gillham	30,000	30,000	(c) 50,000	na	na
Hervé Philippe	20,000	40,000	(c) 50,000	(b) 50,000	0
Stéphane Roussel	40,000	40,000	(c) 50,000	(b) 50,000	0
Vesting date	05/18/2021	02/24/2020	05/13/2019	02/28/2018	02/22/2016
Date of availability	05/19/2023	02/25/2022	05/14/2021	03/02/2020	02/23/2018

na: not applicable.

(a) The performance criteria achievement rate was 75% and accordingly, 79,123 shares vested in 2016.

(b) The performance criteria achievement rate was 75% for 2015, 2016 and 2017 and accordingly, the number of shares vesting on February 28, 2018 was capped at 52,500 shares and 37,500 shares, respectively.

(c) The performance criteria achievement rate was 75% for 2016, 2017 and 2018 and accordingly, the number of shares vesting on May 13, 2019 will be capped at 71,250 shares and 37,500 shares, respectively, subject to the presence of the beneficiaries in the company (see Section 2.3.4 of this chapter).

2.3.3. PERFORMANCE SHARES THAT BECAME AVAILABLE IN 2018, FOR MEMBERS OF THE MANAGEMENT BOARD DURING THEIR TERM OF OFFICE (AMF RECOMMENDATIONS, TABLE 7)

Performance shares that became available for each member of the Management Board (Plan awarded in 2014)	Plan number and date	Number of shares that became available	Vesting conditions
Arnaud de Puyfontaine	2014/02-1 02/21/2014	79,123	Yes
Gilles Alix	na	na	na
Cédric de Bailliencourt	na	na	na
Frédéric Crépin	na	na	na
Simon Gillham	na	na	na
Hervé Philippe	na	na	na
Stéphane Roussel	na	na	na

na: not applicable (no grants in 2014).

2.3.4. ASSESSMENT OF PERFORMANCE CRITERIA FOR FISCAL YEARS 2016, 2017 AND 2018 FOR VESTING OF SHARES IN 2019 UNDER THE 2016 PERFORMANCE SHARE PLANS – PLAN 05-2016-1

At its meeting held on February 14, 2019, the Supervisory Board, after a review by the Corporate Governance, Nominations and Remuneration Committee, approved the level of achievement of objectives for the cumulative fiscal years 2016, 2017 and 2018 for the performance share plan granted to the members of the Management Board by the Supervisory Board on May 11, 2016. All of the criteria that had been set were satisfied (see table below). However, since the negative impact of the situation in Italy is not reflected in the financial results, the Supervisory Board decided to only confirm 75% of the initial grant of the 2016 performance shares. Consequently, 73,750 rights to performance shares granted to members of the Management Board in 2016 were canceled.

	Objectives 2016-2018							
Weighting	**Indicators**	**Threshold**	**Target**	**Maximum**	**Achievement**	**Change/ Target**	**% weighting**	**Rate**
80	**Internal indicator: financial targets (1)**							
40	Adjusted net income per share	+5.0%	+15.0%	+20.0%	+31.7%	+16.7 points	200%	80%
30	Growth in group EBITDA	+5.0%	+10.0%	+15.0%	+16.6%	+6.6 points	172%	52%
10	Growth in group EBITA margin (in points)	+1.0	+2.0	+3.0	+0.7	-1.3 points	0%	0%
Total internal indicator								**132%**
20	**External indicator: average stock market indices performance (2)**							
15	EURO STOXX® Media	-8.4%	-5.4%	-2.4%	+25.3%	+30.7 points	200%	30%
5	CAC 40	+9.0%	+12.9%	+16.8%	+25.3%	+12.4 points	200%	10%
Total external Indicator								**20%**
Total (3)								**100%**

(1) Achieved, restated of certain exceptional items.

(2) Reinvested dividends.

(3) Capped at 100%.

2.3.5. GRANT OF STOCK OPTIONS TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any stock options since 2013.

2.3.6. STOCK OPTIONS EXERCISED IN 2018 BY CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 5)

In 2018, Stéphane Roussel exercised 59,842 stock options at a price of €20.15 (Plan 2008/04).

Frédéric Crépin exercised 34,922 stock options at a price of €20.15 (Plan 2008/04). Simon Gillham exercised 40,799 stock options at a price of €11.76 (Plan 2012/04).

2.3.7. CONDITIONS FOR CORPORATE OFFICERS TO HOLD SHARES RECEIVED FROM THE EXERCISE OF STOCK OPTIONS AND GRANTS 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 the holding of shares received from the exercise of stock options and 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, and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided to amend the rules on the obligation for Corporate Officers and senior executives of the group to hold shares of the company to provide that, within a maximum of five years after they take up their positions:

- the Chairman and the members of the Management Board must retain a number of shares equal to one year of their fixed gross compensation and target bonus in a registered account. These must be held until they leave their positions; and
- members of General Management and the senior executives of each of the operational subsidiaries must retain a number of shares equal to six months of their fixed gross compensation and target bonus in a registered account. These must be held until they leave their positions.

2.3.9. LARGEST GRANTS OF PERFORMANCE SHARES AND EXERCISES OF STOCK OPTIONS IN 2018, EXCLUDING CORPORATE OFFICERS (AMF RECOMMENDATIONS, TABLE 9)

The ten largest grants to beneficiaries other than Corporate Officers totaled 218,000 performance shares, representing 13.32% of the total number of performance shares granted in 2018, and 0.016% of the share capital. The ten largest exercises of stock options, other than by Corporate Officers, consisted of a total of 423,366 stock options at an average weighted price of €18.27.

2.4. Compensation Summary Tables

2.4.1. SUMMARY OF GROSS COMPENSATION PAID (BEFORE TAXES AND SOCIAL SECURITY CONTRIBUTIONS) AND THE VALUE OF PERFORMANCE SHARES GRANTED TO EACH MEMBER OF THE MANAGEMENT BOARD DURING FISCAL YEAR 2018 (AMF RECOMMENDATIONS, TABLE 1)

(in euros)	2017	2018
Arnaud de Puyfontaine **Chairman of the Management Board**		
Gross compensation paid	2,124,831	2,355,872
Book value of stock options granted	na	na
Book value of performance shares granted (a)	718,500	992,500
Total	**2,843,331**	**3,348,372**
Gilles Alix (1) **Member of the Management Board and Senior Vice President in charge of inter-group coordination**		
Gross compensation paid	(2) 166,687	(3) 321,915
Book value of stock options granted	na	na
Book value of performance shares granted (a)	na	na
Total	**166,687**	**321,915**
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	(4) 133,368	(5) 257,756
Book value of stock options granted	na	na
Book value of performance shares granted (a)	na	na
Total	**133,368**	**257,756**
Frédéric Crépin **Member of the Management Board and Group General Counsel**		
Gross compensation paid	1,366,524	1,441,989
Book value of stock options granted	na	na
Book value of performance shares granted (a)	574,800	694,750
Total	**1,941,324**	**2,136,739**
Simon Gillham **Member of the Management Board, Chairman of Vivendi Village and Senior Executive Vice President, Communications of Vivendi**		
Gross compensation paid	1,167,111	1,282,395
Book value of stock options granted	na	na
Book value of performance shares granted (a)	431,100	595,500
Total	**1,598,211**	**1,877,895**
Hervé Philippe **Member of the Management Board and Chief Financial Officer**		
Gross compensation paid	1,671,696	1,696,433
Book value of stock options granted	na	na
Book value of performance shares granted (a)	574,800	397,000
Total	**2,246,496**	**2,093,433**

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(in euros)	2017	2018
Stéphane Roussel **Member of the Management Board and Chief Operating Officer**		
Gross compensation paid	2,153,529	2,268,806
Book value of stock options granted	na	na
Book value of performance shares granted (a)	574,800	794,000
Total	**2,728,329**	**3,062,806**

na: not applicable.

(1) Member of the Management Board since September 1, 2017. Gilles Alix and Cédric de Bailliencourt receive compensation from Bolloré Group, which does not control Vivendi within the meaning of Article L. 233-16 of the French Commercial Code.

(2) Amount prorated; annual basis: €500,000.

(3) Prorated amount of the variable compensation in respect of fiscal year 2017, paid in 2018 after application of a proration of 50%: €62,500.

(4) Amount prorated; annual basis: €400,000.

(5) Prorated amount of the variable compensation in respect of fiscal year 2017, paid in 2018 after application of a proration of 50%: €50,000.

(a) The book value is calculated based on the number of performance shares. The retained value of the unit right is shown in the financial statements pursuant to IFRS 2 (for a description of the valuation of securities settled through the issuance of shares, see Note 22 to the Consolidated Financial Statements in Chapter 4). The value is €14.37 for each performance share granted in February 2017 and €19.85 for each performance share granted in May 2018.

2.4.2. SUMMARY TABLE OF COMPENSATION (BEFORE TAXES AND SOCIAL SECURITY CONTRIBUTIONS) OF MEMBERS OF THE MANAGEMENT BOARD DURING FISCAL YEARS 2017 AND 2018 (AMF RECOMMENDATIONS, TABLE 2)

	Fiscal year 2017		Fiscal year 2018	
(in euros)	Amounts paid	Amounts owed	Amounts paid	Amounts owed
Arnaud de Puyfontaine, Chairman of the Management Board				
Fixed compensation	1,200,000	1,200,000	(1) 1,400,000	(1) 1,400,000
Variable compensation for 2016	900,000	-	-	-
Variable compensation for 2017	-	(2) 540,000	(2) 540,000	-
Variable compensation for 2018	-	-	-	(1) 1,050,000
Other compensation	na	na	na	na
Director's fees	na	na	(3) 857	(3) 857
Benefits of any kind (*)	24,831	24,831	25,015	25,015
One-time payment (1)	na	na	(4) 390,000	(4) 390,000
Total	**2,124,831**	**1,764,831**	**2,355,872**	**2,865,872**
Gilles Alix, Member of the Management Board (5)				
Fixed compensation	(6) 166,667	(6) 166,667	(8) 250,000	(8) 250,000
Variable compensation for 2017	-	(7) 62,500	(7) 62,500	-
Variable compensation for 2018	-	-	-	(8) 187,500
Other compensation	na	na	na	na
Director's fees	na	na	na	na
Benefits of any kind (**)	20	20	9,415	9,415
Total	**166,687**	**229,187**	**321,915**	**446,915**
Cédric de Bailliencourt, Member of the Management Board (5)				
Fixed compensation	(9) 133,333	(9) 133,333	(8) 200,000	(8) 200,000
Variable compensation for 2017	-	(7) 50,000	(7) 50,000	-
Variable compensation for 2018	-	-	-	(8) 150,000
Other compensation	na	na	na	na
Director's fees	na	na	na	na
Benefits of any kind (**)	35	35	7,756	7,756
Total	**133,368**	**183,368**	**257,756**	**357,756**
Frédéric Crépin, Member of the Management Board				
Fixed compensation	750,000	750,000	800,000	800,000
Variable compensation for 2016	560,000	-	-	-
Variable compensation for 2017	-	562,500	562,500	-
Variable compensation for 2018	-	-	-	600,000
Other compensation	na	na	na	na
Director's fees	(10) 35,000	(10) 35,000	(11) 38,429	(11) 38,429
Benefits of any kind (**)	21,524	21,524	41,060	41,060
Total	**1,366,524**	**1,369,024**	**1,441,989**	**1,479,489**
Simon Gillham, Member of the Management Board				
Fixed compensation	675,000	675,000	750,000	750,000
Variable compensation for 2016	470,000	-	-	-
Variable compensation for 2017	-	506,250	506,250	-
Variable compensation for 2018	-	-	-	562,500
Other compensation	na	na	na	na
Director's fees	na	na	(3) 4,286	(3) 4,286
Benefits of any kind (**)	22,111	22,111	21,859	21,859
Total	**1,167,111**	**1,203,361**	**1,282,395**	**1,338,645**

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	Fiscal year 2017		Fiscal year 2018	
(in euros)	Amounts paid	Amounts owed	Amounts paid	Amounts owed
Hervé Philippe, Member of the Management Board				
Fixed compensation	940,000	940,000	940,000	940,000
Variable compensation for 2016	705,000	-	-	-
Variable compensation for 2017	-	705,000	705,000	-
Variable compensation for 2018	-	-	-	705,000
Other compensation	na	na	na	na
Director's fees	na	na	(3) 3,429	(3) 3,429
Benefits of any kind (**)	26,696	26,696	48,004	48,004
Total	**1,671,696**	**1,671,696**	**1,696,433**	**1,696,433**
Stéphane Roussel, Member of the Management Board				
Fixed compensation	1,000,000	1,000,000	1,000,000	1,000,000
Variable compensation for 2016	750,000	-	-	-
Variable compensation for 2017	-	750,000	750,000	-
Variable compensation for 2018	-	-	-	750,000
Other compensation	(12) 340,000	(12) 340,000	(12) 450,000	(12) 450,000
Director's fees	(10) 35,000	(10) 35,000	(11) 39,286	(11) 39,286
Benefits of any kind (**)	28,529	28,529	29,520	29,520
Total	**2,153,529**	**2,153,529**	**2,268,806**	**2,268,806**

na: not applicable.

(1) Fixed compensation in respect of 2018 of €1,400,000 and cancellation of the application of the 60% proration to his fixed and variable compensation in respect of 2018 following the termination of the executive functions of Arnaud de Puyfontaine at Telecom Italia and the non-payment in 2018 by Telecom Italia of his variable compensation in respect of 2017 (see Section 2.2.2.1 of this chapter).

(2) To take into account Arnaud De Puyfontaine's appointment as Executive Chairman of the Board of Directors of Telecom Italia on June 1, 2017 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board decided at its meeting of February 15, 2018, to apply a 60% proration factor to his variable compensation in respect of 2017, to be paid in 2018 (annual basis: €900,000).

(3) Director's fees paid by Canal+ Group.

(4) Amount paid following the termination, on April 24, 2018, of the executive functions of Arnaud de Puyfontaine at Telecom Italia and the non-payment in 2018 by Telecom Italia of his variable compensation in respect of 2017 (see Section 2.2.2.1 of this chapter).

(5) Member of the Management Board since September 1, 2017.

(6) Amount prorated; annual basis: €500,000.

(7) Given the functions of Gilles Alix and Cédric de Bailliencourt within Bolloré Group and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board, at its meeting of February 15, 2018, decided to apply a 50% proration factor to their variable compensation in respect of 2017, to be paid in 2018.

(8) Given the functions of Gilles Alix and Cédric de Bailliencourt within Bolloré Group and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board, at its meeting of February 15, 2018, decided to apply a 50% proration factor to the fixed and variable compensation of Gilles Alix and Cédric de Bailliencourt in respect of fiscal year 2018 (see Section 2.2.2.1 of this chapter).

(9) Amount prorated; annual basis: €400,000.

(10) Director's fees paid by Gameloft SE.

(11) Director's fees paid by Gameloft SE and Canal+ Group.

(12) Compensation paid by Gameloft SE.

(*) Benefits of any kind include the use of a company car without a driver and GSC coverage (job-loss insurance for Corporate Officers).

(**) Benefits of any kind include, depending on the case, the use of a company car without a driver, profit sharing, employer contribution to social charges surpluses and the partial liquidation of the time savings account (CET).

2.4.3. SUMMARY OF COMMITMENTS ISSUED IN FAVOR OF 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' Meeting held on April 17, 2015.

2.5. Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018, and submitted to the Combined General Shareholders' Meeting of April 15, 2019

2.5.1. VINCENT BOLLORÉ, CHAIRMAN OF THE SUPERVISORY BOARD UNTIL APRIL 19, 2018 (RESOLUTION 5)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€102,376	Amount prorated; annual basis: €340,000. Gross fixed compensation set by the Supervisory Board on February 15, 2018 upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, under the principles and criteria for setting the compensation of the Chairman and members of the Supervisory Board for 2018 for their service in such capacity, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 13).
2018 variable compensation	na	The Chairman of the Supervisory Board does not receive any variable compensation.
Variable deferred compensation	na	The Chairman of the Supervisory Board does not receive any variable deferred compensation.
Multi-year variable compensation	na	The Chairman of the Supervisory Board does not receive any multi-year variable compensation.
Extraordinary compensation	na	The Chairman of the Supervisory Board does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013. In addition, pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of stock options.
Performance shares	na	Pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of performance shares.
Director's fees	€20,000	Fixed amount.
Benefits of any kind	na	The Chairman of the Supervisory Board does not receive any benefits.

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	na	The Chairman of the Supervisory Board will not receive a severance payment in respect of his term of office.
Non-compete payment	na	The Chairman of the Supervisory Board receives no payment of this kind.
Supplemental pension plan	na	The Chairman of the Supervisory Board is not eligible for Vivendi's supplemental defined-benefit pension plan.

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Fifth resolution: Approval of the elements of compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Vincent Bolloré in his capacity as Chairman of the Supervisory Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Vincent Bolloré in his capacity as Chairman of the Supervisory Board (until April 19, 2018), as set out in the Annual Report – 2018 Document de Référence– Chapter 3 – paragraph 2.5.1 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018, and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.2. YANNICK BOLLORÉ, CHAIRMAN OF THE SUPERVISORY BOARD FROM APRIL 19, 2018 (RESOLUTION 6)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€237,624	Amount prorated; annual basis: €340,000. Gross fixed compensation set by the Supervisory Board on February 15, 2018 upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, under the principles and criteria for setting the compensation of the Chairman and members of the Supervisory Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 13).
2018 variable compensation	na	The Chairman of the Supervisory Board does not receive any variable compensation.
Variable deferred compensation	na	The Chairman of the Supervisory Board does not receive any variable deferred compensation.
Multi-year variable compensation	na	The Chairman of the Supervisory Board does not receive any multi-year variable compensation.
Extraordinary compensation	na	The Chairman of the Supervisory Board does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013. In addition, pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of stock options.
Performance shares	na	Pursuant to French law, the Chairman of the Supervisory Board is not eligible for grants of performance shares.
Director's fees	€40,000	Fixed amount.
Benefits of any kind	na	The Chairman of the Supervisory Board does not receive any benefits.

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	na	The Chairman of the Supervisory Board will not receive a severance payment in respect of his term of office.
Non-compete payment	na	The Chairman of the Supervisory Board receives no payment of this kind.
Supplemental pension plan	na	The Chairman of the Supervisory Board is not eligible for Vivendi's supplemental defined-benefit pension plan.

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Sixth resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Yannick Bolloré in his capacity as Chairman of the Supervisory Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Yannick Bolloré in his capacity as Chairman of the Supervisory Board (since April 19, 2018), as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.2 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018, and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.3. ARNAUD DE PUYFONTAINE, CHAIRMAN OF THE MANAGEMENT BOARD (RESOLUTION 7)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€1,400,000	Fixed compensation increased from €1,200,000 (1) to €1,400,000 by the Supervisory Board at its meetings of May 17, 2018 and July 30, 2018 upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and following the termination of Arnaud De Puyfontaine's responsibilities as Executive Chairman of the Board of Directors of Telecom Italia and the non-payment in 2018 by Telecom Italia of his variable compensation in respect of 2017 (see Section 2.2.2.1 of this chapter).
2018 variable compensation	€1,050,000	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the reference amount of variable compensation to be paid to the Chairman of the Management Board in respect of fiscal year 2018. It amounted to 75% of his fixed compensation (see Section 2.2.2.1 of this chapter).
Variable deferred compensation	na	The Chairman of the Management Board does not receive any variable deferred compensation.
Multi-year variable compensation	na	The Chairman of the Management Board does not receive any multi-year variable compensation.
Extraordinary compensation	na	The Chairman of the Management Board does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	€992,500 (book value)	Grant of 50,000 performance shares by the Supervisory Board on May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2018-2020). Vesting of these performance shares requires satisfaction of two internal indicators (70%): Group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), to be determined as of December 31, 2020 based on the cumulative fiscal years 2018, 2019 and 2020; and an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020 relative to two indices: the EURO STOXX® Media (20%) and the CAC 40 (10%) (see Section 2.2.2.1 of this chapter).
Director's fees	na	Arnaud de Puyfontaine does not receive director's fees for his role as Chairman of the Management Board.
Benefits of any kind	€25,015	Company car without a driver, job-loss insurance (GSC) and employer contribution to social charges surpluses.
One-time payment	€390,000	Upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, at its meetings of May 17 , 2018 and July 30, 2018, the Supervisory Board, decided to pay Arnaud de Puyfontaine a one-time payment of €390,000 following the termination on April 24, 2018, of his responsibilities as Executive Chairman of the Board of Directors of Telecom Italia and the non-payment in 2018 by Telecom Italia of his variable compensation in respect of 2017 (see Section 2.2.2.1 of this chapter).

(1) Prior to the application of a 60% proration in respect of the functions of Executive Chairman of the Board of Directors of Telecom Italia. Gross fixed compensation was initially set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, in line with the principles and criteria for setting the compensation of the Chairman of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 14).

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Conditional commitment in the event of termination at the initiative of the company, subject to performance conditions (see Section 2.2.2.1 of this chapter).
Non-compete payment	None	The Chairman of the Management Board receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, the Chairman of the Management Board is eligible for the defined-benefit supplemental pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at the time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2018: €48,500 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Seventh resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Arnaud de Puyfontaine in his capacity as Chairman of the Management Board.

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The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Arnaud de Puyfontaine in his capacity as Chairman of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.3 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.4. GILLES ALIX – MEMBER OF THE MANAGEMENT BOARD AND SENIOR VICE PRESIDENT IN CHARGE OF INTER–GROUP COORDINATION SINCE SEPTEMBER 1, 2017 (RESOLUTION 8)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€250,000	After application of a 50% proration in respect of his functions within Bolloré Group. Gross fixed compensation set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€187,500	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the reference variable compensation to be paid to Gilles Alix in respect of fiscal year 2018. It amounted to 75% of his fixed compensation of €375,000, namely €187,500 after a 50% proration (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Gilles Alix does not receive any variable deferred compensation.
Multi-year variable compensation	na	Gilles Alix does not receive any multi-year variable compensation.
Extraordinary compensation	na	Gilles Alix does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	na	Gilles Alix was not awarded any performance shares in 2018.
Director's fees	na	Gilles Alix does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€9,415	No company car. Profit sharing (under Vivendi SA's collective agreement) and employer contribution to social charges surpluses.

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Gilles Alix does not benefit from any commitment to receive a severance payment in respect of his corporate office.
Non-compete payment	None	Gilles Alix receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Gilles Alix is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at time of retirement is required. Annuity growth rate in 2017, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2018: €15,625 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Gilles Alix in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Gilles Alix in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.4 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.5. CÉDRIC DE BAILLIENCOURT – MEMBER OF THE MANAGEMENT BOARD AND SENIOR VICE PRESIDENT IN CHARGE OF INVESTOR RELATIONS AND INTER-GROUP FINANCIAL COMMUNICATIONS SINCE SEPTEMBER 1, 2017 (RESOLUTION 9)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€200,000	After application of a 50% proration in respect of his functions within Bolloré Group. Gross fixed compensation set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€150,000	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the reference amount of variable compensation to be paid to Cédric de Bailliencourt in respect of fiscal year 2018. It amounted to 75% of his fixed compensation of €300,000, namely €150,000 after a 50% proration (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Cédric de Bailliencourt does not receive any variable deferred compensation.
Multi-year variable compensation	na	Cédric de Bailliencourt does not receive any multi-year variable compensation.
Extraordinary compensation	na	Cédric de Bailliencourt does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	na	Cédric de Bailliencourt was not awarded any performance shares in 2018.
Director's fees	na	Cédric de Bailliencourt does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€7,756	No company car. Profit sharing (under Vivendi SA's collective agreement) and employer contribution to social charges surpluses.

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Cédric de Bailliencourt does not benefit from any commitment to receive a severance payment in respect of his corporate office.
Non-compete payment	None	Cédric de Bailliencourt receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Cédric de Bailliencourt is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2018: €12,500 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Ninth resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Cédric de Bailliencourt in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Cédric de Bailliencourt in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.5 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.6. FRÉDÉRIC CRÉPIN – MEMBER OF THE MANAGEMENT BOARD AND GROUP GENERAL COUNSEL (RESOLUTION 10)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€800,000	Gross fixed compensation set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€600,000	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the amount of variable compensation to be paid to Frédéric Crépin in respect of 2018. It amounted to 75% of his fixed compensation (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Frédéric Crépin does not receive any variable deferred compensation.
Multi-year variable compensation	na	Frédéric Crépin does not receive any multi-year variable compensation.
Extraordinary compensation	na	Frédéric Crépin does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	€694,750 (book value)	Grant of 35,000 performance shares by the Supervisory Board on May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2018-2020). Vesting of these performance shares requires satisfaction of two internal indicators (70%): Group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), to be determined as of December 31, 2020 based on the cumulative fiscal years 2018, 2019 and 2020; and an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020 relative to two indices: the EURO STOXX® Media (20%) and the CAC 40 (10%) (see Section 2.2.2.2 of this chapter).
Director's fees	na	Frédéric Crépin does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€41,060	No company car. Profit sharing (under Vivendi's collective agreement), employer contribution to social charges surpluses and partial liquidation of time saving account (CET).

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Frédéric Crépin does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Frédéric Crépin receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Frédéric Crépin is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 1.00% subject to performance criteria. Amount of potential pension acquired in 2018: €13,625 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Tenth resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Frédéric Crépin in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Frédéric Crépin in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.6 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.7. SIMON GILLHAM – MEMBER OF THE MANAGEMENT BOARD, CHAIRMAN OF VIVENDI VILLAGE AND SENIOR EXECUTIVE VICE PRESIDENT, COMMUNICATIONS OF VIVENDI (RESOLUTION 11)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€750,000	Gross fixed annual compensation set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€562,500	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the amount of variable compensation to be paid to Simon Gillham in respect of 2018. It amounted to 75% of his fixed compensation (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Simon Gillham does not receive any variable deferred compensation.
Multi-year variable compensation	na	Simon Gillham does not receive any multi-year variable compensation.
Extraordinary compensation	na	Simon Gillham does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	595,500 (book value)	Grant of 30,000 performance shares by the Supervisory Board on May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2018-2020). Vesting of these performance shares requires satisfaction of two internal indicators (70%): Group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), to be determined as of December 31, 2020 based on the cumulative fiscal years 2018, 2019 and 2020; and an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020 relative to two indices: the EURO STOXX® Media (20%) and the CAC 40 (10%) (see Section 2.2.2.2 of this chapter).
Director's fees	na	Simon Gillham does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€21,859	No company car. Profit sharing (under Vivendi SA's collective agreement) and employer contribution to social charges surpluses.

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Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Simon Gillham does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Simon Gillham receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Simon Gillham is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting of April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at the time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 1.25% subject to performance criteria. Amount of potential pension acquired in 2018: €15,703 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Eleventh resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Simon Gillham in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Simon Gillham in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.7 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.8. HERVÉ PHILIPPE – MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER (RESOLUTION 12)

Compensation elements for fiscal year 2018	Amount or value (before taxes and social security contributions)	Description
Fixed compensation	€940,000	Gross fixed compensation set by the Supervisory Board on February 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€705,000	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the amount of variable compensation to be paid to Hervé Philippe in respect of 2018. It amounted to 75% of his fixed compensation (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Hervé Philippe does not receive any variable deferred compensation.
Multi-year variable compensation	na	Hervé Philippe does not receive any multi-year variable compensation.
Extraordinary compensation	na	Hervé Philippe does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	€397,000 (book value)	Grant of 20,000 performance shares by the Supervisory Board on May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2018-2020). Vesting of these performance shares requires satisfaction of two internal indicators (70%): Group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), to be determined as of December 31, 2020 based on the cumulative fiscal years 2018, 2019 and 2020; and an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020 relative to two indices: the EURO STOXX® Media (20%) and the CAC 40 (10%) (see Section 2.2.2.2 of this chapter).
Director's fees	na	Hervé Philippe does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€48,004	Company car without a driver. Profit sharing (under Vivendi's collective agreement), employer contribution to social charges surpluses and partial liquidation of time saving account (CET).

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Hervé Philippe does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Hervé Philippe receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Hervé Philippe is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at the time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 2.50% subject to performance criteria. Amount of potential pension acquired in 2018: €41,125 (see Section 2.2.2.3 of this chapter).

na: not applicable.

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Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Twelfth resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Hervé Philippe in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Hervé Philippe in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.8 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.5.9. STÉPHANE ROUSSEL – MEMBER OF THE MANAGEMENT BOARD AND CHIEF OPERATING OFFICER (RESOLUTION 13)

Compensation elements for fiscal year 2018	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 15, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee and in line with the principles and criteria for setting the compensation of the members of the Management Board for 2018, as approved by the Supervisory Board at the same meeting and by the General Shareholders' Meeting of April 19, 2018 (Resolution 15).
2018 variable compensation	€750,000	At its meeting on February 14, 2019 and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board reviewed the achievement rate of the quantitative and qualitative criteria used to determine the amount of variable compensation to be paid to Stéphane Roussel in respect of 2018. It amounted to 75% of his fixed compensation (see Section 2.2.2.2 of this chapter).
Variable deferred compensation	na	Stéphane Roussel does not receive any variable deferred compensation.
Multi-year variable compensation	na	Stéphane Roussel does not receive any multi-year variable compensation.
Extraordinary compensation	na	Stéphane Roussel does not receive any extraordinary compensation.
Stock options	na	The company has not granted any stock options since 2013.
Performance shares	€794,000 (book value)	Grant of 40,000 performance shares by the Supervisory Board on May 17, 2018, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee. Vesting of these performance shares is subject to the fulfillment of performance conditions over three consecutive fiscal years (2018-2020). Vesting of these performance shares requires satisfaction of two internal indicators (70%): Group EBIT (35%) and Cash flow from operations after interest and tax (group CFAIT) (35%), to be determined as of December 31, 2020 based on the cumulative fiscal years 2018, 2019 and 2020; and an external indicator (30%): Vivendi share performance between January 1, 2018 and December 31, 2020 relative to two indices: the EURO STOXX® Media (20%) and the CAC 40 (10%) (see Section 2.2.2.2 of this chapter).
Director's fees	na	Stéphane Roussel does not receive director's fees for his role as a member of the Management Board.
Benefits of any kind	€29,520	Company car without a driver. Profit share (under Vivendi SA's collective agreement) and employer contribution to social charges surpluses.

Deferred compensation elements owed or granted in 2018 that were subject to the prior approval of the General Shareholders' Meeting under the procedure applying to related-party agreements and commitments	Amount	Description
Severance payment	None	Stéphane Roussel does not benefit from any commitment to receive a severance payment in respect of his corporate office. 18 months (fixed salary plus target bonus) under his employment contract.
Non-compete payment	None	Stéphane Roussel receives no payment of this kind.
Supplemental pension plan	None	As is the case for a number of the Vivendi group's senior executives, Stéphane Roussel is eligible for the supplemental defined-benefit pension plan set up in December 2005, approved by the Combined General Shareholders' Meeting held on April 20, 2006. Upper limit: 30% of reference salary (fixed plus variable) capped at 60 times the social security maximum. Presence at the company at the time of retirement is required. Annuity growth rate in 2018, including a seniority-based increase within the group: 1.25% subject to performance criteria. Amount of potential pension acquired in 2018: €27,500 (see Section 2.2.2.3 of this chapter).

na: not applicable.

Proposed resolution to be submitted to the Combined General Shareholders' Meeting of April 15, 2019

Thirteenth resolution: Approval of the elements of compensation and benefits of any kind paid or awarded in respect of fiscal year 2018 to Stéphane Roussel in his capacity as a member of the Management Board.

The General Shareholders' Meeting, having reviewed the report on corporate governance referred to in Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II. of the French Commercial Code, the elements of the total compensation and the benefits of any kind paid or awarded in respect of fiscal year 2018 to Stéphane Roussel in his capacity as a member of the Management Board, as set out in the Annual Report – 2018 Document de Référence – Chapter 3 – paragraph 2.5.9 of Section 2.5 titled "Elements of compensation and benefits of any kind paid or awarded to executive and non-executive officers for their service in such capacity, in respect of fiscal year 2018 and submitted to the Combined General Meeting of Shareholders of April 15, 2019".

2.6. Trading in company securities

Stock Trading Ethics

In compliance with the European Market Abuse Regulation No. 596/2014 of April 16, 2014, the recommendations of the AFEP/MEDEF Code and the rules applicable within Vivendi, purchase and sale transactions involving the company's securities are prohibited during the period from the date when a member of the Supervisory Board or Management Board becomes aware of precise information concerning the company's day-to-day business or prospects which, if it were made public, would be likely to have a significant effect on the company's share price, up to the date when this information is made public.

In addition, pursuant to Vivendi's internal rules, such transactions are prohibited for a period of 30 calendar days up to and including the date of publication of the company's quarterly, half-year and annual financial statements.

Vivendi prepares and distributes a summary schedule setting out the blackout periods during which transactions involving the company's shares are prohibited. This schedule also makes 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 individual grant letters. This prohibition also appears in the internal rules of the Supervisory Board and Management Board.

2.6.1. TRADING IN SECURITIES BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD IN 2018

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 2018 up to the date of registration of this Annual Report that were reported to the company and to the AMF:

	Awards (1)/Purchases (2)/Restitutions (3)/Other (4)		
Name	**Date**	**Quantity**	**Unit price** (in euros)
Compagnie de Cornouaille (Bolloré Group)	February 2018	(5) 21,355,170	(6) 16.5742
	March 2018	(2) 18,015,265	(6) 20.9006
	April 2018	(2) 38,441,355	(6) 20.9336
	June 2018	(2) 7,643,887	(6) 21.1274
	October 2018	(3) 13,475,000	(6) 0.0000
	October 2018	(4) 6,993,008	(6) 21.4500
	November 2018	(4) 8,360,428	(6) 21.5300
	December 2018	(4) 9,555,662	(6) 20.9300
	December 2018	(3) 10,000,000	(6) 0.0000
Financière de Larmor (Bolloré Group)	August 2018	(2) 11,000,000	(6) 21.5397
	September 2018	(2) 650,234	(6) 21.5000
	October 2018	(2) 15,478,143	(6) 21.3497
	November 2018	(2) 2,162,366	(6) 21.1162
	December 2018	(2) 7,475,859	(6) 20.9952
	January 2019	(2) 44,389	20.8000

	Awards (1)/Purchases (2)/ Restitutions (3)/Other (4)			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)
Michèle Reiser	01/11/2019	(2) 1,000	21.84									
Arnaud de Puyfontaine	02/28/2018	(1) 52,500	na									
Gilles Alix	02/22/2018	(2) 200	20.85							07/19/2018	(7) 2,953.4357	9.9800
										07/19/2018	(8) 109.3490	19.3270
Cédric de Bailliencourt										07/19/2018	(7) 3,292.9154	9.9800
										07/19/2018	(8) 113.8300	19.3270
Frédéric Crépin	02/28/2018	(1) 37,500	na	(9) 04/11/2018	34,922	20.15	04/11/2018	34,922	21.3137	07/19/2018	(7) 6,091.4204	9.9800
				(10) 02/15/2019	20,000	16.06	02/15/2019	20,000	24.30	07/19/2018	(8) 113.5210	19.3270
				(10) 02/22/2019	14,907	16.06	02/22/2019	14,907	24.20			
				(11) 02/28/2019	9,922	15.80	02/28/2019	9,922	25.10			
				(11) 02/28/2019	5,000	15.80	02/28/2019	5,000	25.50			
				(13) 02/28/2019	1,461	11.76	02/28/2019	1,461	25.50			
				(14) 03/05/2019	873	13,88	03/05/2019	873	25.55			
				(12) 03/05/2019	276	17,19	03/05/2019	276	25.55			
Simon Gillham	02/28/2018	(1) 18,750	na	(13) 06/11/2018	40,799	11.76				07/19/2018	(7) 5,664.3398	9.9800
										07/19/2018	(8) 113.7070	19.3270
Hervé Philippe	02/28/2018	(1) 37,500	na							07/19/2018	(7) 2,869.1852	9.9800
										07/19/2018	(8) 113.5210	19.3270
Stéphane Roussel	02/28/2018	(1) 37,500	na	(9) 04/11/2018	59,842	20.15	04/11/2018	59,842	21.65	07/19/2018	(7) 10,864.5852	9.9800
				(10) 02/15/2019	20,000	16.06	02/15/2019	20,000	24.082	07/19/2018	(8) 113.7170	19.3270
				(10) 02/15/2019	19,784	16.06	02/15/2019	19,784	24.0754			

na: not applicable.

(1) Vesting of performance shares (Plan 02-2015).

(2) Purchased on the market.

(3) Partial and early restitution of securities lent under the loan agreement of October 7, 2016 maturing on June 25, 2019 relating to 34,700,000 shares.

(4) Asset-backed drawdowns.

(5) Exercise of 21,355,170 share purchase options giving right to a total of 21,355,170 Vivendi shares acquired as part of an agreement signed on October 5, 2016 (AMF Notice No. 2016DD452487).

(6) Average weighted share price.

(7) Groupe Vivendi Relais 2018 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) Opus 18 Levier Vivendi 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).

(9) Exercise of stock options (April 2008 plan).

(10) Exercise of stock options (April 2009 plan).

(11) Exercise of stock options (April 2010 plan).

(12) Exercise of stock options (April 2011 plan).

(13) Exercise of stock options (April 2012 plan).

(14) Exercise of stock options (September 2012 plan).

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 is Vivendi.

The General Shareholders' Meeting of April 15, 2019, will invite shareholders to vote on the change of the company's legal form to a *société européenne* (European Company). Therefore, subject to approval at the above-mentioned meeting, effective upon completion of the Company's conversion into a European Company, its corporate name shall be followed by the words "Société Européenne" or the initials "SE".

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 number is 343 134 763 00048 and its APE code is 6420Z.

3.3. Date of Incorporation and Term

As set forth in Article 1 of Vivendi's by-laws, the company's term is 99 years beginning on December 18, 1987. 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 Vivendi's 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 Vivendi's by-laws, Vivendi is a French limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The company is governed by French legislative and regulatory provisions relating to corporations and in particular the provisions of the French Commercial Code (*Code de commerce*).

The General Shareholders' Meeting of April 15, 2019 will invite shareholders to vote on the change of the company's legal form from a *société anonyme* to a *société européenne* (European Company).

Subject to approval at the above-mentioned meeting, Vivendi will become a European Company with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*) governed by the provisions of (i) European Council Regulation (EC) 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 French Commercial Code (*Code de commerce*), including provisions relating to companies in general and European Companies in particular and (iv) the company's by-laws.

3.5. Fiscal Year

Pursuant to Article 18 of Vivendi's by-laws, the company's fiscal year begins on January 1st and ends on December 31st 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".

3.7. Memorandum and by-laws

3.7.1. CORPORATE PURPOSE

Pursuant to Article 2 of Vivendi's by-laws, the company's main corporate purpose, directly and indirectly, both in France and 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 Vivendi's by-laws, the shares are all of the same class and may be held in either registered or bearer form, unless provided otherwise by law.

Pursuant to Article 6 of Vivendi's by-laws, each share carries a right of ownership to the company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents. Whenever a certain number of shares is necessary to exercise a right, shareholders who do not own 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, Vivendi's by-laws do not contain any provisions that are more restrictive than those required by law.

3.7.4. SHAREHOLDERS' MEETINGS

Pursuant to Article 16 of Vivendi's by-laws, Shareholders' Meetings are convened and held in accordance with applicable law.

Shareholders' Meetings are held at the company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full 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 which 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 law.

The registration or recording of shares in the bearer share account held by the authorized intermediary is authenticated by a shareholding certificate (*attestation de participation*) delivered by said intermediary in accordance with applicable laws and regulations.

Pursuant to Article 17 of Vivendi's by-laws, voting rights attached to shares belong to usufruct holders (*usufruitiers*) in Ordinary Shareholders' Meetings and to legal owners of title (*nu-propriétaires*) in Extraordinary or Special Shareholders' Meetings, unless otherwise agreed by both parties and provided that the company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms by mail, either in paper form or, where approved by the Management Board and published in the meeting notice and the convening notice, by 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.

Pursuant to French law, a double voting right is automatically granted to each share that has been held continuously in registered form in the name of the same shareholder for more than two years.

3.7.5. DETERMINATION, ALLOCATION AND DISTRIBUTION OF EARNINGS

Pursuant to Article 19 of its by-laws, Vivendi's statement of earnings summarizes the difference between its income and charges for the fiscal year, less amortization, depreciation and any provisions, and the resulting income.

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 law and Vivendi's by-laws, distributable earnings are equal to earnings for the fiscal year, less losses carried forward and allocations to reserves, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, dividends shall not be distributed to shareholders when said capital is, or would subsequently become, less than the amount of the share capital plus the amount of reserves that may not be distributed under applicable law or Vivendi's by-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds deducted from available reserves by specifically identifying the reserve line items from which said deductions are to be made.

The manner in which dividends will be paid is determined by Vivendi's General 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 Vivendi's by-laws, the company may, at any time and in accordance with applicable laws and regulations, request that the relevant central depository for financial instruments provide it with information in relation to any of the company's securities that confer a right to vote (either immediately or in the future) at Shareholders' Meetings.

Any personal data or information obtained are used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of the French Law 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 determined by law, lead to the suspension or forfeiture of dividends or voting rights attached to such shares.

Any person, acting alone or in concert, who becomes the 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 are equivalent to, or in excess of, 0.5%, or a multiple thereof, shall send a notice to the company by registered letter with acknowledgment of receipt. 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 law.

Any person, acting alone or in concert, is also required to inform the company within 15 calendar days if the percentage of share capital or voting rights that such person holds falls below any of the above-mentioned thresholds.

3.7.8. PROVISIONS GOVERNING CHANGES IN SHARE CAPITAL WHERE SUCH CONDITIONS ARE MORE STRINGENT THAN REQUIRED BY LAW

None.

3.8. Share Capital

3.8.1. AMOUNT OF ISSUED SHARE CAPITAL

As of December 31, 2018, the company's share capital amounted to €7,184,288,078.00, divided into 1,306,234,196 shares with a par value of €5.50 each. The number of gross voting rights totaled 1,387,889,074.

All shares may be held in registered or bearer form and are transferable. The shares are traded on Euronext Paris (Compartment A) (ISIN code: FR0000127771). 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 by the General Shareholders' Meetings of April 25, 2017 and April 19, 2018, and submitted for approval by the General Shareholders' Meeting of April 15, 2019 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)	**30 – 2019**	**26 months (June 2021)**	(a) **750 million, i.e. ≈ 10.44% of the share capital**
	21 – 2017	26 months (June 2019)	(a) 750 million, i.e. ≈ 10.60% of the share capital
Capital increase by incorporation of reserves	**31 – 2019**	**26 months (June 2021)**	**375 million, i.e. ≈ 5.22% of the share capital**
	22 – 2017	26 months (June 2019)	375 million, i.e. ≈ 5.25% 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	26 – 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 that are members of the Employee Stock Purchase Plan (ESPP)	**32 – 2019**	**26 months (June 2021)**	(b) **Maximum of 1% of the share capital on the Management Board's decision date**
	(c) 28 – 2018	26 months (June 2020)	
	33 – 2019	**18 months (Oct. 2020)**	
	(d) 29 – 2018	18 months (Oct. 2019)	
Grant of existing or future performance shares	(e) 27 – 2018	38 months (June 2021)	Maximum of 1% of the share capital on the grant date

SHARE REPURCHASES

Transactions	Source Resolution number	Duration of the authorization (expiry date)	Main Terms
Share repurchase program	**(f) 27 – 2019**	**18 months (Oct. 2020)**	**10% of the share capital Maximum purchase price per share: 25 euros (130.6 million shares)**
	(g) 24 – 2018	18 months (Oct. 2019)	5% of the share capital Maximum purchase price per share: 24 euros (64.8 million shares)
Public share buyback offer (OPRA)	**29 – 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	**28 – 2019**	**18 months (Oct. 2020)**	**10% of the share capital over a 24-month period**
	(g) 25 – 2018	18 months (Oct. 2019)	10% of the share capital over a 24-month period
Share cancellations/OPRA	**(f) 29 – 2019**	**12 months**	**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 30th resolution of the 2019 General Shareholders' Meeting.

(c) Used for 0.06% of the share capital in July 2018.

(d) Used for 0.34% of the share capital in July 2018.

(e) Used for 0.12% of the share capital in May 2018 and for 0.13% of the share capital in February 2019.

(f) The number of shares repurchased for cancellation under the 27th resolution, if any, shall be deducted from the maximum amount set in the 29th resolution.

(g) Not used.

3.8.4. SHARES HELD BY THE COMPANY

3.8.4.1. Summary of the Previous Share Repurchase Program (2017/2018)

The Combined General Shareholders' Meeting of April 25, 2017, pursuant to Resolution 19, authorized the Management Board to implement a share repurchase program for 10% of the share capital at a maximum price per share of €20.

The Management Board did not use this authorization.

Aggregate Number of Purchases and Sales/Transfers of Shares from April 25, 2017 to April 19, 2018 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of April 25, 2017: 39,419,670 (of which 12,730 to cover performance share plans and 39,406,940 for external growth transactions).

	Number of shares	Value/share price/ Average price per share (in euros)	Total value (in euros)
Period from April 25, 2017 to December 31, 2017 (a)			
Purchase	-	-	-
Sale/Transfer	(12,018)	18.04	(216,816)
Period from January 1, 2018 to April 19, 2018 (b)			
Purchase	-	-	-
Sale/Transfer	(*) (760,781)	18.25	(13,883,960)

(*) Transfer to beneficiaries of performance share plans, after the reallocation of 4,313,431 treasury shares to cover performance share plans approved by the Management Board at its meeting of December 18, 2017.

(a) As of December 31, 2017, Vivendi directly held 39,407,652 treasury shares with a nominal value of €5.50 per share, i.e., 3.04% of its share capital, allocated to covering free performance share plans (4,314,143 shares) and for external growth transactions (35,093,509 shares).

(b) As of April 19, 2018, Vivendi directly held 38,646,871 treasury shares with a nominal value of €5.50 per share, i.e., 2.94% of its share capital, allocated to covering free performance share plans (3,555,362 shares) and for external growth transactions (35,093,509 shares).

3.8.4.2. Current Share Repurchase Program (2018-2019)

The Combined General Shareholders' Meeting of April 19, 2018, pursuant to Resolution 24, 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 February 28, 2019 (other than Shares Purchased under the Liquidity Agreement)

Number of shares held as of April 19, 2018: 38,646,871.

	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			
Purchase	-	-	-
Sale/Transfer	(*) (383,685)	18.40	(7,059,190)
Period from January 1, 2019 to February 28, 2019			
Purchase	-	-	-
Sale/Transfer	(*) (52,731)	18.40	(970,166)

(*) Transfer to certain beneficiaries of free performance share plans.

3.8.4.3. Cancellation of Shares by Reduction of Share Capital during the last 24 months

None.

3.8.4.4. Treasury Shares (Other than Shares Held Pursuant to the Liquidity Agreement)

Position as of December 31, 2018

As of December 31, 2018, Vivendi directly held 38,263,186 of its own shares with a nominal value of €5.50 each, representing 2.93% of the share capital, including 3,169,677 shares allocated to performance share plans and 35,093,509 shares held for external growth transactions.

As of December 31, 2018, the book value of the portfolio totaled €646.9 million, representing a market value of €812.7 million as of that date.

Position as of February 28, 2019

As of February 28, 2019, Vivendi held 38,210,455 of its own shares representing 2.93% of its share capital, including 35,093,509 shares held for external growth transactions, and 3,116,946 shares allocated to covering free performance share plans.

3.8.4.5. Liquidity Agreement

Since January 3, 2005, Vivendi has been party to a liquidity agreement that complies with the AMAFI's Code of Ethics. The term of this agreement is one year, renewable tacitly for equal periods.

The liquidity agreement has been suspended since 2016.

3.8.4.6. Treasury Shares held by the Group

As of December 31, 2018, Vivendi's subsidiaries held 465 shares of the company.

3.8.4.7. Open Positions on Derivative Financial Instruments as of December 31, 2018

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)

Since 2013, Vivendi has not granted any stock options.

3.8.7. PERFORMANCE SHARE GRANTS

Grants of performance shares are subject to the achievement of internal financial targets (with a weighting of 70%) and the performance of Vivendi shares against two trading indices (with a weighting of 30%) (see Section 2.1.2.2 of this chapter).

In 2018, 141,320 shares were definitively granted to American and Brazilian beneficiaries under the 2014 plans and 629,586 shares were definitively granted to beneficiaries under the 2015 plans. 373,560 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.

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**	**Nominal value** (in euros)	**Premium (*)** (in euros)	**Number of issued shares**	**In shares**	**In euros**
Share capital as of December 31, 2013					1,339,609,931	7,367,854,620.50
Stock option exercise	05/12/2014	5.50	11.89	5,101,160	1,344,711,091	7,395,911,000.50
Stock option exercise	06/16/2014	5.50	11.97	3,082,646	1,347,793,737	7,412,865,553.50
AGA 50 Plan	07/17/2014	5.50	-	727,118	1,348,520,855	7,416,864,702.50
Stock option exercise	01/13/2015	5.50	11.78	3,079,783	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 by way of 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	12/31/2018	5.50	10.08	1,003,609	1,306,234,196	7,184,288,078.00

(*) Weighted average premium in euros.

As of December 31, 2018, the potential share capital of the company totaled €7,224,135,451.50, divided into 1,313,479,173 shares after taking into account 7,244,977 stock options, which may give rise to the issuance of 7,244,977 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
2017					
January	17.8148	18.3800	16.9400	73,600,229	1,308,266,113
February	16.9395	17.4550	15.9600	72,386,174	1,218,917,397
March	17.1254	18.2500	16.3300	88,403,509	1,512,739,023
April	18.1047	19.2350	17.3550	77,498,800	1,408,879,260
May	18.9393	19.6800	17.8950	100,909,082	1,907,645,934
June	20.1302	20.8200	19.2850	97,650,866	1,968,328,857
July	19.7455	20.2800	19.2500	68,230,124	1,346,857,797
August	19.3524	20.3700	18.3950	77,938,181	1,506,179,943
September	20.6740	21.4200	19.8200	78,615,487	1,626,846,792
October	21.0855	21.6200	20.3550	60,456,999	1,272,539,146
November	22.0657	23.4950	20.5600	86,429,542	1,912,949,153
December	22.4861	23.2700	21.7950	66,036,366	1,475,744,398
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

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, 2018, the company's share capital amounted to €7,184,288,078, divided into 1,306,234,196 shares, and the number of gross voting rights (1) totaled 1,387,889,074 and the number of net voting rights (2) totaled 1,349,625,423 taking into consideration the number of treasury shares held on that date.

As of December 31, 2018, to the Management Board's knowledge, the major shareholders who held shares in registered form or had sent a notice of crossing of a statutory threshold to the company were as follows:

Groups	% of capital	% of voting rights (gross)	Number of shares	Number of voting rights (gross)
Bolloré Group (3)	26.28	28.51	(*) 343,224,948	(*) 395,657,787
Société Générale	4.64	4.36	60,553,851	60,553,851
BlackRock Inc.	3.68	3.44	48,068,734	47,762,900
CDC-BPI/DFE	2.96	2.85	38,726,199	39,575,649
PEG Vivendi	2.44	3.50	31,840,875	48,627,787
DNCA Finance	0.59	1.03	7,726,518	14,326,518
Treasury shares	2.93	2.76	38,263,651	38,263,651
Other shareholders	56.49	53.54	737,829,420	743,120,931
Total	**100.00**	**100.00**	**1,306,234,196**	**1,387,889,074**

(*) Including 11,225,000 Vivendi shares temporarily held by Compagnie de Cornouaille pursuant to a temporary share sale agreement (initially in respect of 34,700,000 Vivendi shares for its benefit), which may be returned, in whole or in part, at any time until June 25, 2019, and 13,344,830 Vivendi shares as a result of off-market acquisition of physically-settled call options that are exercisable at any time until June 25, 2019 and classified as assimilated shares by Compagnie de Cornouaille pursuant to Article L.233- 9 I, 4° of the French Commercial Code (*Code de commerce*).

(1) After taking into account the number of shares with double voting rights and the number of treasury shares held on these dates.

(2) Total number of voting rights attached to the total number of shares less shares deprived of voting rights.

(3) Upon crossing the 25% threshold of Vivendi's voting rights on June 25, 2018, and in accordance with Article L. 233-7, paragraph VII of the French Commercial Code and Article 223-17 of the General Regulation (*Règlement général*) of the French Financial Markets Authority (AMF), Mr. Vincent Bolloré, (both for himself and on behalf of Compagnie de Cornouaille, of which he controls and is legally deemed to be acting in concert), made the following statement of intent in respect to Vivendi for the next six months:

Compagnie de Cornouaille acquired 1,044,622 additional shares on June 25, 2018, which were financed in cash;

- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- the declarant, who has complied with the single model of control under IFRS 10 since April 26, 2017, but not those laid down in Article L. 233-3 of the French Commercial Code, wishes to continue increasing his control;
- the investment in Vivendi reflects Bolloré Group' confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- the declarant does not plan to carry out any of the transactions set out in Article 233-17, paragraph 1, subparagraph 6 of the General Regulation (*Règlement général*) of the French Financial Markets Authority (AMF), subject to the planned transactions concerning Universal Group (UMG) recently discussed by Vivendi;
- the declarant holds 13,344,830 call options that enable it to acquire 13,344,830 Vivendi shares, at any time until June 25, 2019, and plans to exercise them depending, in particular, on market conditions;
- as borrower, the declarant is party to a temporary sale agreement in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional supervisory directorships on the company's Supervisory Board.

3.9.2. PLEDGE OF COMPANY SHARES HELD IN REGISTERED FORM

As of December 31, 2018, 148,547,130 shares held in registered form were pledged, representing 11.38% of the share capital of the company as of that date.

3.9.3. CONTROL OF THE COMPANY – SHAREHOLDERS' AGREEMENTS

As of December 31, 2018, to the company's knowledge, no shareholder other than those listed in the table on the previous page held 5% or more of the company's share capital or voting rights, and there were no Shareholders' agreements, whether publicly disclosed or not, which related to Vivendi's securities.

3.9.4. NOTICES MADE IN RELATION TO THE CROSSING OF STATUTORY THRESHOLDS

In 2018, the company received several notices in relation to the crossing of statutory thresholds from the Bolloré Group (upwards) and from BlackRock, Inc. (upwards and downwards) and from Société Générale.

3.9.5. CHANGES IN SHARE OWNERSHIP OVER THE LAST THREE YEARS (AS OF DECEMBER 31)

	2018			2017			2016		
	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	343,224,948	26.28	28.51	265,832,839	20.51	29.56	265,832,839	20.65	24.70
Société Générale	60,553,851	4.64	4.37	62,039,274	4.79	4.10			
BlackRock, Inc.	48,068,734	3.68	3.44	63,977,450	4.94	4.23	59,279,286	4.61	4.37
CDC-BPI/DFE	38,726,199	2.96	2.85	38,726,199	2.99	2.62	38,726,199	3.01	2.92
Vivendi employees	31,840,875	2.44	3.50	35,703,280	2.75	3.65	42,061,381	3.27	4.65
DNCA Finance	7,726,518	0.59	1.03	12,781,345	0.99	1.50			
Treasury shares	38,263,651	2.93	2.76	39,408,117	3.04	2.60	27,614,332	2.15	2.15
Other shareholders	736,825,811	56.49	53.54	777,590,379	59.99	51.74	833,573,807	66.31	61.21
Total	**1,306,234,196**	**100.00**	**100.00**	**1,296,058,883**	**100**	**100**	**1,287,087,844**	**100**	**100**

Appendix: Stock Subscription Option Plans and Performance Share Plans

Details of Stock Subscription Option Plans and Performance Share Plans

Stock subscription 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's or the Management Board's Meeting	Grant date	of beneficiaries	of options	Number of beneficiaries	Number of options	Vesting date for options	Expiration date	Adjusted exercise price	exercised in 2018 (*)	canceled in 2018 (*)	outstanding as of Dec. 31, 2018 (*)
04/28/2005	02/26/2008	04/16/2008	646	4,839,200	3	304,000	04/17/2011	04/16/2018	20.15	2,405,564	967,498	0
04/28/2005	02/28/2008	04/16/2008	7	732,000	7	732,000	04/17/2011	04/16/2018	20.15	139,682		0
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	269,619		149,236
04/24/2008	02/24/2009	04/16/2009	707	5,321,120	4	368,000	04/17/2012	04/16/2019	16.06	777,478		2,108,123
04/24/2008	10/23/2009	10/23/2009	12	40,000	0	0	10/24/2012	10/23/2019	16.60	8,735		27,944
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	449,090		279,435
04/24/2008	02/24/2010	04/15/2010	775	4,149,200	4	368,000	04/16/2013	04/15/2020	15.80	145,799		2,288,143
04/24/2008	04/28/2010	06/04/2010	11	40,000	0	0	06/05/2013	06/04/2020	16.99	20,303		13,928
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	326,807		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	83,203		1,151,752
04/21/2011	08/30/2011	08/30/2011	3	36,600	0	0	08/31/2014	08/30/2021	17.19	466		0
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	218,013		86,697
04/21/2011	02/28/2012	04/17/2012	544	1,880,259	5	270,000	04/18/2015	04/17/2022	11.76	144,676		919,501
04/21/2011	07/16/2012	07/16/2012	1	1,600	0	0	07/17/2015	07/16/2022	12.80			1,580
04/21/2011	09/27/2012	09/27/2012	4	135,000	4	135,000	09/28/2015	09/27/2022	13.88			49,360
									Total	**4,989,435**	**967,498**	**7,244,977**

(*) Adjustment following payment in 2010 of the dividend for fiscal year 2009 by withholding from reserves, the grant of one new share for 30 old shares in 2012, the payment in 2013 of the dividend for fiscal year 2012 by withholding from reserves, and the ordinary distribution of €1 per share in 2014 from additional paid-in capital.

Performance share plans

Date of the General Shareholders' Meeting	Date of the Supervisory Board's or the Management Board's 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	of which, number granted to members of governing and managing bodies: Number of rights to performance shares	Vesting date (*)	Date of availability of shares	Number of rights to performance shares: Number of rights canceled in 2018	Number of acquired shares at the end of the vesting period in 2018	Number of rights outstanding as of December 31, 2018, after adjustments
04/21/2011	01/29/2014	01/29/2014	1	100,000	0	0	01/01/2017	01/31/2018		79,097	0
04/21/2011	01/29/2014	01/29/2014	1	50,000	0	0	01/02/2019	01/03/2019			(a) 52,731
04/21/2011	01/29/2014	01/29/2014	1	100,000	0	0	01/30/2016	01/31/2018		62,223	0
06/24/2014	02/27/2015	02/27/2015	3	170,000	3	170,000	02/28/2018	03/02/2020	42,500	127,500	0
06/24/2014	02/11/2015	02/27/2015	245	857,680	2	75,000	02/28/2018	03/02/2020	158,349	491,961	0
06/24/2014	02/11/2015	02/27/2015	86	319,040	0	0	02/28/2018	03/02/2020	11,860		(b) 266,180
06/24/2014	02/11/2015	02/27/2015	2	102,080	0	0	02/28/2018	03/02/2020	25,000		(b) 75,000
06/24/2014	05/05/2015	05/05/2015	1	100,000	0	0	05/06/2018	05/07/2020	25,000		(b) 75,000
06/24/2014	07/06/2015	07/06/2015	9	12,000	0	0	07/09/2018	07/10/2020	2,625	7,875	0
06/24/2014	07/06/2015	07/06/2015	1	2,080	0	0	07/07/2018	07/08/2020			(b) 2,080
06/24/2014	08/26/2015	08/26/2015	1	3,000	0	0	08/27/2018	08/28/2020	750	2,250	0
04/21/2016	05/11/2016	05/11/2016	5	295,000	5	295,000	05/13/2019	05/14/2021			(f) 295,000
04/21/2016	05/09/2016	05/11/2016	252	695,410	0	0	05/13/2019	05/14/2021	30,360		(f) 619,910
04/21/2016	05/09/2016	05/11/2016	81	322,030	0	0	05/13/2019	05/13/2021	14,580		(c)(f) 299,230
04/21/2016	11/07/2016	11/07/2016	1	8,000	0	0	11/08/2019	11/09/2021			(f) 8,000
04/21/2016	02/23/2017	02/23/2017	5	200,000	5	200,000	02/24/2020	02/25/2022			200,000
04/21/2016	02/16/2017	02/23/2017	320	902,940	7	135,000	02/24/2020	02/25/2022	34,410		850,030
04/21/2016	02/16/2017	02/23/2017	105	440,810	2	60,000	02/24/2020	02/25/2022	25,050		(d) 414,760
04/21/2016	06/12/2017	06/12/2017	1	4,000	0	0	06/15/2020	06/16/2022			4,000
04/19/2018	05/17/2018	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	4,100		941,650
04/19/2018	05/14/2018	05/17/2018	163	511,000	2	58,000	05/18/2021	05/19/2023	3,400		(e) 507,600
04/19/2018	12/10/2018	12/10/2018	2	4,000	0	0	12/13/2021	12/14/2023			4,000
								Total	**377,984**	**770,906**	**4,790,171**

(*) The first day following the end of the vesting period of 3 years.

(a) Granted to a Brazil-resident beneficiary, to be registered in an account in 2019.

(b) Granted to Brazil-, US- and UK-resident beneficiaries, to be registered in an account in 2020.

(c) Granted to US- and UK-resident beneficiaries, to be registered in an account in 2021.

(d) Granted to certain foreign-resident beneficiaries, to be registered in an account in 2022.

(e) Granted to certain foreign-resident beneficiaries, to be registered in an account in 2023.

(f) These plans were adjusted following calculation of the level of achievement of the associated performance criteria after the Supervisory Board meeting of February 14, 2019 (see Section 2.3.4 of this chapter). 73,750 rights granted to members of the Management Board were cancelled in accordance with the definitive vesting rate approved by the Supervisory Board (75%).

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Financial Report, Statutory Auditors' Report on the Consolidated Financial Statements, Consolidated Financial Statements, Statutory Auditors' Report on the Financial Statements, Statutory Financial Statements

Dragon Mania Legends

Asphalt 9: Legends

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 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; and
- the 2016 Financial Report, the Consolidated Financial Statements for the year ended December 31, 2016, prepared under IFRS and the related Statutory Auditors' report on the Consolidated Financial Statements, presented on pages 182 to 299 of the *Document de référence* No. D.17-0170, which was filed on March 14, 2017 with the French *Autorité des marchés financiers* (AMF) and on pages 182 to 299 of the English translation of the *Document de référence* No. D.17-0170.

Key consolidated financial data for the last five years

PRELIMINARY COMMENTS

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, thereby ensuring comparability of the data relative to each period of 2018 and 2017 contained in this report. The data presented below with respect to fiscal years 2014 to 2016 are historical and therefore are unrestated; 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; therefore, the data relative to prior years contained in this report is not comparable.

For a detailed description, please refer to Notes 1 and 28 to the Consolidated Financial Statements for the year ended December 31, 2018.

In addition, Vivendi deconsolidated GVT, SFR and Maroc Telecom group as from May 28, 2015, November 27, 2014 and May 14, 2014, respectively, i.e., the date of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations for the relevant periods as set out in the table of selected key consolidated financial data below in respect of data reflected in the Statement of Earnings and Statement of Cash Flows.

	Year ended December 31,				
	2018	2017	2016	2015	2014
Consolidated data					
Revenues	13,932	12,518	10,819	10,762	10,089
Income from operations (a)	1,439	1,098	853	1,061	1,108
Adjusted earnings before interest and income taxes (EBITA) (a)	1,288	969	724	942	999
Earnings before interest and income taxes (EBIT)	1,182	1,018	887	521	545
Earnings attributable to Vivendi SA shareowners	127	1,216	1,256	1,932	4,744
Of which earnings from continuing operations attributable to Vivendi SA shareowners	127	1,216	1,236	699	(290)
Adjusted net income (a)	1,157	1,300	755	697	626
Net Cash Position/(Financial Net Debt) (a)	176	(2,340)	1,231	7,172	4,681
Total equity	17,534	17,866	19,612	21,086	22,988
Of which Vivendi SA shareowners' equity	17,313	17,644	19,383	20,854	22,606
Cash flow from operations (CFFO) (a)	1,126	989	729	892	843
Cash flow from operations after interest and income tax paid (CFAIT) (a)	822	1,346	341	(69)	421
Financial investments	(694)	(3,685)	(4,084)	(3,927)	(1,244)
Financial divestments	2,303	976	1,971	9,013	17,807
Dividends paid by Vivendi SA to its shareholders	568	499	(b) 2,588	(b) 2,727	(c) 1,348
Purchases/(sales) of Vivendi SA's treasury shares	-	203	1,623	492	32
Per share data					
Weighted average number of shares outstanding	1,263.5	1,252.7	1,272.6	1,361.5	1,345.8
Earnings attributable to Vivendi SA shareowners per share – basic	0.10	0.97	0.99	1.42	3.52
Adjusted net income per share	0.92	1.04	0.59	0.51	0.46
Number of shares outstanding at the end of the period (excluding treasury shares)	1,268.0	1,256.7	1,259.5	1,342.3	1,351.6
Equity per share, attributable to Vivendi SA shareowners	13.65	14.04	15.39	15.54	16.73
Dividends per share paid	0.45	0.40	(b) 2.00	(b) 2.00	(c) 1.00

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.

(c) On June 30, 2014, Vivendi SA paid an ordinary dividend of €1 per share to its shareholders from additional paid-in capital, treated as a return of capital distribution to shareholders.

I – 2018 Financial Report

PRELIMINARY COMMENTS

On February 11, 2019, the Management Board approved the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2018. Upon the recommendation of the Audit Committee, which met on February 12, 2019, the Supervisory Board, at its meeting held on February 14, 2019, reviewed the Financial Report and the Audited Consolidated Financial Statements for the year ended December 31, 2018, as previously approved by the Management Board on February 11, 2019.

The Consolidated Financial Statements for the year ended December 31, 2018 have been audited and certified by the Statutory Auditors without qualified opinion. The Statutory Auditors' report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

1. Earnings analysis: group and business segments

PRELIMINARY COMMENTS

Change of accounting standards

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, thereby ensuring comparability of the data relative to each period of 2018 and 2017 contained in this report; and
- IFRS 9 – *Financial Instruments*: in accordance with IFRS 9, Vivendi applied this change of accounting standard to the 2018 Statement of Earnings; therefore, the data relative to 2017 contained in this report is not comparable.

For a detailed description, please refer to Notes 1 and 28 to the Consolidated Financial Statements for the year ended December 31, 2018.

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, the income from equity affiliates – operational, as well as other charges and income 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; 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 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 related to risks extinguished over the period).

Moreover, it should be noted that other companies may have definitions and calculations for these non-GAAP measures that differ from those used by Vivendi, thereby affecting comparability.

1.1. Consolidated Statement of Earnings

	Year ended December 31,		
	2018	2017	% Change
Revenues	**13,932**	**12,518**	**+11.3%**
Cost of revenues	(7,618)	(7,302)	
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(4,875)	(4,118)	
Income from operations (*)	**1,439**	**1,098**	**+31.0%**
Restructuring charges	(115)	(88)	
Other operating charges and income	(36)	(41)	
Adjusted earnings before interest and income taxes (EBITA) (*)	**1,288**	**969**	**+33.0%**
Amortization and depreciation of intangible assets acquired through business combinations	(113)	(124)	
Reversal of reserve related to the Securities Class Action litigation in the United States	-	27	
Income from equity affiliates – operational	7	146	
Earnings before interest and income taxes (EBIT)	**1,182**	**1,018**	**+16.1%**
Income from equity affiliates – non-operational	122	-	
Interest	(47)	(53)	
Income from investments	20	29	
Other financial charges and income	(763)	(100)	
	(790)	***(124)***	
Earnings before provision for income taxes	**514**	**894**	**-42.4%**
Provision for income taxes	(357)	355	
Earnings from continuing operations	**157**	**1,249**	**-87.4%**
Earnings from discontinued operations	-	-	
Earnings	**157**	**1,249**	**-87.4%**
Non-controlling interests	(30)	(33)	
Earnings attributable to Vivendi SA shareowners	**127**	**1,216**	**-89.6%**
Earnings attributable to Vivendi SA shareowners per share – basic (in euros)	0.10	0.97	
Earnings attributable to Vivendi SA shareowners per share – diluted (in euros)	0.10	0.94	
Adjusted net income (*)	**1,157**	**1,300**	**-11.1%**
Adjusted net income per share – basic (in euros) (*)	0.92	1.04	
Adjusted net income per share – diluted (in euros) (*)	0.91	1.00	

In millions of euros, except per share amounts.

(*) Non-GAAP measures.

1.2. Analysis of the Consolidated Statement of Earnings

1.2.1. REVENUES

In 2018, Vivendi's **revenues** amounted to €13,932 million, compared to €12,518 million in 2017, an increase of €1,414 million (+11.3%), notably as a result of the consolidation of Havas (+€1,108 million). At constant currency and perimeter (1), Vivendi's revenues increased by 4.9% compared to 2017. For the second year in a row, Universal Music Group's revenues increased by 10.0% (2) and Canal+ Group's revenues were stable.

For the second half of 2018, at constant currency and perimeter, Vivendi's revenues increased by 5.7% compared to the second half of 2017, an improvement compared to the first half of 2018 (+3.9% compared to the first half of 2017), mainly driven by Universal Music Group (+12.8% for the second half, compared to +6.8% for the first half).

For the fourth quarter of 2018, at constant currency and perimeter, Vivendi's revenue growth was +5.6% compared to the fourth quarter of 2017, as opposed to +3.3% for the first quarter of 2018, +4.6% for the second quarter, and +5.7% for the third quarter (for quarterly revenues by business segment, please refer to the appendix to the Financial Report).

For a detailed analysis of revenues by business segment, please refer to Section 1.3 below.

1.2.2. OPERATING RESULTS

Cost of revenues amounted to €7,618 million, compared to €7,302 million in 2017, an increase of €316 million.

Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations amounted to €4,875 million, compared to €4,118 million in 2017, an increase of €757 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, excluding amortization of intangible assets acquired through business combinations, amounted to €340 million (compared to €337 million in 2017), and notably related to Canal+ Group's set-top boxes, as well as Studiocanal's catalogs, films and television programs.

Income from operations amounted to €1,439 million, compared to €1,098 million in 2017, an increase of €341 million (+31.0%), notably resulting from the consolidation of Havas (+€123 million). At constant currency and perimeter, income from operations increased by €250 million (+22.7%) driven by the growth of Universal Music Group (+€177 million) and Canal+ Group (+€78 million), which continues its recovery in France.

EBITA amounted to €1,288 million, compared to €969 million in 2017, an increase of €319 million (+33.0%), notably resulting from the consolidation of Havas (+€104 million). At constant currency and perimeter, EBITA increased by €240 million (+24.7%), driven by the growth of Universal Music Group (+€168 million) and Canal+ Group (+€98 million), which continues its recovery in France. In addition, EBITA included:

- **restructuring charges** of €115 million, compared to €88 million in 2017, primarily incurred by Havas (€30 million, compared to €15 million for the second half of 2017), Universal Music Group (€29 million, compared to €17 million in 2017), Canal+ Group (€28 million, compared to €49 million in 2017) and Corporate (€19 million, compared to €1 million in 2017); and
- **other operating charges and income** excluded from income from operations, which was a net charge of €36 million, compared to a net charge of €41 million in 2017. They notably included a -€22 million charge relating to share-based compensation plans in 2018, compared to -€31 million in 2017.

For a detailed analysis of income from operations and EBITA by business segment, please refer to Section 1.3 below.

EBIT amounted to €1,182 million, compared to €1,018 million in 2017, an increase of €164 million. It included the following:

- **amortization and depreciation of intangible assets acquired through business combinations** for €113 million, compared to €124 million in 2017, a €11 million improvement;
- **the reversal of reserve** related to the Securities Class Action litigation in the United States, which represented a net profit of €27 million for the first half of 2017. As a reminder, on April 6, 2017, Vivendi announced that it had entered into an agreement to settle the remaining claims still in dispute with certain class plaintiffs for $26 million, which together with the judgments previously entered, resolved the entire litigation for an aggregate amount of $78 million; and
- **income from equity affiliates – operational,** which was a profit of €7 million, compared to a profit of €146 million in 2017. This decrease of €139 million resulted from the reclassification in 2018 of Vivendi's share of Telecom Italia's net earnings (€122 million) in "income from equity affiliates – non-operational", to account for the decrease of Vivendi's influence over Telecom Italia in 2018 (please refer below and to Note 11.2 to the Consolidated Financial Statements for the year ended December 31, 2018). In 2017, this amount primarily included Vivendi's share of Telecom Italia's net earnings, calculated based on the financial information publicly disclosed by Telecom Italia, which represented a profit of €144 million.

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(1) Constant perimeter reflects the impacts of the acquisition of Havas (July 3, 2017), the acquisition of Paylogic by Vivendi Village (April 16, 2018) and the sale of Radionomy by Vivendi Village (August 17, 2017).

(2) At constant currency and perimeter, compared to 2017.

1.2.3. INCOME FROM EQUITY AFFILIATES – NON-OPERATIONAL

Income from equity affiliates – non-operational amounted to a profit of €122 million, compared to nil in 2017. 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 (1). In 2017, the share of Telecom Italia's net earnings (€144 million) was recorded as "income from equity affiliates – operational" (please refer above and to Note 11.2 to the Consolidated Financial Statements for the year ended December 31, 2018).

1.2.4. FINANCIAL RESULTS

In 2018, **interest** was an expense of €47 million (compared to €53 million in 2017). In this amount:

- interest expense on borrowings amounted to €64 million, compared to €68 million in 2017. This change notably reflected the decrease in the average interest rate on borrowings to 1.39% (compared to 1.60% in 2017), partially offset by the increase in the average outstanding borrowings to €4.6 billion (compared to €4.3 billion in 2017); and
- interest income earned on the investment of cash surpluses amounted to €17 million, compared to €15 million in 2017. This change reflected the increase in the average interest rate on cash investments to 0.50% (compared to 0.40% in 2017), partially offset by the decrease in the average outstanding cash investments to €3.4 billion (compared to €3.7 billion in 2017).

Income from investments amounted to €20 million, compared to €29 million in 2017. This amount mainly included dividends received from Telefonica of €11 million (compared to €20 million in 2017), as well as the interest from the bonds issued by Banijay Group Holding and Lov Banijay and subscribed to by Vivendi for €6 million (compared to €7 million in 2017).

Other financial charges and income were a net charge of €763 million, compared to a net charge of €100 million in 2017. In 2018, other financial charges included the write-down of the value of the Telecom Italia shares accounted for under the equity method, for €1,066 million. Notwithstanding Vivendi's expected improvement of Telecom Italia's outlook, Vivendi wrote-down the value of its interest in Telecom Italia accounted for under the equity method notably to take into account the uncertainty affecting Telecom Italia's governance, which increases the non-execution risks associated with the company's industrial plan given Vivendi's lower power to participate in Telecom Italia's financial and operating policy decisions, and to take into account the changes in Telecom Italia's competitive and regulatory environment. Other financial income included the revaluation between January 1 and December 31, 2018 of the interests in Spotify and Tencent Music for an aggregate amount of €312 million, as well as in Ubisoft for €53 million, reported to profit or loss in accordance with the new accounting standard IFRS 9, applicable since January 1, 2018.

In 2018, Vivendi realized a capital gain of €1,213 million on the sale of its 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 the new IFRS 9 accounting standard, applicable since January 1, 2018. The remaining portion of the capital gain (€1,160 million) related 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 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 reported to profit or loss.

1.2.5. PROVISION FOR INCOME TAXES

In 2018, **provision for income taxes reported to adjusted net income** was a net charge of €253 million, compared to a net income of €195 million in 2017, representing an unfavorable change of €448 million. In 2017, the tax net income reported to adjusted net income notably included (i) a current tax income of €409 million recorded following the litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured a favorable settlement, and (ii) the current tax income of €25 million, corresponding to moratorium interest, relating to the refund to Vivendi SA and its subsidiaries of the amounts paid under the 3% tax on dividend distributions, following the decision of the French Constitutional Council dated October 6, 2017, where it was ruled that this tax contribution was unconstitutional (please refer to Note 6 to the Consolidated Financial Statements for the year ended December 31, 2018).

Excluding these two non-recurring favorable impacts, provision for income taxes reported to adjusted net income in 2017 would have been a net charge of €239 million, compared to a net charge of €253 million in 2018, i.e., an unfavorable change of €14 million. This change mainly reflected the increase in the tax charges of Universal Music Group and Canal+ Group, partially offset by the increase in current tax savings from Vivendi's Tax Group System in France. In 2018, the growth in Universal Music Group's taxable income in the United States resulted in a federal tax charge of €48 million, which reflected the impact of the tax reform applicable from January 1, 2018. In 2017, the federal tax charge was nil, taking into account the current tax savings resulting from the utilization of the tax losses carried forward in the United States (€96 million). The growth in Canal+ Group's taxable income primarily resulted from the recovery of its businesses in France. The increase in current tax savings from Vivendi's Tax Group System in France in 2018 (€168 million, compared to €86 million in 2017) notably resulted from the integration of Havas and its subsidiaries as from January 1, 2018.

In 2018, **the effective tax rate reported to adjusted net income** amounted to 20.1%, compared to 25.3% in 2017 restated from the two non-recurring favorable impacts. This decrease of approximately 5 points in the effective tax rate reported to adjusted net income mainly reflected the increase in 2018 of the current tax savings from Vivendi's Tax Group System in France, as well as the decrease in the federal tax rate in the United States, while unutilized tax losses generated by businesses under development were almost stable.

In 2018, **provision for income taxes reported to net income** was a net charge of €357 million, compared to a net income of €355 million in 2017. In 2017, the tax net income reported to net income notably included (i) a

(1) On November 8, 2018 (Financial Statements for the first nine months of 2018) and on March 6, 2018 (Financial Statements for the year ended December 31, 2017): please refer to Note 11.2 to the Consolidated Financial Statements for the year ended December 31, 2018.

current tax income of €409 million recorded following the litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured a favorable settlement, as well as (ii) a current tax income of €243 million corresponding to the refund to Vivendi SA (€207 million principal and €24 million moratorium interest) and to its subsidiaries (€11 million principal and €1 million moratorium interest) of the amounts paid under the 3% tax on dividend distributions, following the decision of the French Constitutional Council dated October 6, 2017, where it was ruled that this tax contribution was unconstitutional (please refer to Note 6 to the Consolidated Financial Statements for the year ended December 31, 2018).

Excluding the two non-recurring favorable impacts, the provision for income taxes reported to net income in 2017 would have been a net charge of €297 million, compared to a net charge of €357 million in 2018, i.e., an unfavorable change of €60 million. In addition to the explanatory reasons for the increase in the tax charge reported to adjusted net income, in 2018, this increase in the tax charge reported to net income 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 -€72 million, in accordance with the new accounting standard IFRS 9, applicable since January 1, 2018. In 2017, provision for income taxes also included a net deferred tax income of €79 million following the change of the corporate federal tax rate applicable in the United States since January 1, 2018. This also included a deferred tax charge of -€119 million corresponding to the write-off of deferred tax assets related to losses carried forward by Havas, primarily in France. In addition, the deferred tax savings relating to Vivendi SA's Tax Group System were almost stable (a charge of €2 million in 2018, compared to an income of €3 million in 2017).

1.2.6. NON-CONTROLLING INTERESTS

In 2018, **earnings attributable to non-controlling interests** amounted to €30 million, compared to €33 million in 2017. They mainly included the non-controlling interests of nc+ in Poland, Canal+ International and VTV in Vietnam.

1.2.7. EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS

In 2018, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €127 million (or €0.10 per share – basic), compared to €1,216 million in 2017 (or €0.97 per share – basic), a decrease of €1,089 million (-89.6%). In 2018, the increase in EBIT (+€164 million) and the revaluation between January 1 and December 31, 2018 of the interests in Spotify, Tencent Music and Ubisoft for an aggregate amount of +€365 million, were offset by the write-down of the Telecom Italia shares accounted for under the equity method (-€1,066 million) and the increase in provision for income taxes (-€712 million). In 2017, the tax net income reported to adjusted net income notably included a current tax income of €409 million recorded following the litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured a favorable settlement. This also included the current tax income of €243 million (including €25 million of moratorium interest) relating to the refund received by Vivendi SA and its subsidiaries of the amounts paid under the 3% tax on dividend distributions. Excluding these two non-recurring favorable tax impacts, the net income would have been a profit of €564 million in 2017.

1.2.8. ADJUSTED NET INCOME

	Year ended December 31,		
(in millions of euros)	2018	2017	% Change
Revenues	**13,932**	**12,518**	**+11.3%**
Income from operations	**1,439**	**1,098**	**+31.0%**
EBITA	**1,288**	**969**	**+33.0%**
Income from equity affiliates – operational	7	205	
Income from equity affiliates – non-operational	182	-	
Interest	(47)	(53)	
Income from investments	20	29	
Adjusted earnings from continuing operations before provision for income taxes	**1,450**	**1,150**	**+26.1%**
Provision for income taxes	(253)	195	
Adjusted net income before non-controlling interests	**1,197**	**1,345**	
Non-controlling interests	(40)	(45)	
Adjusted net income	**1,157**	**1,300**	**-11.1%**

In 2018, **adjusted net income** was a profit of €1,157 million (or €0.92 per share – basic), compared to €1,300 million in 2017 (or €1.04 per share – basic), a decrease of €143 million (-11.1%). The growth in EBITA (+€319 million), resulting from the consolidation of Havas and the performance of Universal Music Group and Canal+ Group, was offset by the correlative increase of provision for income taxes (-€448 million). In 2017, the tax net income reported to adjusted net income notably included a current tax income of €409 million recorded following the litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured a favorable settlement. This also included the current tax income of €25 million corresponding to moratorium interest relating to the refund received by Vivendi SA and its subsidiaries of the amounts paid under the 3% tax on dividend distributions. Excluding these two non-recurring favorable tax impacts, the adjusted net income would have been a profit of €866 million in 2017, compared to a profit of €1,157 million in 2018, i.e., an increase of €291 million (+33.6%).

Reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income

(in millions of euros)	Year ended December 31, 2018	2017
Earnings attributable to Vivendi SA shareowners (a)	**127**	**1,216**
Adjustments		
Amortization and depreciation of intangible assets acquired through business combinations	113	124
Amortization of intangible assets related to equity affiliates	60	59
Reversal of reserve related to the Securities Class Action litigation in the United States (a)	-	(27)
Other financial charges and income	763	100
Provision for income taxes on adjustments	104	(160)
Impact of adjustments on non-controlling interests	(10)	(12)
Adjusted net income	**1,157**	**1,300**

(a) As reported in the Consolidated Statement of Earnings.

Adjusted net income per share

	Year ended December 31, 2018		2017	
	Basic	Diluted	Basic	Diluted
Adjusted net income (in millions of euros)	**1,157**	**1,157**	**1,300**	(a) **1,254**
Number of shares (in millions)				
Weighted average number of shares outstanding (b)	1,263.5	1,263.5	1,252.7	1,252.7
Potential dilutive effects related to share-based compensation	-	5.1	-	4.8
Adjusted weighted average number of shares	**1,263.5**	**1,268.6**	**1,252.7**	**1,257.5**
Adjusted net income per share (in euros)	**0.92**	**0.91**	**1.04**	**1.00**

(a) Corresponded only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information publicly disclosed by Telecom Italia with a three-month reporting lag (please refer to Note 11.2 to the Consolidated Financial Statements for the year ended December 31, 2018).

(b) Net of the weighted average number of treasury shares (38.5 million shares in 2018, compared to 37.5 million in 2017).

1.3. Analysis of revenues and operating results by business segment

	Year ended December 31,				
(in millions of euros)	2018	2017	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues					
Universal Music Group	6,023	5,673	+6.2%	+10.0%	+10.0%
Canal+ Group	5,166	5,198	-0.6%	-0.3%	-0.3%
Havas	2,319	1,211	na	na	na
Gameloft	293	320	-8.3%	-5.1%	-5.1%
Vivendi Village	123	109	+12.6%	+13.1%	+11.5%
New Initiatives	66	51	+30.5%	+30.5%	+30.5%
Elimination of intersegment transactions	(58)	(44)			
Total Vivendi	**13,932**	**12,518**	**+11.3%**	**+14.1%**	**+4.9%**
Income from operations					
Universal Music Group	946	798	+18.4%	+22.1%	+22.1%
Canal+ Group	429	349	+23.1%	+22.4%	+22.4%
Havas	258	135	na	na	na
Gameloft	4	10	-60.4%	-56.4%	-56.4%
Vivendi Village	(9)	(6)			
New Initiatives	(79)	(87)			
Corporate	(110)	(101)			
Total Vivendi	**1,439**	**1,098**	**+31.0%**	**+33.9%**	**+22.7%**
EBITA					
Universal Music Group	902	761	+18.4%	+22.1%	+22.1%
Canal+ Group	400	300	+33.6%	+32.8%	+32.8%
Havas	215	111	na	na	na
Gameloft	2	4	-55.8%	-41.9%	-41.9%
Vivendi Village	(9)	(18)			
New Initiatives	(99)	(92)			
Corporate	(123)	(97)			
Total Vivendi	**1,288**	**969**	**+33.0%**	**+36.1%**	**+24.7%**

na: not applicable.

(a) Constant perimeter reflects the impacts of the acquisition of Havas (July 3, 2017), the acquisition of Paylogic by Vivendi Village (April 16, 2018) and the sale of Radionomy by Vivendi Village (August 17, 2017).

1.3.1. UNIVERSAL MUSIC GROUP (UMG)

	Year ended December 31,				
(in millions of euros)	2018	2017	% Change	% Change at constant currency	% Change at constant currency and perimeter
Recorded music	4,828	4,559	+5.9%	+9.8%	+9.8%
Subscriptions and streaming	*2,596*	*1,971*	*+31.7%*	*+37.3%*	*+37.3%*
Other digital sales (a)	*479*	*685*	*-30.0%*	*-26.6%*	*-26.6%*
Physical sales	*949*	*1,156*	*-17.9%*	*-16.1%*	*-16.1%*
License and other	*804*	*747*	*+7.5%*	*+10.7%*	*+10.7%*
Music publishing	941	854	+10.3%	+14.5%	+14.5%
Merchandising and other	273	283	-3.5%	-1.5%	-1.5%
Elimination of intersegment transactions	(19)	(23)			
Revenues	**6,023**	**5,673**	**+6.2%**	**+10.0%**	**+10.0%**
Income from operations	**946**	**798**	**+18.4%**	**+22.1%**	**+22.1%**
Income from operations margin	*15.7%*	*14.1%*	*+1.6 pts*		
Restructuring charges	(29)	(17)			
Income/(charges) related to share-based compensation plans	(4)	(9)			
Other special items excluded from income from operations	(11)	(11)			
EBITA	**902**	**761**	**+18.4%**	**+22.1%**	**+22.1%**
EBITA margin	*15.0%*	*13.4%*	*+1.6 pts*		
Recorded music revenues by geographic area					
North America	2,224	2,090	+6.4%	+11.5%	+11.5%
Europe	1,580	1,513	+4.4%	+5.5%	+5.5%
Asia	618	563	+9.8%	+13.0%	+13.0%
Latin America	153	155	-1.5%	+14.5%	+14.5%
Rest of the world	253	238	+6.2%	+11.3%	+11.3%
	4,828	**4,559**	**+5.9%**	**+9.8%**	**+9.8%**

(a) Mainly included download sales.

Recorded music best sellers, in value (source: *MusicMart*)

Year ended December 31, 2018		Year ended December 31, 2017	
Artist	**Title**	**Artist**	**Title**
Drake	*Scorpion*	Taylor Swift	*Reputation*
Post Malone	*Beerbongs & Bentleys*	Kendrick Lamar	*DAMN*
Lady Gaga and Bradley Cooper	*A Star Is Born*	Drake	*More Life*
The Beatles	*The Beatles (White Album)*	The Weeknd	*Starboy*
XXXTentacion	*?*	Luis Fonsi	*Despacito & Mis Grandes Éxitos*
Migos	*Culture II*	Various Artists	*Moana*
Imagine Dragons	*Evolve*	Imagine Dragons	*Evolve*
Ariana Grande	*Sweetener*	The Beatles	*Sgt. Pepper's*
Kendrick Lamar	*Black Panther: The Album*	Post Malone	*Stoney*
Post Malone	*Stoney*	Sam Smith	*The Thrill Of It All*

In 2018, Universal Music Group's (UMG) revenues amounted to €6,023 million, up 10.0% at constant currency and perimeter compared to 2017 (+6.2% on an actual basis).

Recorded music revenues grew by 9.8% at constant currency and perimeter thanks to the growth in subscription and streaming revenues (+37.3%), driven by the increase in subscribers and a stronger market share, which more than offset the continued decline in both download (-23.5%) and physical (-16.1%) sales.

Recorded music best sellers for the year included releases from Drake, Post Malone, The Beatles and XXXTentacion, as well as the soundtrack release from *A Star is Born*.

Globally, UMG had every one of the top five tracks, the top four artists and the top three albums on Spotify in 2018. Additionally, UMG artists occupied the top five positions and 14 of the top 20 positions on Apple Music's Global Top 100 Songs 2018.

Music publishing revenues grew by 14.5% at constant currency and perimeter, also driven by increased subscription and streaming revenues, as well as higher revenues generated from performance rights and synchronization.

Merchandising and other revenues decreased by 1.5% at constant currency and perimeter, due to lower touring activity.

Driven by the growth in revenues, UMG's income from operations amounted to €946 million, up 22.1% at constant currency and perimeter compared to 2017 (+18.4% on an actual basis), and UMG's EBITA amounted to €902 million, up 22.1% at constant currency and perimeter compared to 2017 (+18.4% on an actual basis).

In 2018, several of the world's most iconic artists signed or re-signed with UMG, including ground-breaking deals with Taylor Swift, The Rolling Stones and Sir Elton John, demonstrating that UMG is the preferred partner for artists for all stages and virtually every aspect of their careers.

1.3.2. CANAL+ GROUP

	Year ended December 31,				
(in millions of euros)	2018	2017	% Change	% Change at constant currency	% Change at constant currency and perimeter
TV in Mainland France (a)	3,137	3,249	-3.4%	-3.4%	-3.4%
International TV	1,567	1,482	+5.7%	+6.8%	+6.8%
Studiocanal	462	467	-1.2%	-0.6%	-0.6%
Revenues	**5,166**	**5,198**	**-0.6%**	**-0.3%**	**-0.3%**
Income from operations	**429**	**349**	**+23.1%**	**+22.4%**	**+22.4%**
Income from operations margin	*8.3%*	*6.7%*	*+1.6 pts*		
Income/(charges) related to share-based compensation plans	(3)	(6)			
Other special items excluded from income from operations	2	6			
EBITA before restructuring charges	**428**	**349**	**+22.6%**	**+21.8%**	**+21.8%**
Restructuring charges	(28)	(49)			
EBITA	**400**	**300**	**+33.6%**	**+32.8%**	**+32.8%**
EBITA margin	*7.7%*	*5.8%*	*+1.9 pts*		
Pay-TV subscribers (in thousands)					
Self-distributed individual subscribers in Mainland France	4,733	4,950	-217		
Canal customers via wholesale partnerships (b)	3,093	3,117	-24		
International individual subscribers	7,831	6,948	+883		
Africa	*4,110*	*3,458*	*+652*		
Poland	*2,194*	*2,171*	*+23*		
Overseas	*583*	*530*	*+53*		
Vietnam	*884*	*789*	*+95*		
Myanmar (Burma)	*60*	*-*	*+60*		
Total Canal+ Group individual subscribers	**15,657**	**15,015**	**+642**		
Collective subscribers	591	579	+12		
Total Canal+ Group subscribers	**16,248**	**15,594**	**+654**		
Mainland France Pay-TV					
Churn rate (over a 12-month rolling period) (c)	13.6%	15.8%	-2.2 pts		
Net ARPU Premium (in euros) (d)	44.8	45.5	-€0.7		
Net ARPU (in euros) (e)	45.4	45.7	-€0.3		

(a) Corresponds to pay-TV and free-to-air channels (C8, CStar and CNews) in mainland France.

(b) Includes the strategic partnership agreements with Free, Orange and Bouygues Telecom. Certain subscribers may also have subscribed to a Canal+ offer.

(c) Churn rate by individual subscriber with commitment over a 12-month period, excluding customers via wholesale partnerships and those benefiting from a LDA (*Liberté d'Annuler*) option.

(d) Net ARPU (Average revenue per user) per individual Premium subscriber with and without commitment, excluding wholesale partnerships.

(e) Net ARPU per individual subscriber with commitment, excluding wholesale partnerships.

In 2018, Canal+ Group's revenues amounted to €5,166 million, almost stable compared to 2017 (-0.3% at constant currency and perimeter).

At the end of December 2018, Canal+ Group's overall subscriber portfolio (individual and collective subscribers in France and internationally) stood at 16.2 million, compared to 15.6 million at the end of December 2017, representing net growth of 654,000 subscribers.

Revenues from television operations in mainland France decreased slightly (-3.4% at constant currency and perimeter) due to the decline in the individual subscriber base (7.8 million, compared to 8.1 million at the end of December 2017), despite a positive change in the churn rate, which decreased by 2.2 points over the year to 13.6%. This decline was due in particular to the drop in Canalplay's subscriber base and the termination of the Canalsat offer in favor of the new Canal offers and subscriptions via wholesale partnerships with telecom operators. However, the Canal+ channel's individual subscriber base recorded a net year-on-year increase in subscribers of 251,000. Including collective subscriptions, the total subscriber portfolio in mainland France reached 8.3 million.

International operations delivered a strong increase in revenues of 6.8% at constant currency and perimeter, primarily due to the very strong growth in the individual subscriber base (+883,000 year-on-year) to which all the territories contributed, without exception.

Studiocanal's revenues amounted to €462 million, a slight year-on-year decrease (-0.6% at constant currency and perimeter) due to an unfavorable 2017 comparable basis (particularly with the worldwide success of *Paddington 2*) and despite significant growth in TV operations and increased catalog revenues. In France, Studiocanal was the second largest French film distributor in 2018 with more than 10 million theater tickets sold, thanks in particular to the success of *Sink or Swim* (4.3 million tickets sold), *Mia and the White Lion* (1.4 million tickets sold), and *In Safe Hands* (0.8 million tickets sold) during the fourth quarter.

In 2018, Canal+ Group's profitability increased sharply compared to 2017. Income from operations amounted to €429 million, compared to €349 million in 2017 (+22.4% at constant currency and perimeter).

EBITA before restructuring charges amounted to €428 million, up nearly €80 million year-on-year. EBITA after restructuring charges amounted to €400 million, compared to €300 million in 2017 (+32.8% at constant currency and perimeter). This strong EBITA growth was notably due to the cost savings plan initiated in 2016, the significant improvement in mainland France and sustained international development.

On November 8, 2018, Canal+ Group announced the renewal of its agreement with the French cinema, extending until the end of 2022 a historic partnership of more than 30 years. This agreement was a prerequisite for the signing on December 21, 2018 of the new media release chronology which protects and strengthens the unique position of Canal+ which can now offer new movies to its subscribers as early as 6 months after their theatrical release.

In the fourth quarter of 2018, Canal+ Group also strengthened its sports offer, especially around football, with the acquisition of the broadcasting rights in France for the English Premier League and in Poland for the Ekstraklasa. Canal+ Group is proud to have won the exclusive rights in France for the Premier League, the most widely broadcast football league in the world. Canal+ will offer the 380 Premier League matches on its channels and on myCANAL. The agreement covers three seasons (2019/2020, 2020/2021 and 2021/2022) and will start in August 2019. In addition, the acquisition of Moto GP's rights for the first time illustrates the group's desire to diversify its sports offer, in line with recent developments in boxing and women's football.

A new global distribution agreement entered into on November 14, 2018 with the TF1 Group allows all TF1 Group channels and related non-linear services to be integrated into the Canal offers. The group had entered into a similar agreement with M6 Group in early 2018.

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1.3.3. HAVAS

As a reminder, since July 3, 2017, Vivendi has fully consolidated Havas.

	Year ended December 31,		12-month pro forma data		
(in millions of euros)	2018	2017 (a)	2017	% Change	% Change at constant currency and perimeter
Revenues	2,319	1,211	2,374	-2.3%	+0.5%
Net revenues (b)	**2,195**	**1,151**	**2,259**	**-2.8%**	**+0.1%**
Income from operations	**258**	**135**	**254**	**+1.8%**	**-**
Income from operations/net revenues	*11.8%*	*11.7%*	*11.2%*	*+0.6 pts*	
Income/(charges) related to share-based compensation plans	(12)	(3)	(10)		
Other special items excluded from income from operations	(1)	(6)	(8)		
EBITA before restructuring charges	**245**	**126**	**236**	**+3.8%**	**+1.9%**
Restructuring charges	(30)	(15)	(24)		
EBITA	**215**	**111**	**212**	**+1.7%**	**-0.7%**
EBITA/net revenues	*9.8%*	*9.6%*	*9.4%*	*+0.4 pts*	
Net revenues by geographic area					
Europe	1,109	575	1,123	-1.2%	-1.4%
Of which France	*438*	*226*	*452*	*-3.1%*	*-3.4%*
United Kingdom	*261*	*123*	*242*	*+8.1%*	*+4.8%*
North America	766	391	789	-2.9%	+1.3%
Asia Pacific and Africa	192	111	201	-4.9%	-
Latin America	128	74	146	-12.7%	+5.8%
	2,195	**1,151**	**2,259**	**-2.8%**	**+0.1%**

(a) Corresponds to the financial data consolidated by Vivendi since July 3, 2017.

(b) Net revenues correspond to Havas'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, 2018).

Reflecting an excellent fourth quarter 2018, Havas's revenues amounted to €693 million, up 6.5% at constant currency and perimeter. Organic net revenue growth was 4.8% compared to the fourth quarter of 2017 (+6.7% excluding the impact of Arnold).

In 2018, Havas's revenues amounted to €2,319 million, up 0.5% at constant currency and perimeter compared to 2017 (pro forma). Net revenues amounted to €2,195 million (compared to €2,259 million in 2017 pro forma), up 0.1% organically (+1.9% excluding the impact of Arnold) and down 2.8% on an actual basis mainly due to negative currency effects.

With an organic growth of 2.7% in the second half of 2018, compared to -2.9% in the first half of 2018, Havas confirmed the net sequential improvement in organic net revenue growth. All its businesses (creative, health and wellness and media) contributed to this upturn.

In 2018, Havas increased its profitability. Havas's income from operations reached €258 million, compared to €254 million in 2017 (pro forma), a +0.6 point increase in the income from operations/net revenues margin to 11.8%. EBITA amounted to €215 million, compared to €212 million in 2017, representing an increase of +0.4 points in the EBITA/net revenues margin. EBITA before restructuring charges was up 3.8% compared to 2017 (+1.9% organically).

The North American agencies performed very well in the fourth quarter of 2018, thanks to Havas Media, Havas Health & You, Havas Edge and Abernathy/AMO.

Business in Europe continued to show progress at the end of the year, supported once again by robust performances in France and in the United Kingdom. In France, BETC, Havas Paris and Ekino/Fullsix agencies were the major contributors. The United Kingdom confirmed its recovery driven by the excellent performance from the media businesses, and the continued dynamism of the healthcare communications business at Havas Lynx and the creative business at Havas London. Italy continued to show steady growth, while performances from the other European countries remained mixed.

Latin America confirmed its recovery, driven by the media businesses.

Asia-Pacific returned a slightly negative performance, penalized by Australia, while China and India both reported sustained growth.

Havas pursued its policy of targeted acquisitions, completing several acquisitions in 2018:

- Catchi, the leading digital conversion rate optimization (CRO) specialist across Australia and New Zealand;
- Deekeling Arndt Advisors (DAA), a leading German communications consultancy providing communicative support and political flanking of equity market transactions, reputation management and crisis communications;

- Étoile Rouge, a communications agency dedicated to luxury and lifestyle brands in France;
- M&C consultancy, a UK-based specialist in healthcare market access; and
- Republica, the leading independent multicultural marketing agency in the United States, based in Miami, Florida.

In addition, on December 14, 2018, Havas Group entered into an agreement to acquire a 51% interest in the largest Baltics-based communications group, formed by the merger of Estonian-owned Idea Group and Lithuanian-owned Publicum Group. The new combined entity will operate under the name Havas Baltics and will represent the Havas Group in Estonia, Lithuania and Latvia.

Major awards won by Havas:

In the fourth quarter of 2018, the Palau Pledge campaign, created by Australian agency Host/Havas for the Palau Legacy Project, continued to garner awards, notably at the D&AD Impact Awards and at the LIAA. In 2018, it became one of the most awarded campaigns worldwide.

Havas Group's agencies won 6 awards at the LIAA.

At the Clio Health Awards, Havas Lynx took 5 awards, BETC Brazil was awarded 1 Gold and Havas Republica, one of the agencies acquired by Havas in 2018, carried off 1 Silver and 1 Bronze.

Several Havas agencies did well at the Epica Awards, taking home a total of 23 awards.

At the Cristal Festival, Host/Havas was awarded the Grand Prix in the Promo & Activation category, other agencies scooped a total of 35 awards and Havas was, once again, named Advertising Network of the Year.

Adweek named Rosapark its International Agency of the Year.

Major account wins over the fourth quarter of 2018:

- Healthcare communications: Havas Health & You: Novartis Genentech, AbbVie, Chemocentryx and Sage Therapeutics;
- Creative: Adidas, Henkel, Nestle, Savencia, Amway; and
- Media: Puma, Reckitt, Correos, Caisse des dépôts, Gameloft.

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1.3.4. GAMELOFT

	Year ended December 31,				
(in millions of euros)	2018	2017	% Change	% Change at constant currency	% Change at constant currency and perimeter
Revenues	**293**	**320**	**-8.3%**	**-5.1%**	**-5.1%**
Income from operations	**4**	**10**	**-60.4%**	**-56.4%**	**-56.4%**
Restructuring charges	(4)	(1)			
Charges related to share-based compensation plans	2	(5)			
Other special items excluded from income from operations	-	-			
EBITA	**2**	**4**	**-55.8%**	**-41.9%**	**-41.9%**
Revenues by geographic area					
EMEA (Europe, the Middle East, Africa)	100	107			
Asia Pacific	73	89			
North America	97	94			
Latin America	23	30			
	293	**320**			
Average Unique Users (in millions)					
Monthly Active Users (MAU)	98	128			
Daily Active Users (DAU)	11	15			

In 2018, Gameloft's OTT revenues (sales of games on platforms such as Apple, Google, Microsoft and Amazon) which represents 72% of Gameloft's total revenues, were up 2.1% at constant currency. This increase partially offset the decline in the activity related to telecom operators, which is structurally in decline due to the gradual replacement of traditional mobile phones by smartphones, and the decrease in advertising sales. In 2018, Gameloft's revenues amounted to €293 million, down 5.1% at constant currency and perimeter.

Gameloft released two new games on smartphones in 2018: *Dungeon Hunter Champions* and *Asphalt 9: Legends*, the latest opus of the No. 1 mobile racing franchise that has recorded more than 35 million downloads since its launch on July 26, 2018 and was among Gameloft's Top 5 bestselling games in 2018.

Gameloft's catalogue (63% of 2018 revenues generated by its own franchises), including its bestselling games such as *Disney Magic Kingdoms*, *March of Empires*, *Dragon Mania Legends*, *Asphalt 8: Airborne* and *Asphalt 9: Legends*, which accounted for 47% of Gameloft's total revenues in 2018, is particularly resilient.

In 2018, Gameloft's income from operations amounted to €4 million, and EBITA amounted to €2 million, including restructuring charges for €4 million.

Gameloft and the LEGO Group announced the release in 2019 of a LEGO game that will bring 40 years of LEGO minifigure history and universes to mobiles.

In December 2018, Gameloft acquired FreshPlanet, the multi-award-winning maker of the SongPop mobile games with more than 100 million downloads. In line with Gameloft's philosophy to provide the best gaming experiences to players of all ages and countries, this acquisition is a new milestone in the company's expansion strategy.

1.3.5. VIVENDI VILLAGE

	Year ended December 31,				
(in millions of euros)	2018	2017	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues	**123**	**109**	**+12.6%**	**+13.1%**	**+11.5%**
Of which Vivendi Ticketing	*58*	*52*	*+9.9%*	*+11.1%*	*-4.0%*
Live	*34*	*18*	*+94.9%*	*+94.9%*	*+94.9%*
Income from operations	**(9)**	**(6)**			
Restructuring charges	(2)	(2)			
Income/(charges) related to share-based compensation plans	-	-			
Other special items excluded from income from operations	2	(10)			
EBITA	**(9)**	**(18)**			

(a) Constant perimeter reflects the impacts of the acquisition of Paylogic (April 16, 2018) and the sale of Radionomy (August 17, 2017).

In 2018, Vivendi Village's revenues amounted to €123 million, an increase of 12.6% (+ 11.5% at constant currency and perimeter) compared to 2017.

Ticketing revenues amounted to €58 million, up 9.9% compared to 2017 following the acquisition of Paylogic in April 2018. Vivendi Village now has a ticketing network with a strong presence in Continental Europe, the United Kingdom and the United States, which had a record year with more than 20 million tickets sold.

Live activities, which encompass Olympia Production, festivals and venues in France and Africa, recorded revenues of €34 million, an increase of 94.9% compared to 2017. Olympia Production recorded very strong growth with more than 1,100 shows. It has a diversified portfolio of 32 artists (music and comedy) and four regional festivals in France (compared to two in 2017), including Garorock, one of the country's largest festivals with an attendance of 145,000 people, acquired at the end of 2018. L'Olympia enjoyed a very good year with 280 shows, its level of activity prior to November 2015.

In Africa, CanalOlympia, with 11 cinema and entertainment venues in eight countries at the end of 2018, is meeting the challenge of strong demand for cinema: its average attendance rate (24%) is almost double that of France.

Vivendi Sports organized its first two events in 2018, le Tour de l'Espoir (a cycling race in Cameroon) and Jab&Vibes (a boxing competition in Senegal).

Vivendi Village's income from operations amounted to a loss of €9 million in 2018, compared to a loss of €6 million in 2017. Excluding the investments in Africa, income from operations was positive at €2 million. EBITA amounted to a loss of €9 million, compared to a loss of €18 million in 2017.

1.3.6. NEW INITIATIVES

In 2018, New Initiatives, which includes Dailymotion, Vivendi Content and GVA, recorded revenues amounting to €66 million, up 30.5% compared to 2017.

GVA is deploying a fiber network on the African continent, enabling major cities to benefit from very high-speed Internet services. In 2018, GVA opened two locations in Gabon and Togo, and acquired a business in Congo. GVA is planning to make significant investments, which will weigh on its profitability for the first few years of operation.

Since June 2017, Dailymotion has focused on premium content and has improved its video base. Its audience for premium content has almost doubled in the space of a year, reaching 2.2 billion views at the end of 2018, compared to 1.2 billion at the end of 2017. This strategy has enabled Dailymotion to enter into many partnerships with leading global publishers. In total, more than 300 agreements were concluded in 2018, including 100 in the United States and dozens in territories where Dailymotion previously had little presence (Korea, Vietnam, India). The audience in these new countries has grown significantly.

In 2018, Dailymotion also reviewed its advertising ecosystem. The company created its own programmatic platform and content monetization system (live or programmatic). It is currently working on new formats.

New Initiatives' income from operations amounted to a loss of €79 million, compared to a loss of €87 million in 2017. New Initiatives' EBITA amounted to a loss of €99 million, compared to a loss of €92 million in 2017.

1.3.7. CORPORATE

Corporate's income from operations was a net charge of €110 million, compared to a net charge of €101 million in 2017, an unfavorable change of €9 million, primarily due to the increase in legal fees, notably relating to ongoing litigation and non-recurring positive items recorded in 2017.

Corporate's EBITA was a net charge of €123 million, compared to a net charge of €97 million in 2017, an unfavorable change of €26 million mainly relating to the change in income from operations and an increase in restructuring charges.

2. Liquidity and capital resources

2.1. Liquidity and equity portfolio

PRELIMINARY COMMENTS

- The "Net Cash Position" and the "Financial Net Debt", 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 follows:
  - 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 ANC and AMF position expectations expressed 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 1.3.5.11 to the Consolidated Financial Statements for the year ended December 31, 2018);
  - ii. cash management financial assets, included in the Consolidated Statement of Financial Position under "financial assets", relating to financial investments, that do not satisfy the criteria for classification as cash equivalents set forth in IAS 7, and, with respect to money market funds, which satisfy ANC and AMF position expectations expressed 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 14 "Cash position" and to Note 19 "Borrowings and other financial liabilities and financial risk management" to the Consolidated Financial Statements for the year ended December 31, 2018.

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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)
(Financial Net Debt) as of December 31, 2017	**1,951**	**(4,291)**	**(2,340)**
(Outflows)/inflows:			
Operating activities	1,187	-	1,187
Investing activities	1,286	520	1,806
Financing activities	(610)	120	(490)
Foreign currency translation adjustments	(21)	34	13
Net Cash Position as of December 31, 2018	**3,793**	**(3,617)**	**176**

(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, 2018, Vivendi's Net Cash Position amounted to €176 million, compared to a Financial Net Debt of -€2,340 million as of December 31, 2017, an increase of €2,516 million. This favorable change was mainly attributable to the following items:

- a €1,580 million inflow as part of the sale of Vivendi's 27.27% interest in Ubisoft at a price of €66 per share for an aggregate consideration of €2.0 billion (including €1,511 million received on March 23, 2018, €69 million received on October 3, 2018 and €429 million still to be received under the forward sale of the remainder of its interest which is expected to occur on March 5, 2019; please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2018);
- a €373 million inflow as part of the sale on the market of the Telefonica shares held by Vivendi in November and December 2018;
- a €267 million inflow received on July 12, 2018 as part of the sale of Vivendi's interest in Fnac Darty (please refer to Note 2.4 to the Consolidated Financial Statements for the year ended December 31, 2018); and
- net cash provided by operating activities (after income tax paid) for €1,187 million.

These inflows were partially offset by the dividend paid by Vivendi on April 24, 2018 with respect to fiscal year 2017 for €568 million and net capital expenditures for €341 million.

During the first quarter of 2019, the following events will impact the cash position:

- on January 31, 2019, Vivendi completed the acquisition of 100% of Editis's share capital, representing an €833 million outflow, which includes the repayment of Editis's debt (please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2018);
- on February 11, 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 the tax income in respect of the fiscal year ended December 31, 2012, Vivendi received a request for repayment from the tax authorities in the amount of €239 million. Vivendi has 30 days to satisfy this request (please refer to Note 6.1 to the Consolidated Financial Statements for the year ended December 31, 2018); and
- on March 5, 2019, Vivendi will receive €429 million under the forward sale of its remaining interest in Ubisoft (please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2018).

2.1.2. EQUITY PORTFOLIO

As of December 31, 2018, Vivendi held a portfolio of listed non-controlling equity interests, including a receivable of €429 million on the forward sale of its remaining interest in Ubisoft (please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2018). As of December 31, 2018, the aggregate market value of this portfolio was approximately €3.9 billion (before taxes), compared to €6.4 billion as of December 31, 2017 (which notably included the entire interest in Ubisoft, as well as the interests in Telefonica and Fnac Darty): please refer to Notes 11 and 12 to the Consolidated Financial Statements for the year ended December 31, 2018.

As of February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), the value of this portfolio was approximately €4.0 billion (before taxes).

2.2. Cash flow from operations analysis

PRELIMINARY COMMENT

"Cash flow from operations" (CFFO) and "cash flow from operations after interest and taxes" (CFAIT), non-GAAP measures, should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.

	Year ended December 31,		
(in millions of euros)	2018	2017	% Change
Revenues	13,932	12,518	+11.3%
Operating expenses excluding depreciation and amortization	(12,192)	(11,141)	-9.4%
	1,740	***1,377***	***+26.3%***
Restructuring charges paid	(106)	(73)	-45.7%
Content investments, net	(137)	(317)	+56.8%
Of which payments to artists and repertoire owners, net at UMG:			
Payments	*(933)*	*(834)*	*-11.8%*
Recoupment and other	*812*	*692*	*+17.4%*
	(121)	***(142)***	***+15.4%***
Of which film and television rights, net at Canal+ Group:			
Acquisition paid	*(508)*	*(615)*	*+17.4%*
Consumption	*670*	*708*	*-5.4%*
	162	***93***	***+73.4%***
Of which sports rights, net at Canal+ Group:			
Acquisition paid	*(906)*	*(911)*	*+0.6%*
Consumption	*865*	*941*	*-8.1%*
	(41)	***30***	***na***
Neutralization of change in provisions included in operating expenses	(29)	(30)	+5.6%
Other cash operating items	9	(3)	na
Other changes in net working capital	(28)	265	na
Net cash provided by/(used for) operating activities before income tax paid	***1,449***	***1,219***	***+18.8%***
Dividends received from equity affiliates and unconsolidated companies	18	29	-39.5%
Capital expenditures, net (capex, net)	(341)	(259)	-31.5%
Cash flow from operations (CFFO)	**1,126**	**989**	**+13.8%**
Interest paid, net	(47)	(53)	+12.0%
Other cash items related to financial activities	5	(61)	na
Income tax (paid)/received, net	(262)	471	na
Cash flow from operations after interest and income tax paid (CFAIT)	**822**	**1,346**	**-39.0%**

na: not applicable.

2.2.1. CHANGES IN CASH FLOW FROM OPERATIONS (CFFO)

In 2018, cash flow from operations (CFFO) generated by the group's business segments amounted to €1,126 million (compared to €989 million in 2017), a €137 million improvement. These amounts included capital expenditures (net) generated by the group's business segments for €341 million (compared to €259 million in 2017), a deterioration of -€82 million mainly at Universal Music Group (-€47 million) and Canal+ Group (-€22 million). In 2018, cash flow from operations (CFFO) generated by the group's business segments, before capital expenditures (net), amounted to €1,467 million (compared to €1,248 million in 2017), an improvement of €219 million. This change mainly resulted from the strong operating performance of Universal Music Group (+€239 million), primarily driven by the growth in subscription streaming services, as well as Canal+ Group's growth (+€43 million), partially offset by the decline of Havas (-€61 million), which resulted from the consolidation of Havas as from the second half of 2017. Havas's change in working capital is usually unfavorable in the first half, due to the seasonality of cash generation. For the second half of 2018, cash flow from operations (CFFO) generated by Havas, before capital expenditures (net), amounted to €356 million, compared to €329 million for the second half of 2017.

2.2.2. CASH FLOW FROM OPERATIONS (CFFO) BY BUSINESS SEGMENT

	Year ended December 31,		
(in millions of euros)	2018	2017	% Change
Universal Music Group	838	646	+29.8%
Canal+ Group	259	238	+8.7%
Havas	230	308	na
Gameloft	1	7	na
Vivendi Village	(3)	(20)	
New Initiatives	(82)	(90)	
Corporate	(117)	(100)	
Cash flow from operations (CFFO)	**1,126**	**989**	**+13.8%**

na: not applicable.

2.2.3. CHANGES IN CASH FLOW FROM OPERATIONS AFTER INTEREST AND INCOME TAX PAID (CFAIT)

In 2018, cash flow from operations after interest and income tax paid (CFAIT) was an €822 million net inflow (compared to €1,346 million in 2017), a decrease of €524 million, primarily resulting from the unfavorable change in cash flow relating to income taxes.

In 2018, cash flow relating to income taxes was a €262 million net outflow (compared to a €471 million net inflow in 2017). In 2017, it notably included (i) a €346 million inflow received on April 18, 2017 as part of the litigation settlement relating to the tax credits utilized by Vivendi in fiscal year 2012, (ii) a €223 million inflow relating to the refund to Vivendi SA of the amounts paid with respect to the 3% tax on dividend distributions following the decision of the French Constitutional Council, dated October 6, 2017, where it was ruled that the tax contribution was unconstitutional, as well as (iii) a refund of tax installments paid in 2016 under the French Tax Group System for fiscal year 2016 (€136 million), and (iv) a €10 million inflow at Universal Music Group in the United Kingdom, relating to a litigation settlement.

In 2018, the financial activities generated a €42 million net outflow (compared to €114 million in 2017). In 2018, they mainly included net interest paid (-€47 million, compared to -€53 million in 2017). In addition, cash generated by foreign exchange risk hedging instruments was a +€13 million inflow, compared to a -€52 million outflow in 2017, notably due to the depreciation of the dollar (USD) against the euro.

2.2.4. RECONCILIATION OF CFAIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Year ended December 31,	
(in millions of euros)	2018	2017
Cash flow from operations after interest and income tax paid (CFAIT)	**822**	**1,346**
Adjustments		
Capital expenditures, net (capex, net)	341	259
Dividends received from equity affiliates and unconsolidated companies	(18)	(29)
Interest paid, net	47	53
Other cash items related to financial activities	(5)	61
Net cash provided by operating activities (a)	**1,187**	**1,690**

(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, 2018
Financial investments		
Acquisition of cash management financial assets	14	(520)
Other		(174)
Total financial investments		***(694)***
Financial divestments		
Sale of Ubisoft shares	2.3	1,580
Sale of Telefonica shares	12	373
Sale of Fnac Darty shares	2.4	267
Redemption of the balance of the “new ORAN 1” issued by Banijay Group Holding	11.1	25
Other		58
Total financial divestments		***2,303***
Dividends received from equity affiliates and unconsolidated companies		18
Capital expenditures, net	3	(341)
Net cash provided by/(used for) investing activities (a)		**1,286**

(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, 2018
Transactions with shareowners		
Distribution to Vivendi SA’s shareowners	15	(568)
Capital increase subscribed by employees as part of the Stock Purchase Plan	18	100
Exercise of stock options by executive management and employees	18	89
Dividends paid by consolidated companies to their non-controlling interests		(47)
Other		(15)
Total transactions with shareowners		***(441)***
Transactions on borrowings and other financial liabilities		
Redemption of bonds	19	(100)
Interest paid, net	5	(47)
Other		(22)
Total transactions on borrowings and other financial liabilities		***(169)***
Net cash provided by/(used for) financing activities (a)		**(610)**

(a) As presented in the Consolidated Statement of Cash Flows.

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3. Outlook

Dividend

Vivendi's Supervisory Board approved the Management Board's proposal to pay an ordinary dividend of €0.50 per share with respect to fiscal year 2018, which will be submitted to the Annual General Shareholders' Meeting to be held on April 15, 2019 for approval. This dividend represents an increase of 11.1% compared to the dividend distributed with respect to fiscal year 2017 and a return of approximately 2.3%. The coupon detachment date would be April 16, 2019 and the payment date April 18, 2019.

Outlook

Vivendi is confident in the evolution of its main businesses in 2019. As regards Canal+ Group, after a strong improvement in its profitability in 2018, it will continue its improvement efforts and its 2019 profitability is expected to be even better than it was in 2018.

4. Forward-Looking Statements

Cautionary note

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including the impact of certain transactions, the payment of dividends and distributions as well as share repurchases. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals, and to any other approvals which may be required in connection with certain transactions, as well as the risks described in the documents of the group filed by Vivendi with the *Autorité des marchés financiers* (the "AMF") (the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). Accordingly, readers are cautioned against relying on such forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

	2018			
(in millions of euros)	Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,
Universal Music Group	1,222	1,406	1,495	1,900
Canal+ Group	1,298	1,277	1,247	1,344
Havas	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)
Revenues	**3,124**	**3,352**	**3,401**	**4,055**

	2017			
(in millions of euros)	Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,
Universal Music Group	1,284	1,382	1,319	1,688
Canal+ Group	1,272	1,283	1,252	1,391
Havas (a)	-	-	552	659
Gameloft	84	77	78	81
Vivendi Village	26	30	25	28
New Initiatives	10	13	11	17
Elimination of intersegment transactions	(3)	(3)	(16)	(22)
Revenues	**2,673**	**2,782**	**3,221**	**3,842**

(a) As a reminder, since July 3, 2017, Vivendi has fully consolidated Havas.

Note: As from January 1, 2018, Vivendi applied the new accounting standard IFRS 15 – *Revenues from Contracts with Customers* (please refer to Notes 1 and 28 to the Consolidated Financial Statements for the year ended December 31, 2018).

III – Audited Consolidated Financial Statements for the year ended December 31, 2018

PRELIMINARY COMMENT

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, thereby ensuring comparability of the data relative to each period of 2018 and 2017 contained in this report; 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; therefore, the data relative to 2017 contained in this report is not comparable.

For a detailed description, please refer to Notes 1 and 28 to the Consolidated Financial Statements for the year ended December 31, 2018.

Statutory Auditors' report on the Consolidated Financial Statements

To the Annual General Meeting of Vivendi,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Vivendi for the year ended December 31, 2018.

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, 2018 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.

Independance

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 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 1.1.1 and 1.1.2 of the notes to the consolidated financial statements, which describe the changes in accounting methods relating to the mandatory application as from January 1, 2018 of standards IFRS 9 – *Financial instruments* and IFRS 15 – *Revenue from contracts with customers*.

In particular, the cumulated unrealized capital gain as at December 31, 2017 relating to Vivendi's interest in Ubisoft (€1,160m) was recorded as retained earnings as of January 1, 2018 as part of the first-time application of accounting standard IFRS 9. In accordance with IAS 39 which was applicable until December 31, 2017, it would have been reported to profit or loss as part of the sale that occurred during the period.

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, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill *(notes 1.3.5.2, 1.3.5.7 and 9 to the consolidated financial statements)*

Key audit matter	Our response
As at December 31, 2018, goodwill is recorded in the balance sheet for a net carrying amount of €12,438m, for a total balance sheet of €34,403m. 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. 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 accounts; they involve a significant amount of judgements and assumptions, notably concerning: ► Future cash flow forecasts; ► Perpetual growth rates used for projected flows; ► Discount rates (WACC) 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 accounts, (ii) the judgements and assumptions required to determine its recoverable amount.	We analyzed the compliance of the methods adopted by your company with the accounting standards in force, in particular concerning the determination of the cash generating units (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 where the carrying amount is close to the estimated recoverable amount, those where the historical performance showed differences in relation to the forecasts, and those operating in volatile economic environments. We examined 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: ► 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 (WACC) 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. 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. Lastly, 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 11.2 to the consolidated financial statements)*

Key audit matter	Our response
The value of the Telecom Italia equity-accounted investment amounts to €3,130m after depreciation as at December 31, 2018. At 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 accounts. The recoverable amount has been estimated using the usual valuation methods (discounted cash flows; market comparables model). Your company used the services of an expert to assist you in the valuation of the recoverable amount of this asset. Given the volatility observed in the company's stock market performance during the last financial year, we consider that the assessment of this equity-accounted investment represents a key audit matter.	We obtained the documentation relating to the valuation of the equity-accounted value of Telecom Italia. We examined 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 (long-term growth rate, forecast margin 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 with the former minority shareholders *(notes 1.3.8, 1.5, 6.5, 16, 22.4 and 23 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 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 this subject 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 advisors mandated by your company, relating to (i) the dispute between your company and the Mediaset group and its shareholders and (ii) the dispute between your company and certain foreign institutional investors concerning alleged harm resulting from the financial communication 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 the Vivendi group's advisers. In addition, we analyzed the lawyers' answers received in response to our requests for confirmation concerning these disputes. Finally, we verified the information concerning these risks disclosed in the notes to the consolidated accounts.

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 report of the Management Board.

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 statement provided for in Article L. 225-102-1 of the French Commercial Code *(Code de commerce)* is included in the group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, the information contained in this statement has not been verified by us regarding its fairness or consistency with the consolidated financial statements.

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 April 25, 2017 for DELOITTE & ASSOCIÉS and on June 15, 2000 for ERNST & YOUNG et Autres.

As at December 31, 2018, DELOITTE ET ASSOCIÉS and ERNST & YOUNG et Autres were in the second year and nineteenth 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 risks 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

Objectives 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 *(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 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 *(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, February 14, 2019

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Jean Paul Séguret	Jacques Pierres

Consolidated Statement of Earnings

	Note	Year ended December 31, 2018	2017
Revenues	4	**13,932**	**12,518**
Cost of revenues	4	(7,618)	(7,302)
Selling, general and administrative expenses		(5,022)	(4,281)
Restructuring charges	3	(115)	(88)
Impairment losses on intangible assets acquired through business combinations	3	(2)	(2)
Reversal of reserve related to the Securities Class Action litigation in the United States	23	-	27
Income from equity affiliates – operational	11	7	146
Earnings before interest and income taxes (EBIT)	3	**1,182**	**1,018**
Income from equity affiliates – non-operational	11	122	-
Interest	5	(47)	(53)
Income from investments		20	29
Other financial income	5	418	43
Other financial charges	5	(1,181)	(143)
		(790)	***(124)***
Earnings before provision for income taxes		**514**	**894**
Provision for income taxes	6	(357)	355
Earnings from continuing operations		**157**	**1,249**
Earnings from discontinued operations		-	-
Earnings		**157**	**1,249**
Of which			
Earnings attributable to Vivendi SA shareowners		**127**	**1,216**
Non-controlling interests		30	33
Earnings attributable to Vivendi SA shareowners per share – basic	7	**0.10**	**0.97**
Earnings attributable to Vivendi SA shareowners per share – diluted	7	0.10	0.94

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, 2018	2017
Earnings		**157**	**1,249**
Actuarial gains/(losses) related to employee defined benefit plans, net		31	29
Financial assets at fair value through other comprehensive income		(233)	na
Comprehensive income from equity affiliates, net		(2)	14
Items not subsequently reclassified to profit or loss		**(204)**	**43**
Foreign currency translation adjustments		228	(848)
Unrealized gains/(losses), net		2	685
Comprehensive income from equity affiliates, net	11	(162)	(46)
Other impacts, net		38	(40)
Items to be subsequently reclassified to profit or loss		**106**	**(249)**
Charges and income directly recognized in equity	8	**(98)**	**(206)**
TOTAL COMPREHENSIVE INCOME		**59**	**1,043**
Of which			
Total comprehensive income attributable to Vivendi SA shareowners		**40**	**1,002**
Total comprehensive income attributable to non-controlling interests		19	41

na: not applicable.

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2018	January 1, 2018 (a)
ASSETS			
Goodwill	9	12,438	12,084
Non-current content assets	10	2,194	2,087
Other intangible assets		437	440
Property, plant and equipment		986	930
Investments in equity affiliates	11	3,418	4,526
Non-current financial assets	12	2,102	4,502
Deferred tax assets	6	675	627
Non-current assets		**22,250**	**25,196**
Inventories		206	177
Current tax receivables	6	404	406
Current content assets	10	1,346	1,160
Trade accounts receivable and other	13	5,314	5,208
Current financial assets	12	1,090	138
Cash and cash equivalents	14	3,793	1,951
Current assets		**12,153**	**9,040**
TOTAL ASSETS		**34,403**	**34,236**
EQUITY AND LIABILITIES			
Share capital		7,184	7,128
Additional paid-in capital		4,475	4,341
Treasury shares		(649)	(670)
Retained earnings and other		6,303	6,835
Vivendi SA shareowners' equity		**17,313**	**17,634**
Non-controlling interests		221	222
Total equity	15	**17,534**	**17,856**
Non-current provisions	16	1,431	1,515
Long-term borrowings and other financial liabilities	19	3,448	4,170
Deferred tax liabilities	6	753	589
Other non-current liabilities		248	226
Non-current liabilities		**5,880**	**6,500**
Current provisions	16	438	412
Short-term borrowings and other financial liabilities	19	888	373
Trade accounts payable and other	13	9,572	9,019
Current tax payables	6	91	76
Current liabilities		**10,989**	**9,880**
Total liabilities		**16,869**	**16,380**
TOTAL EQUITY AND LIABILITIES		**34,403**	**34,236**

(a) In 2018, Vivendi applied two new accounting standards: IFRS 15 – *Revenues from Contracts with Customers* and IFRS 9 – *Financial Instruments*, with no significant impact on the Consolidated Statement of Financial Position (please refer to Note 28 to the Consolidated Financial Statements for the year ended December 31, 2018).

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, 2018	2017
Operating activities			
EBIT	4	1,182	1,018
Adjustments	20.1	432	253
Content investments, net		(137)	(317)
Gross cash provided by operating activities before income tax paid		***1,477***	***954***
Other changes in net working capital		(28)	265
Net cash provided by operating activities before income tax paid		***1,449***	***1,219***
Income tax (paid)/received, net	6.2	(262)	471
Net cash provided by operating activities		**1,187**	**1,690**
Investing activities			
Capital expenditures	3	(351)	(261)
Purchases of consolidated companies, after acquired cash	2	(116)	(3,481)
Investments in equity affiliates	11	(3)	(2)
Increase in financial assets	12	(575)	(202)
Investments		***(1,045)***	***(3,946)***
Proceeds from sales of property, plant, equipment and intangible assets	3	10	2
Proceeds from sales of consolidated companies, after divested cash		16	(5)
Disposal of equity affiliates		2	-
Decrease in financial assets	12	2,285	981
Divestitures		***2,313***	***978***
Dividends received from equity affiliates	11	5	6
Dividends received from unconsolidated companies	12	13	23
Net cash provided by/(used for) investing activities		**1,286**	**(2,939)**
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	18	190	152
Sales/(purchases) of Vivendi SA's treasury shares	15	-	(203)
Distributions to Vivendi SA's shareowners	15	(568)	(499)
Other transactions with shareowners		(16)	(10)
Dividends paid by consolidated companies to their non-controlling interests		(47)	(40)
Transactions with shareowners		***(441)***	***(600)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	19	4	855
Principal payment on long-term borrowings and decrease in other long-term financial liabilities		(3)	(8)
Principal payment on short-term borrowings	19	(193)	(1,024)
Other changes in short-term borrowings and other financial liabilities	19	65	64
Interest paid, net	5	(47)	(53)
Other cash items related to financial activities		5	(61)
Transactions on borrowings and other financial liabilities		***(169)***	***(227)***
Net cash provided by/(used for) financing activities		**(610)**	**(827)**
Foreign currency translation adjustments of continuing operations		(21)	(45)
Change in cash and cash equivalents		**1,842**	**(2,121)**
Cash and cash equivalents			
At beginning of the period	14	1,951	4,072
At end of the period	14	3,793	1,951

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2018

		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, 2017 – RESTATED		**1,296,059**	**7,128**	**4,341**	**(670)**	**10,799**	**6,537**	**530**	**7,067**	**17,866**
Attributable to Vivendi SA shareowners		*1,296,059*	*7,128*	*4,341*	*(670)*	*10,799*	*6,294*	*551*	*6,845*	*17,644*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*243*	*(21)*	*222*	*222*
Restatements related to the application of IFRS 9		***-***	***-***	***-***	***-***	***-***	***1,342***	***(1,338)***	***4***	***4***
Attributable to Vivendi SA shareowners		*-*	*-*	*-*	*-*	*-*	*1,342*	*(1,338)*	*4*	*4*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Restatements related to the application of IFRS 9 and IFRS 15 by equity affiliates		***-***	***-***	***-***	***-***	***-***	***(16)***	***2***	***(14)***	***(14)***
Attributable to Vivendi SA shareowners		*-*	*-*	*-*	*-*	*-*	*(16)*	*2*	*(14)*	*(14)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
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*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		*-*	*-*	*-*	*-*	*-*	*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)	15	-	-	-	-	-	(568)	-	(568)	(568)
Capital increase related to share-based compensation plans	18	10,175	56	134	21	211	(4)	-	(4)	207
Of which employee Stock Purchase Plans (July 19, 2018)		*5,186*	*28*	*72*	*-*	*100*	*-*	*-*	*-*	*100*
exercice of stock-option 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*

YEAR ENDED DECEMBER 31, 2017

(in millions of euros, except number of shares)	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 DECEMBER 31, 2016	**1,287,088**	**7,079**	**4,238**	**(473)**	**10,844**	**8,004**	**764**	**8,768**	**19,612**
Attributable to Vivendi SA shareowners	*1,287,088*	*7,079*	*4,238*	*(473)*	*10,844*	*7,748*	*791*	*8,539*	*19,383*
Attributable to non-controlling interests	-	-	-	-	-	*256*	*(27)*	*229*	*229*
Contributions by/distributions to Vivendi SA shareowners	**8,971**	**49**	**103**	**(197)**	**(45)**	**(481)**	**-**	**(481)**	**(526)**
Sales/(purchases) of treasury shares	-	-	-	(203)	(203)	-	-	-	(203)
Dividend paid on May 4, 2017 with respect to fiscal year 2016 (€0.40 per share)	-	-	-	-	-	(499)	-	(499)	(499)
Capital increase related to share-based compensation plans	8,971	49	103	6	158	18	-	18	176
Of which employee Stock Purchase Plans (July 25, 2017)	*4,160*	*23*	*45*	-	*68*	-	-	-	*68*
exercise of stock-options by executive management and employees	*4,811*	*26*	*58*	-	*84*	-	-	-	*84*
Changes in Vivendi SA's ownership interest related to a combination of businesses under common control	**-**	**-**	**-**	**-**	**-**	**(2,155)**	**(65)**	**(2,220)**	**(2,220)**
Acquisition of Havas	-	-	-	-	-	(2,155)	(65)	(2,220)	(2,220)
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**4**	**4**
Changes in equity attributable to Vivendi SA shareowners (A)	**8,971**	**49**	**103**	**(197)**	**(45)**	**(2,632)**	**(65)**	**(2,697)**	**(2,742)**
Contributions by/distributions to non-controlling interests	-	-	-	-	-	(34)	-	(34)	(34)
Changes in non-controlling interests related to a combination of businesses under common control	-	-	-	-	-	(4)	(4)	(8)	(8)
Recognition of Havas's non-controlling interests	-	-	-	-	-	*19*	*(4)*	*15*	*15*
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	(5)	-	(5)	(5)
Changes in equity attributable to non-controlling interests (B)	**-**	**-**	**-**	**-**	**-**	**(43)**	**(4)**	**(47)**	**(47)**
Earnings	-	-	-	-	-	1,261	-	1,261	1,261
Charges and income directly recognized in equity	-	-	-	-	-	(41)	(165)	(206)	(206)
Total comprehensive income (C)	**-**	**-**	**-**	**-**	**-**	**1,220**	**(165)**	**1,055**	**1,055**
Total changes over the period (A+B+C)	***8,971***	***49***	***103***	***(197)***	***(45)***	***(1,455)***	***(234)***	***(1,689)***	***(1,734)***
Attributable to Vivendi SA shareowners	*8,971*	*49*	*103*	*(197)*	*(45)*	*(1,442)*	*(240)*	*(1,682)*	*(1,727)*
Attributable to non-controlling interests	-	-	-	-	-	*(13)*	*6*	*(7)*	*(7)*
BALANCE AS OF DECEMBER 31, 2017 – AS PUBLISHED	**1,296,059**	**7,128**	**4,341**	**(670)**	**10,799**	**6,549**	**530**	**7,079**	**17,878**
Attributable to Vivendi SA shareowners	*1,296,059*	*7,128*	*4,341*	*(670)*	*10,799*	*6,306*	*551*	*6,857*	*17,656*
Attributable to non-controlling interests	-	-	-	-	-	*243*	*(21)*	*222*	*222*
Restatements related to the application of IFRS 15 with retrospective effect	**-**	**-**	**-**	**-**	**-**	***(12)***	**-**	***(12)***	***(12)***
Attributable to Vivendi SA shareowners	-	-	-	-	-	*(12)*	-	*(12)*	*(12)*
Attributable to non-controlling interests	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2017 – RESTATED	**1,296,059**	**7,128**	**4,341**	**(670)**	**10,799**	**6,537**	**530**	**7,067**	**17,866**
Attributable to Vivendi SA shareowners	*1,296,059*	*7,128*	*4,341*	*(670)*	*10,799*	*6,294*	*551*	*6,845*	*17,644*
Attributable to non-controlling interests	-	-	-	-	-	*243*	*(21)*	*222*	*222*

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Vivendi is a limited liability company *(société anonyme)* incorporated under French law and subject to French commercial company law including the French Commercial Code *(Code de commerce)*. Vivendi was incorporated on December 18, 1987, for a term of 99 years expiring on December 17, 2086, except in the event of an early dissolution or unless its term is extended. Its registered office is located at 42 avenue de Friedland – 75008 Paris (France). Vivendi is listed on Euronext Paris (Compartment A).

Vivendi is an integrated content, 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 engaged in Poland, Africa and Asia. Its subsidiary Studiocanal is a leading European player in the production, sale and distribution of movies and TV series. Havas is one of the world's largest global communications group covering all the communications disciplines: creativity, media expertise and healthcare/wellness. Gameloft is one of the leading mobile game publishers in the world, with 2 million games downloaded daily across all platforms. Vivendi Village brings together Vivendi Ticketing (in Europe and the United States), the companies that own and manage all Paddington intellectual property rights (except for the publishing rights), as well as live performance 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, as well as Vivendi Content, the new content creation unit, 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 11, 2019, 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, 2018. They were reviewed by the Audit Committee at its meeting held on February 12, 2019 and the Supervisory Board at its meeting held on February 14, 2019.

The Consolidated Financial Statements for the year ended December 31, 2018 will be submitted to Vivendi's shareholders for approval at the Annual General Shareholders' Meeting to be held on April 17, 2019.

NOTE 1. ACCOUNTING POLICIES AND VALUATION METHODS

1.1. COMPLIANCE WITH ACCOUNTING STANDARDS

The 2018 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, 2018.

Among the new IFRS standards and IFRIC interpretations, which applied from January 1, 2018, the main subjects for Vivendi relate to financial instruments and revenues.

1.1.1. Financial Instruments

IFRS 9 – *Financial instruments*, which was issued by the IASB on July 24, 2014, endorsed by the EU on November 22, 2016 and published in the Official Journal of the EU on November 29, 2016, applies mandatorily from January 1, 2018. Vivendi applied this standard with retrospective effect from January 1, 2018.

IFRS 9 applies to all financial instruments and sets the principles governing the classification and measurement of financial assets and liabilities, impairment for credit risk on financial assets (including impairment of trade receivables) and hedge accounting.

The main impacts for Vivendi on the accounting of financial instruments relates to the classification of financial assets. Thus, from January 1, 2018, financial assets have been 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 are considered in their entirety to determine whether their cash flows are SPPI.

For Vivendi, the main material impact of the application of this standard relates to the election of the accounting classification for the equity portfolio, considering the removal of the "available-for-sale" category under which these interests were accounted for until December 31, 2017:

- for certain equity securities, including Ubisoft, Vivendi elected to classify such securities into the category "fair value through profit or loss"; the difference (€1,338 million) between the carrying value as of December 31, 2017 and the purchase price was reclassified from charges and income directly recognized in equity, to be subsequently reclassified to profit or loss, to retained earnings. In particular, as part of the initial application of the IFRS 9 accounting standard, the cumulative unrealized capital gain as of December 31, 2017, relating to Vivendi's interest in Ubisoft (€1,160 million), was recorded as retained earnings as of January 1, 2018. Under IAS 39, which was applicable until December 31, 2017, it would have been reported to profit or loss as part of the sale that occurred during the first half of 2018 (please refer to Note 2.3); and
- for other equity securities, Vivendi elected to classify such securities into the category "fair value through other comprehensive income not reclassified subsequently to profit or loss"; the difference (-€197 million) between the carrying value as of December 31, 2017 and the purchase price was reclassified from charges and income directly recognized in equity, to be subsequently reclassified to profit or loss, to charges and income directly recognized in equity, not to be subsequently reclassified to profit or loss.

The application of this standard has no other material impact on Vivendi's Consolidated Financial Statements. On January 1, 2018, consolidated equity was adjusted to account for the cumulative impacts of the application of IFRS 9. For a description of these main impacts, please refer to Note 28. The comparative period in the notes to the consolidated financial statements, which were impacted by IFRS 9, is presented as of January 1, 2018, to the extent applicable.

1.1.2. Revenues

IFRS 15 – *Revenue from Contracts with Customers*, was issued by the IASB on May 28, 2014, endorsed by the EU on September 22, 2016, published in the Official Journal of the EU on October 29, 2016, and applies mandatorily from January 1, 2018.

Vivendi applied IFRS 15 retrospectively from January 1, 2017. The 2017 Consolidated Financial Statements, mainly the Statement of Earnings, have been adjusted for comparison purposes. The main impacts for Vivendi of the application of IFRS 15 are not material on Vivendi's Consolidated Financial Statements and are detailed in Note 28.

IFRS 15 sets forth new principles in terms of revenue recognition (notably regarding the identification of performance obligations and the allocation of the transaction price for contracts involving multiple elements), and changes criteria for analyzing agent and principal considerations, as well as the inclusion of variable consideration. The main point of attention for Vivendi relates to the accounting of intellectual property licensing revenues.

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 as it is satisfied (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 for 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.

1.2. 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 those 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 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), in particular the €240 million reversal of reserve recorded as of December 31, 2016 relating to the Liberty Media litigation in the United States, 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), 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;
- income from equity affiliates having similar operating activities; and
- other income and charges related to transactions with shareowners, which include gains and losses recognized in business combinations, as well as gains or losses incurred from the gain or loss of control in a business.

Income from operations

Vivendi considers income from operations, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. As defined by Vivendi, income from operations is calculated as EBITA, before share-based compensation costs related to equity-settled plans and 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 provides a better illustration of the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Adjusted net income includes the following items:

- EBITA (2);
- income from equity affiliates (1);
- interest (1), equal to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments (1), including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations (2) as well as impairment losses on goodwill and other intangibles acquired through business combinations (1) (2);
- other income and charges related to transactions with shareowners (1), as defined above;
- 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 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. The CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash Flows, as well as dividends received from equity affiliates and unconsolidated companies. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

(1) Items as presented in the Consolidated Statement of Earnings.

(2) Items as reported by each operating segment as reported in the segment data.

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 2017 and 2016 Consolidated Financial Statements to conform to the presentation of the 2018 and 2017 Consolidated Financial Statements.

1.3. PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of certain assets and liabilities, for which IFRS 13 – *Fair Value Measurement* relating to measurement and disclosures applies. Relevant categories are detailed below.

The Consolidated Financial Statements include the financial statements of Vivendi and its subsidiaries after eliminating intragroup items and transactions. Vivendi has a December 31st year-end. Subsidiaries that do not have a December 31st year-end prepare interim financial statements at that date, except when their year-end falls within the three months preceding December 31st.

Acquired subsidiaries are included in the Consolidated Financial Statements of the group as of the date of acquisition.

1.3.1. Use of estimates

The preparation of Consolidated Financial Statements in compliance with IFRS requires the group's management to make certain estimates and assumptions that they consider reasonable and realistic. Although these estimates and assumptions are regularly reviewed by Vivendi Management, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which could have an impact on the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- revenue: estimates of provisions for returns and price guarantees (please refer to Note 1.3.4);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 16);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and the inflation rate (please refer to Notes 1.3.8 and 17);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 18);
- deferred taxes: estimates 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);
- 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 1.3.5.7 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); and
- certain financial instruments: valuation method at fair value defined according to the three following classification levels (please refer to Notes 1.3.5.8, 1.3.7, 12, 14 and 19):
  - level 1: fair value measurement based on quoted prices in active markets for identical assets or liabilities,
  - level 2: fair value measurement based on observable market data (other than quoted prices included 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 24.

Consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies 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 refer below).

Equity accounting

Entities over which Vivendi exercises significant influence as well as joint ventures are accounted for under the equity method.

Significant influence is 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.

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 1.3.4.5) 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 grant 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 advertising spaces on the website (videos and advertising banners).

Pay and free-to-air television

In regard to commercials, the distinct performance obligation is the reach of a gross rating point 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 impression (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 advertising spaces on the website, 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

Revenues from Havas 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 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 does not act as "principal".

When Havas 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 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, 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 is entitled to receive additional payments based upon its performance for the client, measured against specified qualitative and quantitative objectives. Havas 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. 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.

1.3.4.5. Other

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. The provisions are estimated based on past sales statistics and take into account the economic environment and product sales forecast to final customers.

Selling, general and administrative expenses primarily include salaries and employee benefits, rent, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses.

Advertising costs are expensed when incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising at UMG is treated as a marketing expense and expensed when its expected benefit is individualized and can be estimated.

1.3.5. Assets

1.3.5.1. Capitalized financial interest

When appropriate, Vivendi capitalizes financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment, these interests being included in the cost of qualifying assets.

1.3.5.2. Goodwill and business combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is initially measured as the difference between:

(i) the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and

(ii) the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in an increase in goodwill up to the extent attributable to these interests, thereby leading to the recognition of a "full goodwill". The purchase price allocation shall be performed within 12 months after the acquisition date. If goodwill is negative, it is recognized in the Statement of Earnings. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 below).

In addition, the following principles are applied to business combinations:

- on the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statements of Earnings;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004. IFRS 3, as published by the IASB in March 2004, retained the acquisition method. However, its provisions differed from those of its revised standard in respect of the main following items:

- minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option for measurement at fair value;
- contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and the amounts could be reliably measured;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of the acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3. Content assets

UMG

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.

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 expensed as incurred.

1.3.5.5. Other intangible assets

Intangible assets separately acquired are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Assets with an indefinite useful life are not amortized but are subject to an annual impairment test. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

Other intangible assets include trade names, customer bases and licenses. By contrast, music catalogs, trade names, subscribers' bases and market shares generated internally are not recognized as intangible assets.

1.3.5.6. Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost, costs directly attributable to transporting an asset to its physical location and preparing it for its operational use, the estimated costs relating to the demolition and the collection of property, plant and equipment, and the rehabilitation of the physical location resulting from the incurred obligation.

When property, plant and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is calculated using the straight-line method based on the estimated useful life of the assets. Useful lives of the main components are reviewed at the end of each reporting period and are as follows:

- buildings: 5 to 40 years;
- equipment and machinery: 3 to 8 years;
- set-top boxes: 5 to 7 years; and
- other: 2 to 10 years.

Assets financed by finance lease contracts are capitalized at the lower of the fair value of future lease payments and the market value and the related debt is recorded as "Borrowings and other financial liabilities". In general, these assets are amortized on a straight-line basis over their estimated useful life, corresponding to the duration applicable to property, plant and equipment in the same category. Amortization expenses on assets acquired under such leases are included in amortization expenses.

After initial recognition, the cost model is applied to property, plant and equipment.

Vivendi has elected not to apply the option available under IFRS 1, involving the remeasurement of certain property, plant and equipment at their fair value as of January 1, 2004.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to apply IFRIC Interpretation 4 – *Determining whether an arrangement contains a lease*, which mainly applies to commercial supply agreements for the Canal+ Group satellite capacity, which are commercial service agreements that, in general, do not convey a right to use a specific asset. Contract costs under these agreements are consequently expensed as operational costs for the period.

1.3.5.7. Asset impairment

Each time events or changes in the economic environment indicate a risk of impairment of goodwill, other intangible assets, property, plant and equipment, and assets in progress, Vivendi re-examines the value of these assets. In addition, in accordance with 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.

1.3.5.8. Financial assets

Financial assets are initially recognized at fair value corresponding, in general, to the consideration paid, which is best evidenced by the acquisition cost (including associated acquisition costs, if any). Thereafter, financial assets are measured at fair value or at amortized cost depending on which financial asset category they belong to.

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.

1.3.5.9. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. 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.

1.3.5.10. 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.

1.3.5.11. Cash and cash equivalents

The "cash and cash equivalents" category, defined in accordance with IAS 7, consists of cash in banks, monetary UCITS, which satisfy ANC and AMF position expectations expressed 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 in 2017 and 2018, and the means of determining these assumptions, are presented in Note 17. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and includes past service cost and actuarial gains and losses.

The cost of defined benefit plans consists of three components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;
- the financial component, recorded in other financial charges and income, consists of the undiscounting of the obligation, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and
- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified to profit and loss, mainly consist of actuarial gains and losses, i.e., changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective impact).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial calculation comparable to the method used for pension provisions.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

1.3.9. Deferred taxes

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the group proved to differ significantly from those expected, the group would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not earnings, if the tax relates to items that are credited or charged directly to equity.

1.3.10. Share-based compensation

With the aim of aligning the interests of its executive management and employees with its shareholders' interests by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans, performance share plans and bonus share plans) or other equity instruments based on the value of the Vivendi share price (stock options), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board and the Supervisory Board. In addition, the definitive grant of stock options and performance shares is contingent upon the achievement of specific performance objectives set by the Management Board and the Supervisory Board. Moreover, all granted plans are conditional upon active employment at the vesting date.

In addition, Dailymotion has set up a long-term incentive plan for certain key executives. This plan will be settled in cash and the value will be derived from the growth of Dailymotion's enterprise value.

Please refer to Note 18 for details of the features of these plans and for the status of the plans initially granted by Gameloft S.E. and by Havas.

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 24). Moreover, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties. The operating costs of Vivendi SA's headquarters, after the allocation of a portion of these costs to each of the group's businesses, are included in the Corporate operating segment.

1.5. CONTRACTUAL OBLIGATIONS AND CONTINGENT ASSETS AND LIABILITIES

Once a year, Vivendi and its subsidiaries prepare detailed reports on all material contractual obligations, commercial and financial commitments and contingent obligations, for which they are jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. To ensure completeness, accuracy and consistency of these reports, some dedicated internal control procedures are carried out, including (but not limited to) the review of:

- minutes of meetings of the shareholders, Management Board, Supervisory Board and committees of the Supervisory Board in respect of matters such as contracts, litigation, and authorization of asset acquisitions or divestitures;
- pledges and guarantees with banks and financial institutions;
- pending litigation, claims (in dispute) and environmental matters as well as related assessments for unrecorded contingencies with internal and/or external legal counsels;

- tax examiner's reports and, if applicable, notices of reassessments and tax expense analyses for prior years;
- insurance coverage for unrecorded contingencies with the risk management department and insurance agents and brokers with whom the group contracted;
- related-party transactions for guarantees and other given or received commitments; and more generally
- major contracts and agreements.

1.6. NEW IFRS STANDARDS AND IFRIC INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT ARE NOT YET EFFECTIVE

Among IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC as of the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application, the main standard which may have an impact on Vivendi is IFRS 16 – *Leases*.

IFRS 16 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, and mandatorily applies for financial years commencing on or after January 1, 2019.

Licenses of intellectual property granted by a lessor and right held by a lessee under licensing agreement are not within the scope of IFRS 16, Vivendi mainly focused on the accounting of real estate leases contracts for which Vivendi is the lessee.

On a preliminary basis, Vivendi determined that the lease liability, estimated as of January 1, 2019 in accordance with IFRS 16, would amount to approximately €1.3 billion, which does not include at this stage the potential impact of the consolidation of Editis as from February 1, 2019. Assessment of the final impact of the application of IFRS 16 on the Statement of Earnings, the aggregate comprehensive income, the Statement of Financial Position, the Statement of Cash Flows (presentation), and the content of the notes to the Consolidated Financial Statements will be finalized during the year ended December 31, 2019.

Vivendi has applied IFRS 16 with retrospective effect from January 1, 2019 using the modified retrospective approach and without restatement of the comparative periods in the consolidated financial statements.

NOTE 2. MAJOR EVENTS

2.1. OPENING OF UNIVERSAL MUSIC GROUP'S SHARE CAPITAL

The sale process for up to 50% of Universal Music Group's share capital to one or more strategic partners is moving forward:

- corporate structure reorganization was completed at the end of 2018;
- launch of Vendor Due Diligence at the beginning of 2019; and
- meetings were held with the pre-selected banks. The final selection of the financial advisors that will assist Vivendi in finding the best partners for Universal Music Group should be completed in the coming weeks.

A floor price will be set for the entry of partners into Universal Music Group's share capital.

2.2. ACQUISITION OF EDITIS

Following the share purchase agreement entered into on November 15, 2018 with the Spanish group Planeta, based on an enterprise value of €900 million, on January 31, 2019, Vivendi completed the acquisition of 100% of the share capital of Editis, the second-largest French-language publishing group, representing an €833 million outflow, including the repayment of Editis's debt. The French Competition Authority had authorized the transaction unconditionally on January 2, 2019. Vivendi has fully consolidated Editis since February 1, 2019.

Editis recorded revenues of approximately €750 million.

Vivendi and Editis share a recognized expertise in the development and management of rights to cultural works and share the same passion for managing creativity and talent. This acquisition is a logical step in the building of a large content, media and communications group. It also marks the return of this French publishing powerhouse to a European group with a global reach.

Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, has taken on the additional role of Chairman of Editis's Board of Directors. Pierre Conte has been confirmed as Chief Executive Officer.

Editis encompasses around 50 prestigious publishing houses (e.g., Nathan, Robert Laffont, Julliard, Plon, Belfond, Presses de la Cité, Pocket or Solar). With a large portfolio of internationally-acclaimed authors, 4,000 new books published each year and a catalogue of more than 45,000 titles, Editis employs 2,400 people and has leading positions in the fields of fiction, children's books, non-fiction, graphic and illustrated books, educational and reference books. Through its subsidiary Interforum, it is also a leader in book selling/distribution.

2.3. SALE OF INTEREST IN UBISOFT

On March 20, 2018, Vivendi announced the sale of its entire 27.27% interest in Ubisoft (30,489,300 shares) at a price of €66 per share, representing an aggregate amount of €2 billion. This interest had been acquired by Vivendi over the past three years for €794 million.

In connection with this sale, Vivendi received €1,511 million on March 23, 2018 (sale of 22,898,391 shares) and €69 million on October 3, 2018 (sale of 1,040,909 shares). The balance of the sale proceeds that remains to be received by Vivendi amounts to €429 million under the forward sale of its remaining interest in Ubisoft (6,550,000 shares) which will occur on March 5, 2019. As of December 31, 2018, Vivendi recorded in the Consolidated Statement of Financial Position, a receivable on share disposal for such amount of the forward sale.

Vivendi has given 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.

Vivendi realized a capital gain of €1,213 million on the sale of the interest in Ubisoft on March 20, 2018. However, of this amount, only the portion corresponding to the revaluation of the interest in 2018 (€53 million), was recorded in the Statement of Earnings for the year ended December 31, 2018, in accordance with the new IFRS 9 accounting standard, applicable since January 1, 2018. The remaining portion of the capital gain (€1,160 million) corresponded to the revaluation of the interest until December 31, 2017, which 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 reclassified as retained earnings as of January 1, 2018, as part of the initial application of the IFRS 9. Under IAS 39, which was applicable until December 31, 2017, it would have been reported to profit or loss as part of the sale that occurred during the first half of 2018.

2.4. SALE OF INTEREST IN FNAC DARTY

On January 16, 2018, Vivendi entered into a hedging transaction to protect the value of its 11% interest in Fnac Darty. The hedge involved an over-the-counter instrument combining a forward sale, based on a reference price of €91 per share and a share market loan. Vivendi had retained the option to settle this transaction either in cash or in shares at maturity.

On July 2, 2018, Vivendi decided to settle the transaction in shares, which were delivered on July 10, 2018. On July 12, 2018, Vivendi received a cash payment of €267 million corresponding to the hedge price of €90.61 per share, after making an initial investment in May 2016 of €159 million, i.e., €54 per share.

Mr. Stéphane Roussel and Mr. Simon Gillham, members of Vivendi's Management Board, have agreed to remain members of Fnac Darty's Board of Directors.

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, Poland, Africa and Asia, as well as production, sales and distribution of movies and TV series.
- **Havas:** communications group covering all the communications disciplines (creativity, media expertise and healthcare/wellness);
- **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, Digitick and Paylogic), the companies that own and manage all Paddington intellectual property rights (except for the publishing rights), live performance through Olympia Production, Festival Production, the venues in Paris (L'Olympia and Théâtre de L'Œuvre) and in Africa (CanalOlympia), as well as MyBestPro, which was sold on December 21, 2018;
- **New Initiatives:** Dailymotion (video content aggregation and distribution platform), Vivendi Content (new content creation unit) 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. MAIN AGGREGATES OF THE STATEMENT OF EARNINGS BY OPERATING SEGMENT

Revenues by activity

	Year ended December 31,	
(in millions of euros)	2018	2017
Intellectual property licensing	6,508	6,171
Subscription services	4,474	4,493
Advertising, merchandising and other	3,008	1,898
Elimination of intersegment transactions	(58)	(44)
Revenues	**13,932**	**12,518**

Revenues by geographic area

Revenues are broken down by customer location.

	Year ended December 31,			
(in millions of euros)	2018		2017	
France	4,280	*31%*	4,402	*35%*
Rest of Europe	3,282	*24%*	2,871	*23%*
Americas	4,395	*31%*	3,527	*28%*
Asia/Oceania	1,373	*10%*	1,178	*10%*
Africa	602	*4%*	540	*4%*
Revenues	**13,932**	***100%***	**12,518**	***100%***

Main aggregates of the Statement of Earnings

	Year ended December 31,	
(in millions of euros)	2018	2017
Revenues		
Universal Music Group	6,023	5,673
Canal+ Group	5,166	5,198
Havas	2,319	1,211
Gameloft	293	320
Vivendi Village	123	109
New Initiatives	66	51
Elimination of intersegment transactions	(58)	(44)
	13,932	**12,518**
Income from operations		
Universal Music Group	946	798
Canal+ Group	429	349
Havas	258	135
Gameloft	4	10
Vivendi Village	(9)	(6)
New Initiatives	(79)	(87)
Corporate	(110)	(101)
	1,439	**1,098**
Restructuring charges		
Universal Music Group	(29)	(17)
Canal+ Group	(28)	(49)
Havas	(30)	(15)
Gameloft	(4)	(1)
Vivendi Village	(2)	(2)
New Initiatives	(3)	(3)
Corporate	(19)	(1)
	(115)	**(88)**
Income/(charges) related to share-based compensation plans		
Universal Music Group	(4)	(9)
Canal+ Group	(3)	(6)
Havas	(12)	(3)
Gameloft	2	(5)
Vivendi Village	-	-
New Initiatives	-	-
Corporate	(5)	(8)
	(22)	**(31)**
Other non-current operating charges and income		
Universal Music Group	(11)	(11)
Canal+ Group	2	6
Havas	(1)	(6)
Gameloft	-	-
Vivendi Village	2	(10)
New Initiatives	(17)	(2)
Corporate	11	13
	(14)	**(10)**
Adjusted earnings before interest and income taxes (EBITA)		
Universal Music Group	902	761
Canal+ Group	400	300
Havas	215	111
Gameloft	2	4
Vivendi Village	(9)	(18)
New Initiatives	(99)	(92)
Corporate	(123)	(97)
	1,288	**969**

Reconciliation of EBIT to EBITA and to income from operations

	Year ended December 31,	
(in millions of euros)	2018	2017
EBIT (a)	**1,182**	**1,018**
Adjustments		
Amortization of intangible assets acquired through business combinations	111	122
Impairment losses on intangible assets acquired through business combinations (a)	2	2
Reversal of reserve related to the Securities Class Action litigation in the United States (a)	-	(27)
Income from equity affiliates – operational (a)	(7)	(146)
EBITA	**1,288**	**969**
Adjustments		
Restructuring charges (a)	115	88
Charges related to share-based compensation plans	22	31
Other non-current operating charges and income	14	10
Income from operations	**1,439**	**1,098**

(a) As reported in the Consolidated Statement of Earnings.

3.2. STATEMENT OF FINANCIAL POSITION BY OPERATING SEGMENT

Segment assets and liabilities

(in millions of euros)	December 31, 2018	January 1, 2018
Segment assets (a)		
Universal Music Group	9,715	8,512
Canal+ Group	7,624	7,636
Havas	5,301	5,319
Gameloft	706	713
Vivendi Village	251	225
New Initiatives	542	551
Corporate	5,392	8,296
Of which investments in equity affiliates	*3,130*	*4,242*
listed equity securities (b)	*1,363*	*3,751*
	29,531	**31,252**
Segment liabilities (c)		
Universal Music Group	4,320	3,647
Canal+ Group	2,451	2,533
Havas	3,678	3,761
Gameloft	70	71
Vivendi Village	167	139
New Initiatives	70	64
Corporate	933	957
	11,689	**11,172**

(a) Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, equity affiliates, financial assets, inventories and trade accounts receivable, and other.

(b) The decrease in the amount of listed equity securities mainly related to the sale of Vivendi's interest in Ubisoft (on March 20, 2018), Fnac Darty (on July 10, 2018) and Telefonica (in November and December 2018): please refer to Notes 2 and 12.

(c) Segment liabilities include provisions, other non-current liabilities, and trade accounts payable and other.

Additional operating segment data is presented in the following notes: Note 9 "Goodwill" and Note 10 "Content assets and commitments".

Segment assets by geographic area

(in millions of euros)	December 31, 2018		January 1, 2018	
France	10,050	*34%*	11,509	*37%*
Rest of Europe	8,911	*30%*	10,082	*32%*
Americas	9,487	*32%*	8,724	*28%*
Asia/Oceania	812	*3%*	720	*2%*
Africa	271	*1%*	217	*1%*
Segment assets	**29,531**	***100%***	**31,252**	***100%***

Capex, depreciation and amortization

	Year ended December 31,	
(in millions of euros)	2018	2017
Capital expenditures, net (capex net) (a)		
Universal Music Group	110	63
Canal+ Group	166	144
Havas	38	21
Gameloft	6	6
Vivendi Village	7	11
New Initiatives	10	13
Corporate	4	1
	341	**259**
Increase in tangible and intangible assets		
Universal Music Group	127	73
Canal+ Group	192	138
Havas	37	21
Gameloft	6	7
Vivendi Village	7	15
New Initiatives	10	9
Corporate	1	1
	380	**264**
Depreciation of tangible assets		
Universal Music Group	46	53
Canal+ Group	133	154
Havas	38	20
Gameloft	6	8
Vivendi Village	4	2
New Initiatives	6	6
Corporate	1	-
	234	**243**
Amortization of intangible assets excluding those acquired through business combinations		
Universal Music Group	-	-
Canal+ Group	72	66
Havas	8	4
Gameloft	1	1
Vivendi Village	-	13
New Initiatives	25	10
Corporate	-	-
	106	**94**
Amortization of intangible assets acquired through business combinations		
Universal Music Group	80	84
Canal+ Group	16	12
Havas	-	1
Gameloft	14	21
Vivendi Village	-	2
New Initiatives	1	2
Corporate	-	-
	111	**122**
Impairment losses on intangible assets acquired through business combinations		
Universal Music Group	-	-
Canal+ Group	-	2
Havas	-	-
Gameloft	-	-
Vivendi Village	-	-
New Initiatives	2	-
Corporate	-	-
	2	**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	2018	2017
Salaries		2,538	1,962
Social security and other employment charges		537	451
Capitalized personnel costs		(16)	(15)
Wages and expenses		**3,059**	**2,398**
Share-based compensation plans	18	22	31
Employee benefit plans	17	88	69
Other		52	31
Personnel costs		**3,221**	**2,529**
Annual average number of full-time equivalent employees (in thousands)		*41.6*	*32.1*

ADDITIONAL INFORMATION ON OPERATING EXPENSES

Advertising costs amounted to €371 million in 2018 (compared to €379 million in 2017).

Expenses recorded in the Statement of Earnings, with respect to service contracts related to satellite transponders amounted to €102 million in 2018 (compared to €104 million in 2017).

Net expense recorded in the Statement of Earnings, with respect to operating leases amounted to €274 million in 2018 (compared to €202 million in 2017). This increase of €72 million mainly resulted from the consolidation of Havas on July 3, 2017.

Research and development costs amounted to a net charge of €135 million in 2018 (compared to €154 million in 2017).

TAXES ON PRODUCTION

Taxes on production amounted to €118 million in 2018 (compared to €149 million in 2017), of which €33 million related to taxes on television services (compared to €63 million in 2017).

NOTE 5. FINANCIAL CHARGES AND INCOME

INTEREST

		Year ended December 31,	
(in millions of euros)	Note	2018	2017
(Charge)/Income			
Interest expense on borrowings (a)	19	(64)	(68)
Interest income from cash, cash equivalents and investments		17	15
Interest		**(47)**	**(53)**
Fees and premiums on borrowings and credit facilities issued		*(2)*	*(2)*
		(49)	**(55)**

(a) Included the annual coupon of the €700 million bond issued by Vivendi SA and maturing in December 2019 for €34 million in 2018 and in 2017 (please refer to Note 19.2).

OTHER FINANCIAL INCOME AND CHARGES

		Year ended December 31,	
(in millions of euros)	Note	2018	2017
Capital gain on financial investments		(a) 377	12
Effect of undiscounting assets (b)		18	5
Expected return on plan assets related to employee benefit plans	17.2	11	10
Foreign exchange gain		10	7
Change in value of derivative instruments		2	8
Other		-	1
Other financial income		**418**	**43**
Write-down of the Telecom Italia shares accounted for under the equity method	11.2	(1,066)	-
Downside adjustment on financial investments		-	(47)
Effect of undiscounting liabilities (b)		(20)	(12)
Interest cost related to employee benefit plans	17.2	(27)	(22)
Fees and premiums on borrowings and credit facilities issued		(2)	(2)
Foreign exchange loss		(10)	(9)
Other		(56)	(51)
Other financial charges		**(1,181)**	**(143)**
Net total		**(763)**	**(100)**

(a) Other financial income included the revaluation between January 1 and December 31, 2018 of the interests in Spotify and Tencent Music for an aggregate amount of €312 million, as well as in Ubisoft for €53 million (please refer to Note 2.3), reported to profit or loss in accordance with the new accounting standard IFRS 9, 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, 2018, 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 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 lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period – from January 1, 2012 to December 31, 2014.
- In 2011, 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 and the deductibility of interest limited to 85% of financial charges, net (reduced further to 75% as from January 1, 2014).

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 and that its decision is not subject to appeal, the amount of €366 million paid to Vivendi, coupled with moratorium interest of €43 million, were 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, which was subsequently challenged by the tax authorities in connection with a tax audit. Consequently, Vivendi provisioned €208 million for the associated risk in its Financial Statements for the year ended December 31, 2012, increasing the amount 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), totaling an amount of €232 million. This was subsequently decreased to €228 million as of December 31, 2015 after the deduction of ordinary tax credits. In connection with this audit, on March 31, 2015, Vivendi made a payment of €321 million, relating to the €221 million and €11 million mentioned above. This amount increased a further €89 million due to additional penalties.
- 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. Pursuant to this decision, on April 18, 2017, 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 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 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 requesting the quashing of 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. Vivendi has 30 days to satisfy this request. Considering that the amount is provisioned in Vivendi's Financial Statements, this payment will have no impact on the Statement of Earnings.
- 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.
- In the Financial Statements for the year ended December 31, 2018, 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, 2018 could not be reliably determined. As of December 31, 2018, taking into account the impact of the estimated 2018 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 €781 million in tax savings from tax attributes (based on the income tax rate applicable as of January 1, 2019, i.e., 32.02%). At a rate of 25.83% applicable in 2022, it is anticipated that Vivendi would achieve €630 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 2019, it is anticipated that Vivendi will likely be able to achieve tax savings of €114 million from the French Tax Group System (based on the income tax rate applicable in 2019, 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)	2018	2017
(Charge)/Income		
Current		
France	(16)	(a) 572
Rest of Europe	(68)	(37)
United States	(b) (98)	(16)
Rest of the world	(98)	(87)
	(280)	**432**
Deferred		
France	12	(c) (116)
Rest of Europe	(d) (89)	-
United States (c)	(e) (11)	(e) 34
Rest of the world	11	5
	(77)	**(77)**
Provision for income taxes	**(357)**	**355**

(a) Included a current tax income of €409 million from litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured a favorable settlement. It also included the current tax income of €243 million relating to the refund received by Vivendi SA and its subsidiaries of the amounts paid in respect of the 3% tax on dividend distributions.

(b) In 2018, it included a federal tax charge which reflected the impact of the tax reform in the United States as from January 1, 2018.

(c) Included a deferred tax charge of -€106 million relating to the write-off of deferred tax assets relating to tax losses carried forward by Havas in France.

(d) In accordance with the new accounting standard IFRS 9, applicable since January 1, 2018, it included the deferred tax charge relating to the revaluation through profit or loss of the interest in Spotify and Tencent Music for an aggregate amount of -€72 million.

(e) Included a net deferred tax income of €79 million following changes in the federal corporate tax rate applicable in the United States as from January 1, 2018.

The tax reform initiated in 2017 introduces significant changes in the calculation of the corporate tax in the United States. As from January 1, 2018, the federal corporate tax rate has been reduced from 35% to 21%. However, this rate reduction is accompanied by a widening of the taxable base through the introduction of a minimum tax on income earned in countries with low-tax rates (minimum tax on global intangible low-taxed income "GILTI") and the introduction of a tax mechanism expenditures that erode s the 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, 2017 and December 31, 2018, reflect our best estimate pending the publication of instructions commenting on this reform and clarification on the interpretation of certain previously issued instructions. The amounts recorded will therefore be adjusted in 2019, particularly in the light of changes in our interpretations and assumptions, as well as further clarifications or instructions from the US legislator or the US tax authorities.

Income tax paid

	Year ended December 31,	
(in millions of euros)	2018	2017
France	(76)	(a) 622
Rest of Europe	(47)	(20)
United States	(43)	(53)
Rest of the world	(96)	(78)
Income tax (paid)/collected	**(262)**	**471**

(a) Included an inflow of €346 million as part of the litigation settlement relating to foreign tax receivables utilized by Vivendi SA in fiscal year 2012, as well as a €223 million inflow relating to the refund to Vivendi SA of amounts paid in relation to the 3% tax on dividend distributions.

6.3. EFFECTIVE TAX RATE

	Year ended December 31,	
(in millions of euros, except %)	2018	2017
Earnings (before non-controlling interests)	**157**	**1,249**
Eliminations		
Income from equity affiliates	(129)	(146)
Earnings from discontinued operations	-	-
Provision for income taxes	357	(355)
Earnings from continuing operations before provision for income taxes	**385**	**748**
French statutory tax rate	***34.43%***	***34.43%***
Theoretical provision for income taxes based on French statutory tax rate	**(133)**	**(258)**
Reconciliation of the theoretical and effective provision for income taxes		
Earnings tax rates differences	(a) 212	41
Impacts of the changes in tax rates	(2)	(b) 89
Use or recognition of tax losses	222	178
Depreciation or non-recognition of tax losses	(98)	(c) (258)
Changes in deferred tax assets related to Vivendi SA's French Tax Group and the Consolidated Global Profit Tax Systems	(2)	3
Adjustments to tax expense from previous years	8	9
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 Consolidated Global Profit Tax System of 2011	-	(d) 409
3% tax on Vivendi SA's dividends	-	(8)
Refunds with respect to the 3% tax on dividends paid by Vivendi SA and its subsidiaries	-	(e) 243
Write-down of the Telecom Italia shares accounted for under the equity method	(f) (367)	-
Other	(215)	(93)
Provision for income taxes	**(357)**	**355**
Effective tax rate	***92.6%***	***-47.5%***

(a) Included for 2018, a favorable rate effect following the change in the federal corporate tax rate applicable in the United States. The tax reform initiated in 2017 introduces significant changes in the calculation of the corporate tax in the United States. As from January 1, 2018, the federal corporate tax rate has been reduced from 35% to 21%. However, this rate reduction is accompanied by a widening of the taxable base through the introduction of a minimum tax on income earned in countries with low-tax rates (minimum tax on global intangible low-taxed income "GILTI") and the introduction of a tax mechanism expenditures that erode s the 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, 2017 and December 31, 2018, reflect our best estimate pending the publication of instructions commenting on this reform and clarification on the interpretation of certain previously issued instructions. The amounts recorded will therefore be adjusted in 2019, particularly in the light of changes in our interpretations and assumptions, as well as further clarifications or instructions from the US legislator or the US tax authorities.

(b) Included a net deferred tax income of €79 million following changes in the federal corporate tax rate applicable in the United States as from January 1, 2018.

(c) Included a deferred tax charge of -€119 million corresponding to the write-off of deferred tax assets relating to tax losses carried forward by Havas, primarily in France.

(d) Related to a current tax income of €409 million, a result of the litigation relating to the Consolidated Global Profit Tax System of 2011, where Vivendi SA secured favorable settlement (please refer to Note 6.1).

(e) Related to a current tax income of €243 million from the refund to Vivendi and its subsidiaries of amounts paid in relation to the 3% tax on dividend distributions (please refer to Note 6.5).

(f) 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)	2018	2017
Opening balance of deferred tax assets/(liabilities), net	(a) **38**	**26**
Consolidation of Havas	-	106
Provision for income taxes	(77)	(77)
Charges and income directly recorded in equity	(13)	(7)
Other business combinations	-	(27)
Changes in foreign currency translation adjustments and other	(26)	15
Closing balance of deferred tax assets/(liabilities), net	**(78)**	**36**

(a) As of January 1, 2018, deferred tax assets included the impact of the restatements related to the application of IFRS 9 for +€2 million (please refer to Note 28.2).

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2018	January 1, 2018
Deferred tax assets		
Recognizable deferred taxes		
Tax attributes – Vivendi SA Tax Group (a) (b)	781	875
Tax attributes – US Tax Group (a) (c)	214	233
Tax attributes – Havas Group (a) (d)	274	315
Tax attributes – Other subsidiaries (a)	279	441
Other	693	589
Of which non-deductible provisions	*115*	*94*
employee benefits	*169*	*186*
working capital	*177*	*156*
Total gross deferred taxes	**2,241**	**2,453**
Deferred taxes, unrecognized		
Tax attributes – Vivendi SA Tax Group (a) (b)	(667)	(755)
Tax attributes – US Tax Group (a) (c)	(214)	(233)
Tax attributes – Havas Group (a) (d)	(249)	(297)
Tax attributes – Other subsidiaries (a)	(255)	(396)
Other	(181)	(145)
Total deferred tax assets, unrecognized	**(1,566)**	**(1,826)**
Recorded deferred tax assets	**675**	**627**
Deferred tax liabilities		
Asset revaluations (e)	(335)	(340)
Other	(418)	(249)
Recorded deferred tax liabilities	**(753)**	**(589)**
DEFERRED TAX ASSETS/(LIABILITIES), NET	**(78)**	**38**

(a) The amounts of tax attributes 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., €781 million as of December 31, 2018 (compared to €875 million as of December 31, 2017), in respect of tax losses only, taking into account the estimated impact (-€36 million) of 2018 transactions (taxable income and use or expiration of tax credits) and the change in the income tax rate in France, which was reduced from 34.43% to 32.02% as from January 1, 2019 (-€58 million), 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 Vivendi considers that the foreign tax receivables can be carried forward for a minimum period of five years 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., $244 million as of December 31, 2018 (compared to $278 million as of December 31, 2017), taking into account the estimated impact (-$34 million) of 2018 transactions, but before taking into account the final contingent outcome of ongoing tax audits (please refer to Note 6.5). The cumulative amount of ordinary tax losses carried forward by the group in the United States was fully consumed as of December 31, 2017.

(d) As of December 31, 2017, Havas recorded a deferred tax charge of -€119 million from the write-off of deferred tax assets relating to tax losses carried forward, primarily in France. Havas SA's Tax Group ended on December 31, 2017. As from January 1, 2018, Havas SA and its subsidiaries located in France have been included in Vivendi SA's Tax Group.

(e) 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 business, Vivendi SA and its subsidiaries are subject to tax audits by the relevant tax authorities in the countries in which they conduct or have conducted business. Various tax authorities have proposed adjustments to the financial results filed by Vivendi and its subsidiaries for fiscal year 2017 and prior years, under statutes of limitation applicable to Vivendi and its subsidiaries. The potential charges that may result from these audits give rise to provisions to the extent that they are considered probable and quantifiable. Regarding ongoing tax audits, no provision is recorded where the impact which may 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 Vivendi SA, in respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007, 2008, 2009 and 2010 is still ongoing, as are the tax audits for fiscal years 2011 and 2012, relating to Vivendi SA or its tax group. Under these audits, the tax authorities challenged Vivendi's right to use its foreign tax receivables for the payment of its 2012 tax obligation year. Similarly, Vivendi requested the reimbursement of its 2015 tax payment by contentious claim, requesting the deduction of these foreign tax receivables. In any event, the impact in relation to the use of foreign tax receivables upon exit from the Global Profit Tax System of 2012 and 2015 were recorded as provisions for €239 million and €203 million, respectively.

More specifically, regarding the tax audit for fiscal years 2008 to 2011, Vivendi SA is subject to a rectification procedure for which the tax authorities challenge the accounting and fiscal treatment of NBC Universal shares received in consideration of the sale of Vivendi Universal Entertainment shares in 2004. Additionally, the tax authorities challenged the deduction of the €2.4 billion loss recorded as part of the sale of these shares in 2010 and 2011. The National Direct Tax System *(Commission Nationale des Impôts Directs)* before which proceedings were brought, 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, as the disagreement found its basis in an administrative doctrine, Vivendi asked for the opinion to be cancelled on the grounds 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. This audit is still ongoing and Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

In respect of the US Tax Group, the tax audit for fiscal years 2008, 2009 and 2010 were settled through a tax reimbursement of $6 million. The tax audit for fiscal years 2011, 2012, and 2013 is ongoing. On January 31, 2018, Vivendi was informed by the US tax authorities that fiscal years 2014, 2015 and 2016 were under audit. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

Regarding the additional tax contribution of 3% on dividend distributions paid by Vivendi SA for a total amount of €214 million in relation to the dividends paid in fiscal year 2013 and in fiscal years 2015 to 2017, these contributions were challenged before the tax authorities and the Administrative Court of Montreuil. Following a decision of the French Constitutional Council *(Conseil constitutionnel)* dated October 6, 2017, pursuant to which it determined that the 3% tax on dividend distributions was unconstitutional, the tax authorities proceeded to carry out a rebate of the litigious contributions and to their refund. Consequently, Vivendi withdrew from its actions before the Administrative Court. In addition, in accordance with applicable law, these refunds gave rise to the payment of moratorium interest to Vivendi, to be applied through the effective restitution date. In its Financial Statements for the year ended December 31, 2017, Vivendi SA recorded a tax income of €207 million from the litigation settlement, and moratorium interest of €24 million. Regarding the tax contributions paid by Canal+ Group (€4 million) and Havas (€7 million), these contributions have been challenged before the tax authorities. Canal+ Group and Havas were reimbursed, with moratorium interest of €1 million.

Regarding the dispute over the validity of the merger between SFR and Vivendi Telecom International (VTI) dated December 2011, which entails a potential challenge of the integration of SFR within the Vivendi tax group in respect of fiscal year 2011, SFR was informed, in a letter dated November 8, 2017, that the tax authorities were withdrawing their adjustment proposal, confirming Vivendi's position that it had solid legal grounds upon which to challenge the tax authorities' position.

With regard to the Havas Group, Havas SA filed a contentious claim for the refund of the withholding tax paid by the company between 2000 and 2002 on the redistribution of dividends from European subsidiaries (i.e., €38 million). Following the filing of the case before the Administrative Court, the Paris Court of Appeal and the Versailles Court of Appeal, on July 28, 2017, the French Council of State *(Conseil d'État)* found that the appeal in cassation lodged by Havas against the decision of the Versailles Court of Appeal was inadmissible. This decision irrevocably ended the tax litigation and prevented Havas from receiving a refund of the withholding tax. To restore Havas's right to compensation, three combined actions were instituted: (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 state. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

In addition, under Havas SA and Havas International's tax audits for fiscal years 2002 to 2005, the French Administration rectified the tax result of Havas SA tax group, thereby reducing the overall deficit reported by the tax group by €267 million. This rectification was challenged before the tax authorities. Following filings made before the Administrative Court of Montreuil and the Versailles Court of Appeal, on July 12, 2017, the French Council of State (*Conseil d'État*) overturned the Court of Appeal's ruling, which was unfavorable to Havas, and remanded the case to that same court. On August 28, 2017, Havas filed an appeal before the Versailles Court of Appeal. In a decision dated July 3, 2018, the Versailles Court of Appeal confirmed Havas's positions and decided to restore Havas SA' s deficit results of €267 million.

NOTE 7. EARNINGS PER SHARE

	Year ended December 31,			
	2018		2017	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners	127	127	1,216	(a) 1,182
Earnings from discontinued operations attributable to Vivendi SA shareowners	-	-	-	-
Earnings attributable to Vivendi SA shareowners	**127**	**127**	**1,216**	**1,182**
Number of shares (in millions)				
Weighted average number of shares outstanding (b)	1,263.5	1,263.5	1,252.7	1,252.7
Potential dilutive effects related to share-based compensation	-	5.1	-	4.8
Adjusted weighted average number of shares	**1,263.5**	**1,268.6**	**1,252.7**	**1,257.5**
Earnings per share (in euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners per share	0.10	0.10	0.97	0.94
Earnings from discontinued operations attributable to Vivendi SA shareowners per share	-	-	-	-
Earnings attributable to Vivendi SA shareowners per share	**0.10**	**0.10**	**0.97**	**0.94**

(a) Related only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information publicly disclosed by Telecom Italia with a three-month reporting lag (please refer to Note 11.2).

(b) Net of the weighted average number of treasury shares (38.5 million shares in 2018, compared to 37.5 million shares in 2017).

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					
			Unrealized gains/(losses)					
(in millions of euros)	Actuarial gains/(losses) related to employee defined benefit plans (a)	Financial assets at fair value through other comprehensive income	Available-for-sale securities	Hedging instruments (b)	Total	Foreign currency translation adjustments	Other comprehensive income from equity affiliates, net	Other comprehensive income
Balance as of December 31, 2016	**(247)**	**-**	**489**	**44**	**533**	**365**	**113**	**764**
Charges and income directly recognized in equity	29	-	(c) 650	35	685	(848)	(31)	(165)
Items to be reclassified to profit or loss	na	-	-	(3)	(3)	-	-	(3)
Tax effect	-	-	2	1	3	-	-	3
Consolidation of Havas	(54)	-	-	-	-	(14)	(1)	(69)
Balance as of December 31, 2017	**(272)**	**-**	**1,141**	**77**	**1,218**	**(497)**	**(d) 81**	**530**
Restatements related to the application of IFRS 9 (e)	*-*	*(198)*	*(1,141)*	*1*	*(1,140)*	*-*	*-*	*(1,338)*
Restatements related to the application of IFRS 9 and IFRS 15 by equity affiliates	*-*	*-*	*-*	*-*	*-*	*-*	*2*	*2*
Balance as of January 1, 2018	**(272)**	**(198)**	**na**	**78**	**78**	**(497)**	**83**	**(806)**
Charges and income directly recognized in equity	40	(224)	-	3	3	228	(164)	(117)
Items to be reclassified to profit or loss	-	(7)	-	-	-	-	-	(7)
Tax effect	(10)	(2)	-	-	-	-	-	(12)
Balance as of December 31, 2018	**(242)**	**(431)**	**na**	**81**	**81**	**(269)**	**(d) (81)**	**(942)**

na: not applicable.

(a) Please refer to Note 17.

(b) Please refer to Note 19.7.

(c) Included unrealized capital gain on Vivendi's listed equity portfolio.

(d) Included foreign currency translation from Telecom Italia for -€20 million as of December 31, 2018, compared to +€111 million as of December 31, 2017.

(e) Notably included the reclassification to retained earnings of the €1,160 million unrealized capital gain as of December 31, 2017 relating to Vivendi's interest in Ubisoft (please refer to Note 2.3).

NOTE 9. GOODWILL

(in millions of euros)	December 31, 2018	December 31, 2017
Goodwill, gross	26,804	26,084
Impairment losses	(14,366)	(14,000)
Goodwill	**12,438**	**12,084**

9.1. CHANGES IN GOODWILL

(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	(a) 227	4,977
Canal+ Group	4,576	-	23	(4)	4,595
Havas	1,878	-	42	20	1,940
Gameloft	583	-	8	-	591
Vivendi Village	103	-	(b) 23	(1)	125
New Initiatives	208	(1)	3	-	210
Total	**12,084**	**(1)**	**113**	**242**	**12,438**

(in millions of euros)	December 31, 2016	Impairment losses	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2017
Universal Music Group	5,401	-	13	(a) (678)	4,736
Canal+ Group	4,573	-	11	(8)	4,576
Havas	-	-	(c) 1,918	(40)	1,878
Gameloft	609	-	(d) (26)	-	583
Vivendi Village	196	-	(e) (65)	(f) (28)	103
New Initiatives	208	-	-	-	208
Total	**10,987**	**-**	**1,851**	**(754)**	**12,084**

(a) Primarily included the foreign currency translation of the dollar (USD) against the euro.

(b) Notably included the provisional goodwill attributable to Paylogic, a ticketing and technology company acquired by Vivendi Village on April 16, 2018.

(c) Related to the carrying value of Havas's goodwill acquired by Vivendi on July 3, 2017.

(d) Related to the purchase price for Gameloft as of June 29, 2016, which was allocated to the technology and the game engines (€42 million; useful life estimated at 3 years) net of the resulting deferred tax liabilities (€15 million), based on analyses and estimates prepared by Vivendi. The final amount of goodwill attributable to Gameloft amounted to €583 million.

(e) Related to the purchase price for Paddington as of June 30, 2016, which was allocated to the brand (€77 million; indefinite useful life) net of the resulting deferred tax liabilities (€12 million), valued based on analyses and estimates prepared by Vivendi.

(f) Notably related to the sale of Radionomy on August 17, 2017.

9.2. GOODWILL IMPAIRMENT TEST

In 2018, 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 1.3.5.7.

Presentation of CGU or groups of CGU

Operating Segments	Cash Generating Units (CGU)	CGU or groups of CGU tested
Universal Music Group	Recorded music	Universal Music Group (a)
	Music publishing	
	Artist services and merchandising	
Canal+ Group	Pay-TV in Mainland France	Pay-TV in France (mainland and overseas), Poland, Africa and Asia, and free-to-air TV in France (a)
	Canal+ International (b)	
	nc+ (Poland)	
	Free-to-air TV in France	
	Studiocanal	Studiocanal
Havas	Spain (c)	Spain (c)
	North America	North America
	France	France
	Other territories	Other territories
Gameloft	Gameloft	Gameloft
Vivendi Village	See Tickets	See Tickets
	Digitick	Digitick
	Paylogic (d)	Paylogic (d)
	L'Olympia	L'Olympia
	Paddington	Paddington
	CanalOlympia	CanalOlympia
New Initiatives	Dailymotion	Dailymotion
	Vivendi Content	Vivendi Content
	Group Vivendi Africa	Group Vivendi Africa

(a) Corresponds to the level of monitoring return on investments.

(b) Relates to pay-TV in France overseas, Africa and Asia.

(c) Includes entities under the same management.

(d) As of December 31, 2018, no goodwill impairment test attributable to Paylogic was completed given that the acquisition date of Paylogic (April 16, 2018) 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, 2018, 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 2019 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 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**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Universal Music Group	Universal Music Group	na (b)	DCF & comparables model	na (b)	9.00%	na (b)	2.125%
Canal+ Group	Pay-TV in France (mainland and overseas), Poland, Africa and Asia, and free-to-air TV in France	na (c)	DCF & comparables model	na (c)	(d)	na (c)	(d)
	Studiocanal	DCF	DCF	8.00%	8.80%	0.50%	0.50%
Havas	Spain	DCF	DCF	8.03%	7.90%	2.00%	2.00%
	North America	DCF	DCF	8.10%	8.20%	2.00%	2.00%
	France	DCF	DCF	7.90%	7.80%	2.00%	2.00%
Gameloft	Gameloft	DCF & comparables model	DCF & comparables model	8.50%	8.50%	2.00%	2.00%
Vivendi Village	See Tickets	DCF	DCF	11.00%	11.00%	2.00%	2.00%
	Paddington	DCF	DCF	8.60%	9.00%	1.00%	1.00%
New Initiatives	Dailymotion	DCF & comparables model	DCF & comparables model	11.50%	11.50%	2.00%	2.00%

na: 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) To achieve the highest possible valuation for Universal Music Group, given the favorable change in the international music market, driven in particular by the strong development of subscription streaming services, Vivendi stated in 2018 that it is willing to sale up to 50% of Universal Music Group's share capital to one or more strategic partners and that such process could be completed within an 18-month timeframe.

(c) Based on multiple valuations observed in recent acquisitions, Vivendi considered that Canal+ Group's recoverable amount exceeded its carrying value. Canal+ Group did not update its business plan at year-end 2018, given the uncertainties around its program offering following the expiration of the League 1 football rights in France in 2020.

(d) Discount rates and perpetual growth rates applied in 2017 to test this group of UGT were as follows:

	Discount rate		Perpetual growth rate	
	2018	**2017**	**2018**	**2017**
Pay-TV				
Mainland France	(c)	6.70%	(c)	1.00%
France overseas	(c)	7.70%	(c)	1.00%
Africa	(c)	11.20%	(c)	2.00%
Poland	(c)	7.00%	(c)	1.50%
Vietnam	(c)	9.20%	(c)	2.00%
Free-to-air TV in France	(c)	8.10%	(c)	1.00%

With respect to free-to-air TV in France, the recoverable amount was determined on the basis of market data (comparable listed companies and comparison with the value attributed to similar companies in recent acquisition transactions).

Sensitivity of recoverable amounts

	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 (a)	**na**	**na**	**na**	**na**	**na**
Canal+ Group (b)					
Pay-TV in France (mainland and overseas), Poland, Africa and Asia, and free-to-air TV in France	na	na	na	na	na
Studiocanal	8.00%	+2.02 pts	0.50%	-3.78 pts	-23%
Havas					
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)	**na**	**na**	**na**	**na**	**na**
Dailymotion (c)	**na**	**na**	**na**	**na**	**na**

	December 31, 2017				
	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	**9.00%**	**+8.68 pts**	**2.125%**	**-21.25 pts**	**-57%**
Canal+ Group					
Pay-TV in France (mainland and overseas), Africa, Poland and Vietnam, and free-to-air TV in France	(d)	+1.45 pts	(d)	-3.07 pts	-19%
Studiocanal	8.80%	+1.67 pts	0.50%	-2.48 pts	-20%
Havas					
Spain	7.90%	+7.86 pts	2.00%	-15.06 pts	-58%
North America	8.20%	+4.05 pts	2.00%	-6.89 pts	-39%
France	7.80%	+6.13 pts	2.00%	-10.24 pts	-53%
Gameloft (c)	**na**	**na**	**na**	**na**	**na**
Dailymotion (c)	**na**	**na**	**na**	**na**	**na**

na: not applicable.

(a) Please refer to reference b. in the table above.

(b) Please refer to reference c. in the table above.

(c) The acquisitions of Gameloft and Dailymotion, on June 29, 2016 and June 30, 2015, respectively, were part of Vivendi's strategy to build a global content and media group. Gameloft and Dailymotion were fully consolidated into the group and they are currently being reconfigured. With the assistance of a third-party appraiser, Vivendi ensured that the recoverable amounts of Gameloft and Dailymotion as of December 31, 2017 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 value at the acquisition date.

(d) For a presentation of the applied rates, please refer to the table in reference (d) above.

NOTE 10. CONTENT ASSETS AND COMMITMENTS

10.1. CONTENT ASSETS

	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**

	December 31, 2017		
(in millions of euros)	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	8,105	(6,767)	1,338
Advances to artists and repertoire owners	704	-	704
Merchandising contracts and artists services	21	(21)	-
Film and television costs	6,503	(5,713)	790
Sports rights	408	-	408
Other	42	(35)	7
Content assets	**15,783**	**(12,536)**	**3,247**
Deduction of current content assets	(1,177)	17	(1,160)
Non-current content assets	**14,606**	**(12,519)**	**2,087**

Changes in content assets

	Year ended December 31,	
(in millions of euros)	2018	2017
Opening balance	**3,247**	**3,223**
Amortization of content assets excluding those acquired through business combinations	(49)	(27)
Amortization of content assets acquired through business combinations	(79)	(83)
Impairment losses on content assets acquired through business combinations	-	-
Increase	2,737	2,762
Decrease	(2,597)	(2,537)
Business combinations	3	36
Changes in foreign currency translation adjustments and other	278	(127)
Closing balance	**3,540**	**3,247**

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, 2018				
		Due in			Total minimum future payments as of December 31, 2017
(in millions of euros)	Total	2019	2020-2023	After 2023	
Music royalties to artists and repertoire owners	2,049	2,037	12	-	1,843
Film and television rights (a)	169	169	-	-	139
Sports rights	434	434	-	-	468
Creative talent, employment agreements and others	297	177	119	1	132
Content liabilities	**2,949**	**2,817**	**131**	**1**	**2,582**

Off-balance sheet commitments given/(received)

	Minimum future payments as of December 31, 2018				
		Due in			Total minimum future payments as of December 31, 2017
(in millions of euros)	Total	2019	2020-2023	After 2023	
Film and television rights (a)	2,630	1,134	1,494	2	2,724
Sports rights	(b) 1,735	942	782	11	2,022
Creative talent, employment agreements and others (c)	1,172	542	590	40	1,112
Given commitments	**5,537**	**2,618**	**2,866**	**53**	**5,858**
Film and television rights (a)	(188)	(91)	(97)	-	(212)
Sports rights	(7)	(3)	(4)	-	(16)
Creative talent, employment agreements and others (c)	not available				
Other	(3)	(1)	(2)	-	-
Received commitments	**(198)**	**(95)**	**(103)**	**-**	**(228)**
Total net	**5,339**	**2,523**	**2,763**	**53**	**5,630**

(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 nc+ 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, 2018, provisions recorded in respect of these commitments amounted to €26 million (compared to €27 million as of December 31, 2017).

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 €407 million as of December 31, 2018, compared to €630 million as of December 31, 2017. 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, SECP (Société d'Édition de Canal Plus) 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, Canal+ Group is required to invest 3.6% of its total net annual revenue in the financing of heritage works every year. Only films for which an agreement 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 French professional Soccer League 1, for the season 2019/2020 for the two premium lots (€549 million);
– the English Premier League, on an exclusive basis in France and in Poland, for the three seasons 2019/2020 to 2021/2022, awarded on October 31, 2018;
– the National French Rugby Championship "Top 14", on an exclusive basis, for the four seasons 2019/2020 to 2022/2023; and
– Formula 1, Formula 2 and GP3 racings, on an exclusive basis, for the seasons 2019 and 2020.
These commitments will be accounted for in the Statement of Financial Position either upon the start of every season or upon an initial significant payment.

(c) Primarily relates to UMG, which routinely commits to pay agreed amounts to artists and other parties upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or the other party has delivered his or her content or until the repayment of an advance, UMG discloses its obligation as an off-balance sheet given commitment. While the artist or the other party is obligated to deliver content or another product to UMG (these arrangements are generally exclusive), this counterpart cannot be reliably determined and, thus, is not reported in received commitments.

NOTE 11. INVESTMENTS IN EQUITY AFFILIATES

11.1. MAIN INVESTMENTS IN EQUITY AFFILIATES

As of December 31, 2018, 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, 2018	January 1, 2018	December 31, 2018	January 1, 2018
Telecom Italia (a)	23.94%	23.94%	3,130	4,242
Banijay Group Holding (b)	31.4%	31.4%	145	142
Vevo	49.4%	49.4%	81	80
Other	na	na	62	62
			3,418	**4,526**

na: not applicable.

(a) As of December 31, 2018, 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, 2018 (€0.4833 per ordinary share), the market value of this interest amounted to €1,759 million. For an analysis of the value of Vivendi's interest in Telecom Italia as of December 31, 2018, please refer to paragraph 11.2 below.

(b) On December 21, 2018, the balance of the "new ORAN 1" issued by Banijay Group Holding was early redeemed in cash for €25 million. On July 6, 2017, a portion of this bond had been early redeemed in cash for €39 million and converted into Banijay Group Holding shares (bringing Vivendi's interest in Banijay Group Holding from 26.2% to 31.4%).

Change in value of investments in equity affiliates

	Year ended December 31,	
(in millions of euros)	2018	2017
Opening balance	(a) **4,526**	**4,416**
Acquisitions	-	40
Sales	-	-
Write-downs	(b) (1,066)	-
Income from equity affiliates (c)	129	146
Change in other comprehensive income	(164)	(32)
Dividends received	(7)	(6)
Other	-	(24)
Closing balance	**3,418**	**4,540**

(a) In accordance with the new IFRS 9 and IFRS 15 accounting standards, the opening balance sheet as of January 1, 2018 was restated by equity affiliates (please refer to Note 28.2).

(b) Vivendi wrote-down the value of its interest in Telecom Italia for €1,066 million (please refer below).

(c) Primarily included Vivendi's share of Telecom Italia's net earnings for €122 million in 2018 (please refer below), compared to €144 million in 2017.

11.2. TELECOM ITALIA

Equity accounting of Telecom Italia

As of December 31, 2018, with no change compared to December 31, 2017, 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. Since December 31, 2017, the following main events occurred:

- On March 22, 2018, with effect from April 24, 2018, the three members of Telecom Italia's Board of Directors representing Vivendi resigned, including Mr. Arnaud de Puyfontaine, Executive Chairman of Telecom Italia's Board of Directors since June 1, 2017.
- On May 4, 2018, Telecom Italia's Shareholders' Meeting appointed five Board candidates out of the ten candidates proposed by Vivendi, including Messrs. Arnaud de Puyfontaine and Amos Genish. Vivendi's Board candidate slate had 47% of the votes cast compared to 49% of the votes cast for Elliott's slate which obtained ten directors.
- On May 7, 2018, Telecom Italia's Board of Directors unanimously appointed Mr. Amos Genish as *Amministratore Delegato* (Chief Executive Officer) of Telecom Italia. On this occasion, Vivendi reaffirmed its long-term commitment to Telecom Italia. As a reminder, Vivendi supported the 2018-2020 industrial plan announced by Mr. Amos Genish on March 12, 2018, which was unanimously approved by Telecom Italia's Board of Directors.
- On May 16, 2018, Telecom Italia's Board of Directors considered that Vivendi was no longer exercising "management and coordination activities" (*attività di direzione e coordinamento*, according to Article 2497-bis of the Italian Civil Code) over Telecom Italia and consequently terminated the "management and coordination activities" that had been exercised by Vivendi since July 27, 2017.
- On November 13, 2018, Telecom Italia's Board of Directors revoked the executive powers of *Amministratore Delegato* held by Mr. Amos Genish, who remains a member of the Board of Directors.
- On December 14, 2018, Vivendi requested the Telecom Italia Board of Directors to convene a Shareholders' Meeting as soon as possible to vote for the appointment of new statutory Auditors. Vivendi also requested that the agenda of the Shareholders' Meeting includes a vote on the dismissal of five Board members from the Elliott list.

Notwithstanding the change in the governance of Telecom Italia in 2018, and the subsequent decrease of Vivendi's influence over Telecom Italia's Board of Directors, 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. To account for this decrease of influence over Telecom Italia in 2018, Vivendi has been recording its share of Telecom Italia's net earnings as "income from equity affiliates – non-operational". In 2017, it was recorded as "income from equity affiliates – operational".

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 2018, Vivendi's earnings take into account its share of Telecom Italia's net earnings for the fourth quarter of 2017 and for the first nine months of 2018, i.e., a total of €122 million, which was calculated as follows:

- €8 million, attributable to Vivendi's share of Telecom Italia's profit for the fourth quarter of 2017, calculated based on the financial information for the year ended December 31, 2017, as publicly disclosed by Telecom Italia on March 6, 2018;
- €174 million, attributable to Vivendi's share of Telecom Italia's profit for the first nine months of 2018, calculated based on the financial information for the first nine months of 2018, as publicly disclosed by Telecom Italia on November 8, 2018; 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 -€168 million in 2018, including -€130 million related to foreign currency translation adjustments.

Value of Vivendi's interest in Telecom Italia as of December 31, 2018

As of December 31, 2018, the stock market price of Telecom Italia ordinary shares (€0.4833) decreased compared to the average purchase price paid by Vivendi (€1.0709). In particular, Vivendi has observed the significant decrease in the stock market price of Telecom Italia since May 4, 2018, the date of Telecom Italia's Shareholders Meeting during which the Board of Directors' composition was changed and a new Chairman was appointed. Consistent with previous fiscal year-ends, Vivendi tested the value of its interest in Telecom Italia, to determine whether the recoverable amount exceeded its carrying value. With the assistance of a third-party appraiser, Vivendi used the standard valuation methods: the value in use, determined as the discounted value of future cash flows; the fair value, determined on the basis of market data: stock market prices, comparable listed companies and comparison with the value attributed to similar assets or companies in recent acquisition transactions. Notwithstanding Vivendi's expected improvement of Telecom Italia's outlook, Vivendi wrote-down the value of its interest accounted for under the equity method for €1,066 million, notably to take into account the uncertainty affecting Telecom Italia's governance, which increases the non-execution risks associated with the company's industrial plan given Vivendi's lower power to participate in Telecom Italia's financial and operating policy decisions, and to take into account the changes in Telecom Italia's competitive and regulatory environment. Therefore, in Vivendi's Consolidated Financial Statements for the year ended December 31, 2018, the value of Telecom Italia shares accounted for under the equity method was €3,130 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 months Financial Statements as of September 30, 2018	Annual Financial Statements as of December 31, 2017
Date of publication by Telecom Italia:	*November 8, 2018*	*March 6, 2018*
Non-current assets	54,038	58,452
Current assets	9,533	10,331
Total assets	**63,571**	**68,783**
Total equity	21,901	23,783
Non-current liabilities	29,062	32,612
Current liabilities	12,608	12,388
Total liabilities	**63,571**	**68,783**
Of which net financial debt (a)	*26,127*	*26,091*
Revenues	14,077	19,828
EBITDA (a)	5,778	7,790
Earnings attributable to Telecom Italia shareowners	(868)	1,121
Total comprehensive income/(loss) attributable to Telecom Italia shareowners	(1,530)	527

(a) Non-GAAP measures ("Alternative Performance Measures"), as publicly disclosed by Telecom Italia.

NOTE 12. FINANCIAL ASSETS

	December 31, 2018			January 1, 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)	549	549	-	50	50	-
Level 1						
Bond funds (a)	50	50	-	25	25	-
Listed equity securities	789	-	789	1,956	-	(b) 1,956
Other financial assets	5	5	-	5	5	-
Level 2						
Unlisted equity securities	-	-	-	348	-	348
Derivative financial instruments	38	16	22	19	4	15
Level 3 – Other financial assets (c)	44	-	44	62	-	62
Financial assets at fair value through other comprehensive income (d)						
Level 1 – Listed equity securities	936	-	936	1,798	-	1,798
Level 2 – Unlisted equity securities	20	-	20	13	-	13
Level 3 – Unlisted equity securities	47	-	47	47	-	47
Financial assets at amortized cost	(e) 714	470	244	317	54	263
Financial assets	**3,192**	**1,090**	**2,102**	**4,640**	**138**	**4,502**

The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1.

(a) Relates to cash management financial assets, included in the cash position: please refer to Note 14.

(b) Related to Vivendi's interest in Ubisoft, which was reclassified as "fair value through profit or loss" as of January 1, 2018.

(c) 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. As of January 1, 2018, they also included the balance of the bond redeemable into either shares or cash ("new" ORAN 1) which was early redeemed in cash (€25 million) on December 21, 2018.

(d) These assets relate to listed and non-listed equity securities, which Vivendi decided to classify as "fair value through other comprehensive income". These financial assets had been classified as "financial assets available-for-sale" until December 31, 2017.

(e) 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 (please refer to Note 2.3);
– a bond redeemable in cash subscribed to by Vivendi in 2016 in connection with its investment in Banijay Group Holding for €55 million; and
– a €70 million cash deposit made in March 2017 pursuant to an agreement to purchase a piece of land on the île Seguin, in the Parisian suburb Boulogne Billancourt.

LISTED EQUITY AND FINANCIAL ASSETS PORTFOLIO

	December 31, 2018								
	Number of shares held	Voting interest	Ownership interest	Average purchase price (a)	Stock market price	Carrying value	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)	*Sensitivity at +/-10 pts*
	(in thousands)			(in €/share)		(in millions of euros)			
Mediaset	340,246	(c) 9.99%	28.80%	3.70	2.74	934	(165)	(325)	*+93/-93*
Ubisoft (d)	6,550	5.23%	5.80%	31.98	na	429	na	na	*na*
Other						791	440	632	*+79/-79*
Total						**2,154**	**275**	**307**	***+172/-172***

	December 31, 2017								
	Number of shares held	Voting interest	Ownership interest	Average purchase price (a)	Stock market price	Carrying value	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)	*Sensitivity at +/-10 pts*
	(in thousands)			(in €/share)		(in millions of euros)			
Mediaset	340,246	(c) 29.94%	28.80%	3.70	3.23	1,099	(300)	(160)	*+110/-110*
Ubisoft	30,489	29.04%	27.27%	26.12	64.14	1,956	929	1,160	*+195/-195*
Telefonica (e)	49,247	0.95%	0.95%	11.56	8.13	400	(34)	(169)	*+40/-40*
Fnac Darty (f)	2,945	11.05%	11.05%	54.00	100.70	297	108	138	*+30/-30*
Other						3	-	(2)	-
Total						**3,754**	**703**	**967**	***+375/-375***

na: not applicable.

(a) Includes acquisition fees and taxes.

(b) As from January 1, 2018, these amounts (before taxes) are either reported to profit or loss, or recorded as other comprehensive income not subsequently reclassified to profit or loss in accordance with IFRS 9. As of December 31, 2017, under IAS 39, they were recorded as other charges and income directly recognized in equity.

(c) The partnership agreement entered into between Vivendi and Mediaset on April 8, 2016 is the subject to litigation. As of December 31, 2017, Vivendi held 340,246 thousand Mediaset shares, representing 29.94% of the voting rights. 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 23).

(d) As part of the sale of its entire 27.27% interest in Ubisoft (i.e., 30,489 thousand shares), 6,550 thousand shares will be sold on March 5, 2019 in a forward sale (please refer to Note 2.3). As of December 31, 2018, Vivendi recorded in the Consolidated Statement of Financial Position, a receivable on share disposal for the amount of such forward sale (€429 million).

(e) In November and December 2018, Vivendi sold on the market its Telefonica shares for an aggregate amount of €373 million. In 2018, Vivendi received €11 million in dividends from Telefonica, compared to €20 million in 2017.

(f) On July 2, 2018, Vivendi decided to settle in shares the hedging transaction entered into in January 2018 regarding its interest in Fnac Darty. The settlement was completed on July 10, 2018 and Vivendi received cash proceeds of €267 million on July 12, 2018 (please refer to Note 2.4).

EQUITY MARKET VALUE RISKS

As part of a sustainable investing strategy, Vivendi built an equity portfolio comprising listed and non-listed French and European companies in the telecommunication and media sectors that are leaders in the production and distribution of content.

As of December 31, 2018, Vivendi held a portfolio of listed non-controlling equity interests, including a receivable of €429 million on the forward sale of the remaining interest in Ubisoft (please refer to Note 2.3). As of December 31, 2018, the aggregate market value of this portfolio was approximately €3.9 billion (before taxes). Vivendi is exposed to the risk of fluctuation in the value of these interests: as of December 31, 2018, the net unrealized capital gains or losses with respect to the interests in Telecom Italia, Mediaset, Spotify and Tencent Music, represented a net unrealized capital loss amounting to approximately €1.8 billion (before taxes). A 10% uniform decrease in the value of all of these shares would have a cumulative negative impact of approximately €2.5 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 €2.9 billion on Vivendi's financial position.

NOTE 13. NET WORKING CAPITAL

CHANGES IN NET WORKING CAPITAL

(in millions of euros)	January 1, 2018 (a)	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)**

(in millions of euros)	December 31, 2016	Changes in operating working capital (b)	Business combinations	Divestitures in progress or completed	Changes in foreign currency translation adjustments	Other (c)	December 31, 2017
Inventories	123	(24)	91	-	(10)	(3)	177
Trade accounts receivable and other	2,273	499	(d) 2,636	(12)	(147)	(31)	5,218
Of which trade accounts receivable	*1,340*	*416*	*2,242*	*(7)*	*(102)*	*(61)*	*3,828*
trade accounts receivable write-offs	*(163)*	*5*	*(23)*	*-*	*5*	*4*	*(172)*
Working capital assets	**2,396**	**475**	**2,727**	**(12)**	**(157)**	**(34)**	**5,395**
Trade accounts payable and other	5,614	746	(e) 3,067	(23)	(350)	(35)	9,019
Other non-current liabilities	126	(6)	35	-	(4)	75	226
Working capital liabilities	**5,740**	**740**	**3,102**	**(23)**	**(354)**	**40**	**9,245**
Net working capital	**(3,344)**	**(265)**	**(375)**	**11**	**197**	**(74)**	**(3,850)**

(a) As of January 1, 2018, net working capital included the restatements related to the application of IFRS 9 for -€10 million (please refer to Note 28.2).

(b) Excludes content investments made by Canal+ Group and Universal Music Group.

(c) Mainly includes the change in net working capital relating to content investments, capital expenditures and other investments.

(d) Included €2,629 million relating to the integration of Havas.

(e) Included €3,043 million relating to the integration of Havas.

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 (mainly Universal Music Group, Canal+ Group, Havas and Gameloft), enable Vivendi to minimize the risk of credit concentration related to trade accounts receivable.

Havas provides advertising and communications services to a wide range of clients operating in various industry sectors around the world. Havas grants credit to all qualified clients. It does not believe it is exposed to any undue concentration of credit risk related to either a specific country or client. Consequently, concentrations of credit risk on accounts receivable are limited. In 2015, Havas selected a leading credit insurer to cover its main client credit risks worldwide. Deployment of this credit insurance cover began in July 2015 and continued since then, including in 2018.

TRADE ACCOUNTS PAYABLE AND OTHER

(in millions of euros)	Note	December 31, 2018	December 31, 2017
Trade accounts payable		4,938	4,909
Music royalties to artists and repertoire owners	10.2	2,037	1,830
Other		2,597	2,280
Trade accounts payable and other		**9,572**	**9,019**

NOTE 14. CASH POSITION

Vivendi's cash position comprises cash and cash equivalents, as well as cash management financial assets classified as current financial assets. As defined by Vivendi, cash management financial assets relate to 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 ANC and AMF position expectations expressed in November 2018.

	December 31, 2018			December 31, 2017		
(in millions of euros)	Carrying value	Fair value	*Level (a)*	Carrying value	Fair value	*Level (a)*
Term deposits	549	na	*na*	50	na	*na*
Bond funds and other	50	50	*1*	25	25	*1*
Cash management financial assets	**599**			**75**		
Cash	438	na	*na*	389	na	*na*
Term deposits and current accounts	1,999	na	*na*	1,257	na	*na*
Money market funds	1,306	1,306	*1*	275	275	*1*
Bond funds	50	50	*1*	30	30	*1*
Cash and cash equivalents	**3,793**			**1,951**		
Cash position	**4,392**			**2,026**		

na: not applicable.

(a) Level 1 corresponds to a measurement based on quoted prices in active markets (the three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1).

In 2018, the average interest rate on Vivendi's investments was 0.50% (compared to 0.40% in 2017).

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, 2018, the group's cash position amounted to €4,392 million (compared to €2,026 million as of December 31, 2017), of which €3,354 million was held by Vivendi SA (compared to €1,072 million as of December 31, 2017).

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 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), 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 19.3) 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 15. EQUITY

CHANGES IN THE SHARE CAPITAL OF VIVENDI SA

(in thousands)	December 31, 2018	December 31, 2017
Number of shares comprising the share capital (nominal value: €5.5 per share)	**1,306,234**	**1,296,059**
Treasury shares	(38,264)	(39,408)
Number of shares, net	**1,267,970**	**1,256,651**
Number of voting rights, gross	1,387,889	1,513,250
Treasury shares	(38,264)	(39,408)
Number of voting rights, net	**1,349,625**	**1,473,842**

On July 19, 2018, Vivendi made a capital increase of €100 million, by issuing 5,186 thousand new shares through an employee stock purchase plan and leveraged plan (please refer to Note 18).

As of December 31, 2018, Vivendi's share capital amounted to €7,184,288,078, divided into 1,306,234,196 shares. In addition, as of December 31, 2018, 7.2 million stock options and 4.8 million performance shares were outstanding, representing a potential maximum nominal share capital increase of €66 million (i.e., 0.92%).

SHARE REPURCHASES

On April 19, 2018, the General Shareholders' Meeting renewed the authorization given to Vivendi's Management Board to repurchase shares of the company within the limit of 5% of Vivendi's share capital and at a maximum price of €24 per share.

As of December 31, 2018, Vivendi held 38,264 thousand treasury shares, representing 2.93% of its share capital (compared to 3.04% of its share capital as of December 31, 2017).

Among the resolutions to be submitted to a vote at the Shareholders' Meeting to be held on April 15, 2019, the shareholders will be asked to approve two resolutions relating 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 within the limit of 10% of the share capital at a maximum purchase price of €25 per share, and to reduce the company's share capital within the limit of 10% by cancelling the shares acquired.
- Granting to the Management Board authorization to purchase shares of the company by way of a public share buyback offer (OPRA) within the limit of 25% of Vivendi's share capital at a maximum purchase price of €25 per share, and to cancel the shares acquired.

SHAREHOLDERS' DIVIDEND DISTRIBUTIONS

On February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018 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 €0.50 per share representing a total distribution of approximately €634 million. This proposed distribution was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 14, 2019, and will be submitted to the Annual General Shareholders' Meeting to be held on April 15, 2019 for approval.

On April 24, 2018, with respect to fiscal year 2017, an ordinary dividend of €0.45 per share was paid (following the coupon detachment on April 20, 2018), representing a total distribution of €568 million.

NOTE 16. PROVISIONS

(in millions of euros)	Note	December 31, 2018	December 31, 2017
Employee benefits (a)		697	746
Restructuring costs (b)		55	59
Litigations	23	247	260
Losses on onerous contracts		37	61
Contingent liabilities due to disposal (c)		20	16
Other (d)		813	785
Provisions		**1,869**	**1,927**
Deduction of current provisions		(438)	(412)
Non-current provisions		**1,431**	**1,515**

(a) Included deferred employee compensation as well as provisions for defined employee benefit plans (€661 million as of December 31, 2018 and €712 million as of December 31, 2017), but excluded employee termination reserves recorded under restructuring costs.

(b) Primarily included provisions for restructuring at UMG (€13 million as of December 31, 2018, compared to €9 million as of December 31, 2017) and at Canal+ Group (€40 million as of December 31, 2018, compared to €50 million as of December 31, 2017).

(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 the provisions with respect to the 2012 and 2015 French Tax Group System (€239 million and €203 million as of December 31, 2018, respectively), as well as litigation provisions for which the amount and nature are not disclosed because such disclosure could be prejudicial to Vivendi.

CHANGES IN PROVISIONS

	Year ended December 31,	
(in millions of euros)	2018	2017
Opening balance	**1,927**	**2,141**
Addition	280	451
Utilization	(231)	(a) (270)
Reversal	(123)	(a) (503)
Business combinations	-	172
Divestitures, changes in foreign currency translation adjustments and other	16	(64)
Closing balance	**1,869**	**1,927**

(a) Notably included the reversal of reserve related to the securities class action in the United States for an aggregate amount of €100 million (please refer to Note 23).

NOTE 17. EMPLOYEE BENEFITS

17.1. ANALYSIS OF EXPENSES RELATED TO EMPLOYEE BENEFIT PLANS

The table below provides information about the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is set forth in Note 17.2.2 below.

		Year ended December 31,	
(in millions of euros)	Note	2018	2017
Employee defined contribution plans		62	46
Employee defined benefit plans	17.2.2	26	23
Employee benefit plans		**88**	**69**

This cost increase was primarily due to the full-year effect of the consolidation of Havas since July 3, 2017: €32 million for employee defined contribution plans (€17 million in 2017) and €6 million for employee defined benefit plans (€3 million in 2017).

17.2. EMPLOYEE DEFINED BENEFIT PLANS

17.2.1. Assumptions used in the evaluation and sensitivity analysis

Discount rate, expected return on plan assets, and rate of compensation increase

The assumptions underlying the valuation of defined benefit plans were made in compliance with the accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably the discount rate) are determined by independent actuaries and other independent advisors and are reviewed by Vivendi's Finance department. The discount rate is therefore determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The discount rates selected are therefore used, at year-end, to determine a best estimate by Vivendi's Finance department of expected trends in future payments from the first benefit payments.

In accordance with amended IAS 19, the expected return on plan assets is estimated using the discount rate used to value the obligations of the previous year.

In weighted average

	Pension benefits		Post-retirement benefits	
	2018	2017	2018	2017
Discount rate (a)	2.3%	2.2%	3.9%	3.7%
Rate of compensation increase	1.7%	1.5%	na	na
Duration of the benefit obligation (in years)	15.0	15.5	8.8	9.4

na: not applicable.

(a) A 50 basis point increase (or a 50 basis point decrease, respectively) to the 2018 discount rate would have led to a decrease of €1 million in pre-tax expense (or an increase of €1 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €84 million (or an increase of €87 million, respectively).

Assumptions used in accounting for pension benefits, by country

	United States		United Kingdom		Germany		France	
	2018	2017	2018	2017	2018	2017	2018	2017
Discount rate	4.00%	3.75%	2.75%	2.50%	1.50%	1.50%	1.50%	1.50%
Rate of compensation increase (weighted average)	na	na	3.50%	3.50%	1.75%	1.75%	3.47%	3.25%

na: not applicable.

Assumptions used in accounting for post-retirement benefits, by country

	United States		Canada	
	2018	2017	2018	2017
Discount rate	4.00%	3.75%	3.75%	3.50%
Rate of compensation increase	na	na	na	na

na: not applicable.

Allocation of pension plan assets

	December 31, 2018	December 31, 2017
Equity securities	13%	12%
Debt securities	21%	20%
Diversified funds	10%	15%
Insurance contracts	39%	41%
Real estate	1%	1%
Cash and other	16%	11%
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 6.7% for the under 65 years of age and 65 years of age and older categories in 2018, to 4.4% in 2026 for these categories. In 2018, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €6 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 €5 million and the pre-tax expense by €0.2 million.

17.2.2. Analysis of the expense recorded and of the amount of benefits paid

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2018	2017	2018	2017	2018	2017
Current service cost	27	24	-	-	27	24
Past service cost	(2)	(2)	-	-	(2)	(2)
(Gains)/losses on settlements	-	-	-	-	-	-
Other	1	1	-	-	1	1
Impact on selling, administrative and general expenses	**26**	**23**	**-**	**-**	**26**	**23**
Interest cost	22	17	5	5	27	22
Expected return on plan assets	(11)	(10)	-	-	(11)	(10)
Impact on other financial charges and income	**11**	**7**	**5**	**5**	**16**	**12**
Net benefit cost recognized in profit or loss	**37**	**30**	**5**	**5**	**42**	**35**

In 2018, benefits paid amounted to (i) €50 million with respect to pensions (€90 million in 2017), of which €17 million paid by pension funds (€63 million in 2017), and (ii) €8 million paid with respect to post-retirement benefits (€11 million in 2017).

17.2.3. Analysis of net benefit obligations with respect to pensions and post-retirement benefits

The consolidation of Havas on July 3, 2017 resulted in a net provision of €104 million corresponding to historical carrying values reported in Havas's Consolidated Statement of Financial Position, stemming from benefit obligations valued at €254 million less the value of plan assets for €150 million.

Changes in value of benefit obligations, fair value of plan assets, and funded status

		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 (b)		(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 (c)		*406*		
Of which assets related to employee benefit plans				*9*
provisions for employee benefit plans (d)	16			*(661)*

		Employee defined benefit plans		
		Year ended December 31, 2017		
		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		**1,179**	**482**	**(697)**
Current service cost		24		(24)
Past service cost		(2)		2
(Gains)/losses on settlements		-	-	-
Other		-	(1)	(1)
Impact on selling, administrative and general expenses				***(23)***
Interest cost		22		(22)
Expected return on plan assets			10	10
Impact on other financial charges and income				***(12)***
Net benefit cost recognized in profit or loss				**(35)**
Experience gains/(losses) (a)		25	(30)	(55)
Actuarial gains/(losses) related to changes in demographic assumptions		(10)		10
Actuarial gains/(losses) related to changes in financial assumptions (e)		(87)		87
Adjustment related to asset ceiling		-	-	-
Actuarial gains/(losses) recognized in other comprehensive income				**(42)**
Contributions by plan participants		3	3	-
Contributions by employers		-	63	63
Benefits paid by the fund		(63)	(63)	-
Benefits paid by the employer		(38)	(38)	-
Business combinations		2	-	(2)
Consolidation of Havas		254	150	(104)
Divestitures of businesses		-	-	-
Transfers		-	-	-
Foreign currency translation and other		(56)	(27)	29
Closing balance		**1,253**	**549**	**(704)**
Of which wholly or partly funded benefits		*834*		
wholly unfunded benefits (c)		*419*		
Of which assets related to employee benefit plans				*8*
provisions for employee benefit plans (d)	16			*(712)*

(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 €29 million attributable to an increase in discount rates, of which €23 million relating to the United Kingdom and €4 million relating to the United States.

(c) In accordance with local laws and practices, certain plans are not covered by plan assets. As of December 31, 2018 and 2017, such plans principally comprised supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

(d) Included a current liability of €51 million as of December 31, 2018 (compared to €53 million as of December 31, 2017).

(e) Included -€72 million attributable to an increase in discount rates, of which -€5 million relating to the United States, -€19 million relating to the United Kingdom, -€19 million relating to Germany and -€24 million relates to France.

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)	2018	2017	2018	2017	2018	2017
Benefit obligation						
US companies	113	118	107	111	220	229
UK companies	432	469	2	2	434	471
German companies	184	192	-	-	184	192
French companies	279	268	3	3	282	271
Other	75	78	10	12	85	90
	1,083	**1,125**	**122**	**128**	**1,205**	**1,253**
Fair value of plan assets						
US companies	52	54	-	-	52	54
UK companies	395	398	-	-	395	398
German companies	2	2	-	-	2	2
French companies	52	43	-	-	52	43
Other	52	52	-	-	52	52
	553	**549**	**-**	**-**	**553**	**549**
Underfunded obligation						
US companies	(61)	(64)	(107)	(111)	(168)	(175)
UK companies (c)	(37)	(71)	(2)	(2)	(39)	(73)
German companies	(182)	(190)	-	-	(182)	(190)
French companies	(227)	(225)	(3)	(3)	(230)	(228)
Other	(23)	(26)	(10)	(12)	(33)	(38)
	(530)	**(576)**	**(122)**	**(128)**	**(652)**	**(704)**

(a) No employee defined benefit plan individually exceeded 10% of the aggregate value of the obligations and underfunded obligations 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 17.2.1).

(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 undertake 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.

17.2.4. Benefits estimation and future payments

For 2019, hedge fund contributions and benefit payments by Vivendi to retirees are estimated at €44 million in respect of pensions, of which €27 million relates to pension funds and €9 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
2019	41	10
2020	58	10
2021	43	9
2022	60	9
2023	59	9
2024-2028	283	40

NOTE 18. SHARE-BASED COMPENSATION PLANS

18.1. PLANS GRANTED BY VIVENDI

18.1.1. Equity-settled instruments

Transactions relating to outstanding instruments that occurred in 2017 and 2018 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, 2016	**24,620**	**19.1**	**3,216**
Granted	-	na	1,548
Exercised/Issued	(a) (4,811)	17.6	(342)
Forfeited	(6,557)	24.7	na
Cancelled	(50)	20.2	(119)
Balance as of December 31, 2017	**13,202**	**16.8**	**4,303**
Granted	-	na	1,636
Exercised/Issued	(a) (4,989)	17.9	(771)
Forfeited	(968)	20.2	na
Cancelled	-	na	(b) (378)
Balance as of December 31, 2018	(c) **7,245**	**15.6**	(d) **4,790**
Acquired/Exercisable as of December 31, 2018	**7,245**	**15.6**	**-**
Rights acquired as of December 31, 2018	**-**	**na**	**418**

na: not applicable.

(a) In 2018, beneficiaries exercised stock options at the weighted average stock market price of €22.3 (compared to €21.1 for stock options exercised in 2017).

(b) At its meeting held on February 15, 2018, after a review by the Corporate Governance, Nominations and Remuneration Committee, the Supervisory Board approved the level of satisfaction of objectives set for the cumulative fiscal years 2015, 2016 and 2017 for the performance share plan granted in 2015. 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 and 42,500 of the 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, 2018, the cumulated intrinsic value of remaining stock options to be exercised was estimated at €41 million.

(d) The weighted-average remaining period before delivering performance shares was 1.7 years.

Please refer to Note 15 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, 2018

Range of strike prices	Number (in thousands)	Weighted average strike price (in euros)	Weighted average remaining life (in years)
Under €15	1,057	11.9	3.3
€15-€16	2,568	15.8	1.3
€16-€17	2,305	16.1	0.3
€17-€18	1,315	17.2	2.3
More than €18	-	-	-
	7,245	**15.6**	**1.5**

Performance share plans

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. On February 23, 2017, Vivendi granted to employees and executive management 1,544 thousand performance shares, 200,000 of which were to members of the Management Board.

As of May 17, 2018, the share price was €23.03 and the expected dividend yield was 1.95% (compared to €16.95 and 2.36% as of February 23, 2017, 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 8.1% of the share price as of May 17, 2018 (compared to 8.4% in 2017). Consequently, the fair value of each granted performance share was estimated at €19.85 (compared to €14.37 in 2017), corresponding to an aggregate fair value of the plan of €32 million (compared to €22 million in 2017).

Subject to satisfaction of the performance criteria, performance shares definitely vest at the end of a three-year period, subject to the presence of the beneficiaries in the group (vesting period), and the shares must be held by the beneficiaries for an additional two-year period (retention period). The compensation cost is recognized on a straight-line basis over the vesting period. The accounting methods 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 group's earnings before interest and income taxes – EBIT (35%), and
  - the group's cash flow from operations after interest and income tax paid – CFAIT (35%);
- 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 2018, the charge recognized with respect to all performance share plans amounted to €16 million, compared to €18 million in 2017.

18.1.2. Employee stock purchase and leveraged plans

On July 19, 2018 and July 25, 2017, Vivendi made 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:

	2018	2017
Grant date	June 18	June 22
Data at grant date:		
Share price (in euros)	21.57	20.58
Expected dividend yield	2.09%	1.94%
Risk-free interest rate	-0.11%	-0.21%
5-year interest rate in fine	3.81%	3.93%
Repo rate	0.36%	0.36%
Discount for non-transferability per share	17.49%	18.44%

Under the employee stock purchase plan (ESPP), 734 thousand shares were subscribed for in 2018 through a company mutual fund (*fonds commun de placement d'entreprise*) at a price of €19.327 per share (compared to 651 thousand shares at a price per share of €16.25 in 2017). In 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 18, 2018 (discount of 10.40%) was lower than the discount for non-transferability (17.49%). In 2017, the benefit granted (21.00%) was higher than the discount for non-transferability (18.44%) and the charge recognized with respect to the ESPP amounted to €1 million.

Under the leveraged plan, 4,259 thousand shares were subscribed for in 2018 through a company mutual fund at a price of €19.327 per share (compared to 2,587 thousand shares at a price of €16.25 in 2017). 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, 193 thousand shares were subscribed for as part of an employee shareholding plan implemented for employees of the group's Japanese subsidiaries (compared to 922 thousand shares as part of a similar plan for employees of the group's American subsidiaries in 2017). In 2018, the charge recognized with respect to the leveraged plan amounted to nearly €1 million, compared to €5 million in 2017.

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 19, 2018 of an aggregate value of €100 million (including issue premium), compared to €68 million on July 25, 2017.

18.2. RESTRICTED AND PERFORMANCE SHARE PLANS GRANTED BY HAVAS

The restricted and performance share plans were valued based on the stock market price of Havas 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 definitely 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, 2018, Havas's outstanding plans were as follows:

- On January 19, 2015, the Board of Directors granted 2,420 thousand performance shares for the employees and directors of Havas SA and its subsidiaries in France and abroad.
- On March 19, 2015, the Board of Directors granted 70 thousand performance shares to Mr. Yannick Bolloré, Chief Executive Officer of Havas SA.
- On August 27, 2015, the Board of Directors granted a plan of 120 thousand performance shares to all employees of French companies.
- On May 10, 2016, the Board of Directors granted three plans for a total of 2,784 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, 2018, 2,297 thousand Havas shares 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. 3,570 thousand Havas shares will be exchanged for approximatively 1,571 thousand Vivendi shares (on the basis of 0.44 Vivendi for every one Havas share).

Transactions relating to outstanding shares that have occurred since July 3, 2017 (the date on which Vivendi took control of Havas) were as follows:

	Number of outstanding shares (in thousands)
Balance as of December 31, 2016	**-**
Resulting from the business combination	8,275
Forfeited	-
Cancelled	(342)
Balance as of December 31, 2017	**7,933**
Forfeited	(a) (1,719)
Cancelled	(347)
Balance as of December 31, 2018	**5,867**

(a) With respect to the plan granted 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 described above.

In 2018, the charge recognized in respect of all restricted and performance share plans granted by Havas amounted to €10 million, compared to €4 million in the second half of 2017.

18.3. 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 the Gameloft share 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 in 2017 and 2018 were as follows:

	Number of outstanding restricted shares (in thousands)
Balance as of December 31, 2016	**1,333**
Issued	(553)
Forfeited	-
Cancelled	(46)
Balance as of December 31, 2017	**734**
Issued	(306)
Forfeited	-
Cancelled	(87)
Balance as of December 31, 2018	(a) **341**

(a) The weighted-average remaining period before delivering restricted shares was 0.96 year.

In the second half of 2018, the beneficiaries approved the liquidity agreement proposed by Vivendi. The number of shares referred to in this agreement was 1,606 thousand shares.

18.4. 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, 2018, no charges were accounted for with respect to this plan, unchanged compared to prior years.

NOTE 19. BORROWINGS AND OTHER FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT

		December 31, 2018			January 1, 2018		
(in millions of euros)	Note	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	19.2	4,050	3,350	700	4,150	4,050	100
Short-term marketable securities issued		-	-	-	-	-	-
Bank overdrafts		98	-	98	75	-	75
Accrued interest to be paid		17	-	17	18	-	18
Bank credit facilities (drawn confirmed)	19.3	-	-	-	-	-	-
Cumulative effect of amortized cost	19.1	(14)	(13)	(1)	(18)	(18)	-
Other		65	10	55	141	12	129
Borrowings at amortized cost		**4,216**	**3,347**	**869**	**4,366**	**4,044**	**322**
Commitments to purchase non-controlling interests		114	98	16	144	103	41
Derivative financial instruments	19.7	6	3	3	33	(a) 23	10
Borrowings and other financial liabilities		**4,336**	**3,448**	**888**	**4,543**	**4,170**	**373**

(a) In accordance with IFRS 9, the fair value of the options pursuant to which Banijay Group Holding and Lov Banijay may redeem the bonds in shares was reclassified as a reduction of financial assets as from January 1, 2018 (please refer to Notes 12 and 28.2).

19.1. FAIR MARKET VALUE OF BORROWINGS AND OTHER FINANCIAL LIABILITIES

	December 31, 2018			January 1, 2018		
(in millions of euros)	Carrying value	Fair market value	Level (a)	Carrying value	Fair market value	Level (a)
Nominal value of borrowings	4,230			4,384		
Cumulative effect of amortized cost	(14)			(18)		
Borrowings at amortized cost	**4,216**	**4,291**	***na***	**4,366**	**4,506**	***na***
Commitments to purchase non-controlling interests	114	114	*3*	144	144	*3*
Derivative financial instruments	6	6	*2*	33	33	*2*
Borrowings and other financial liabilities	**4,336**	**4,411**		**4,543**	**4,683**	

na: not applicable.

(a) The three classification levels for the measurement of financial liabilities at fair value are defined in Note 1.3.1.

19.2. BONDS

	Interest rate (in %)				
(in millions of euros)	nominal	effective	Maturity	December 31, 2018	January 1, 2018
Bonds issued by Vivendi SA					
€850 million (September 2017) (a)	0.875%	0.99%	September 2024	850	850
€600 million (November 2016) (a)	1.125%	1.18%	November 2023	600	600
€1 billion (May 2016) (a)	0.750%	0.90%	May 2021	1,000	1,000
€500 million (May 2016) (a)	1.875%	1.93%	May 2026	500	500
€700 million (December 2009) (b)	4.875%	4.95%	December 2019	700	700
Bonds issued by Havas SA					
€400 million (December 2015) (a)	1.875%	1.94%	December 2020	400	400
€100 million (July 2013) (a)	3.125%	3.125%	July 2018	(c) -	100
Nominal value of bonds				**4,050**	**4,150**

(a) Bonds listed on the Euronext Paris Stock Exchange.

(b) Bonds listed on the Luxembourg Stock Exchange.

(c) This bond was fully redeemed at maturity in July 2018.

On March 22, 2017, 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 23, 2018 and filed with the AMF (*Autorité des marchés financiers*) under visa n°18-090 for a 12-month period. Its renewal was approved by the Management Board on January 21, 2019.

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 contain an early redemption clause in the event of a change of control (2).

19.3. BANK CREDIT FACILITIES

As of December 31, 2018, Vivendi SA had a €2 billion undrawn syndicated bank credit facility, maturing on October 29, 2021. Taking into account the absence of short-term marketable securities issued and backed by this bank credit facility, €2 billion of this facility was available as of December 31, 2018. At the end of each half-year, Vivendi SA was required to comply with a Proportionate Financial Net Debt (3) to EBITDA (4) financial covenant over a 12-month rolling period, not exceeding 3 for the duration of the loan. Non-compliance with this covenant could result in the early redemption of the bank credit facility if it were drawn, or its cancellation. As of December 31, 2018, Vivendi SA was in compliance with its financial covenant.

(1) In the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision.

(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.

(3) Relates to Financial Net Debt as defined by Vivendi, plus derivative financial instruments whose underlying instruments are not Financial Net Debt items and commitments to purchase non-controlling interests.

(4) Relates to EBITDA as defined by Vivendi plus dividends received from unconsolidated companies.

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 to January 16, 2024 (with two one-year extension options). In addition, committed bilateral credit facilities granted by leading banks were signed by Vivendi in January 2019, 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.

As of February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), €3.3 billion of Vivendi SA's facilities were available, taking into account the short-term marketable securities issued and backed by these credit facilities for €100 million.

On February 11, 2019, Vivendi's Management Board adopted a 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. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 14, 2019.

In addition, Havas SA has committed credit facilities, undrawn as of December 31, 2018, granted by leading banks for an aggregate amount of €510 million, including €330 million maturing in 2020, €30 million maturing in 2021 and €150 million maturing in 2023. These credit facilities 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 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), €3.7 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 €240 million.

19.4. BORROWINGS BY MATURITY

(in millions of euros)	December 31, 2018		January 1, 2018	
Maturity				
< 1 year (a)	869	*21%*	322	*7%*
Between 1 and 2 years	403	*9%*	703	*16%*
Between 2 and 3 years	1,003	*24%*	406	*9%*
Between 3 and 4 years	1	-	1,001	*23%*
Between 4 and 5 years	601	*14%*	-	-
> 5 years	1,353	*32%*	1,952	*45%*
Nominal value of borrowings	**4,230**	***100%***	**4,384**	***100%***

(a) As of December 31, 2018, short-term borrowings (with a maturity period of less than one year) notably included Vivendi's bond maturing in December 2019 for €700 million, as well as bank overdrafts for €98 million. As of January 1, 2018, they notably included Havas SA's bond, which expired on July 11, 2018 for €100 million, as well as bank overdrafts for €75 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, 2018 (taking into account the new bank financing signed in January 2019), compared to 5.0 years as of December 31, 2017.

As of December 31, 2018, the future undiscounted cash flows related to borrowings and other financial liabilities amounted to €4,558 million (compared to €4,862 million as of January 1, 2018) with a carrying value of €4,336 million (compared to €4,543 million as of January 1, 2018) and are set out in Note 22.1 in the group's contractual minimum future payments schedule.

19.5. INTEREST RATE RISK MANAGEMENT

Vivendi's interest rate risk management seeks to reduce its net exposure to interest rate increases. Therefore, Vivendi uses, 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, 2018, the nominal value of borrowings at fixed interest rate amounted to €4,097 million (compared to €4,218 million as of December 31, 2017) and the nominal value of borrowings at floating interest rate amounted to €133 million (compared to €166 million as of December 31, 2017).

As of December 31, 2018 and December 31, 2017, Vivendi did not subscribe to any pay-floating or pay-fixed interest rate swaps.

(1) Corresponds, on the basis of Havas'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'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'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's consolidated financial statements prepared under IFRS.

19.6. FOREIGN CURRENCY RISK MANAGEMENT

Breakdown by currency

(in millions of euros)	December 31, 2018		January 1, 2018	
Euro – EUR	4,111	*97%*	4,288	*98%*
US dollar – USD	8	-	1	-
Other	111	*3%*	95	*2%*
Nominal value of borrowings before hedging	**4,230**	***100%***	**4,384**	***100%***
Currency swaps USD	*693*		*1,334*	
Other currency swaps	*(71)*		*192*	
Net total of hedging instruments (a)	***622***		***1,526***	
Euro – EUR	4,733	*112%*	5,814	*133%*
US dollar – USD	(685)	*-16%*	(1,333)	*-31%*
Other	182	*4%*	(97)	*-2%*
Nominal value of borrowings after hedging	**4,230**	***100%***	**4,384**	***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. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity period of less than one year. Considering the foreign currency hedging instruments set up, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2018, would have a non-significant cumulative impact on net earnings (around €1 million). In addition, the group may hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Moreover, due to their non-significant nature, net exposures related to subsidiaries' net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The associated risks are settled at the end of each month by translating the amounts into the functional currency of the relevant operating entities.

The 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, 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**

	January 1, 2018						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(362)	(73)	(132)	(30)	(127)	2	3
Purchases against the euro	2,094	1,548	93	193	260	3	26
Other	-	68	(95)	2	25	-	4
	1,732	**1,543**	**(134)**	**165**	**158**	**5**	**33**
Breakdown by accounting category of foreign currency hedging instruments							
Cash Flow Hedge							
Sales against the euro	(79)	-	(7)	(11)	(61)	2	-
Purchases against the euro	50	23	-	2	25	-	-
Other	-	16	(16)	-	-	-	-
	(29)	**39**	**(23)**	**(9)**	**(36)**	**2**	**-**
Fair Value Hedge							
Sales against the euro	(281)	(73)	(125)	(19)	(64)	-	3
Purchases against the euro	891	781	-	106	4	1	19
Other	-	86	(79)	2	(9)	-	3
	610	**794**	**(204)**	**89**	**(69)**	**1**	**25**
Economic Hedging (a)							
Sales against the euro	(2)	-	-	-	(2)	-	-
Purchases against the euro	1,153	744	93	85	231	2	7
Other	-	(34)	-	-	34	-	1
	1,151	**710**	**93**	**85**	**263**	**2**	**8**

(a) The economic hedging instruments relate to derivative financial instruments that are not eligible for hedge accounting pursuant to IAS 9.

In addition, the depreciation of the British pound (GBP) against the euro, following the referendum held on June 23, 2016 endorsing the United Kingdom's exit from the European Union ("Brexit"), mainly impacted Universal Music Group's revenues in 2017. In addition, Vivendi has thoroughly reviewed the impact of interest and foreign exchange rate changes on the group's debt and financial assets, as well as on pension funds, and a report was submitted to Vivendi's Audit Committee to that effect. As of the date of this report, no significant impact on Vivendi's consolidated financial position has been recognized. Other potential effects that could impact the group as a result of the Brexit will be assessed once the terms of the United Kingdom's departure from the European Union are known.

19.7. DERIVATIVE FINANCIAL INSTRUMENTS

Value on the Statement of Financial Position

		December 31, 2018		January 1, 2018	
(in millions of euros)	Note	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	19.5	-	-	-	-
Foreign currency risk management	19.6	24	6	5	33
Other		14	-	14	(a) -
Derivative financial instruments		**38**	**6**	**19**	**33**
Deduction of current derivative financial instruments		(7)	(3)	(4)	(10)
Non-current derivative financial instruments		**31**	**3**	**15**	**23**

(a) In accordance with IFRS 9, the fair value of the options pursuant to which Banijay Group Holding and Lov Banijay may redeem the bonds in shares was reclassified as a reduction of financial assets as from January 1, 2018 (please refer to Notes 12 and 28.2).

Unrealized gains and losses recognized directly in equity

(in millions of euros)	Cash Flow Hedge			
	Interest rate risk management	Foreign currency risk management	Net Investment Hedge	Total
Balance as of December 31, 2016	**2**	**3**	**39**	**44**
Charges and income directly recognized in equity	-	(7)	42	35
Items to be reclassified to profit or loss	(2)	(1)	-	(3)
Tax effect	-	1	-	1
Balance as of December 31, 2017	**-**	**(4)**	**81**	**77**
IFRS 9 restatements	*-*	*1*	*-*	*1*
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**

19.8. CREDIT RATINGS

As of February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018), Vivendi's credit ratings were as follows:

Rating agency	Type of debt	Ratings	Outlook
Standard & Poor's	Long-term corporate debt	BBB	Stable
	Senior unsecured debt	BBB	
Moody's	Long-term senior unsecured debt	Baa2	Stable

NOTE 20. CONSOLIDATED CASH FLOW STATEMENT

20.1. ADJUSTMENTS

(in millions of euros)	Note	Year ended December 31, 2018	2017
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	3	453	461
Change in provision, net		(25)	(31)
Other non-cash items from EBIT		4	(6)
Other			
Reversal of reserve related to the Securities Class Action litigation in the United States	23	-	(27)
Income from equity affiliates – operational	11	(7)	(146)
Proceeds from sales of property, plant, equipment and intangible assets		7	2
Adjustments		**432**	**253**

20.2. INVESTING AND FINANCING ACTIVITIES WITH NO CASH IMPACT

In 2018, there was no significant investing and financing activities with no cash impact.

On July 6, 2017, a portion of the "new ORAN 1" issued by Banijay Group Holding was early redeemed in cash for €39 million and converted into Banijay Group Holding shares, bringing Vivendi's interest in Banijay Group Holding from 26.2% to 31.4% (please refer to Note 11.1).

NOTE 21. RELATED PARTIES

Vivendi's related parties are the Corporate Officers, who are members of Vivendi's Supervisory and Management Boards, and other related parties including:

- companies fully consolidated by Vivendi. The transactions between these companies have been eliminated for the preparation of Vivendi's Consolidated Financial Statements;
- companies over which Vivendi exercises a significant influence;
- all companies in which Corporate Officers or their close relatives hold significant voting rights;
- 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.

21.1. CORPORATE OFFICERS

Supervisory Board

The Supervisory Board is currently comprised of 12 members, including an employee shareholder representative and an employee representative. It is made up of six women, i.e., a ratio of 55% (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 2018, the composition of the Supervisory Board has changed as follows:

- on April 19, 2018, Vivendi's General Shareholders' Meeting appointed Ms. Michèle Reiser as a member of the Supervisory Board for a four-year term, 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; and
- following the Shareholders' Meeting of April 19, 2018, Vivendi's Supervisory Board unanimously appointed Mr. Yannick Bolloré as Chairman, replacing Mr. Vincent Bolloré, who remains a member of the Supervisory Board. The Supervisory Board also confirmed Mr. Philippe Bénacin as Vice Chairman.

With respect to fiscal year 2018, the gross compensation of the Chairman of the Supervisory Board amounted to €400,000, including directors' fees of €60,000, allocated as follows:

- the gross compensation of Mr. Vincent Bolloré, as Chairman of the Supervisory Board until April 19, 2018, amounted to €122,376, including directors' fees of €20,000; for 2017, the compensation of Mr. Vincent Bolloré as Chairman of the Supervisory Board amounted to €400,000, including directors' fees of €60,000; and
- the gross compensation of Mr. Yannick Bolloré, as Chairman of the Supervisory Board since April 19, 2018, amounted to €277,624, including directors' fees of €40,000.

In addition, as Chairman and Chief Executive Officer of Havas, a Vivendi subsidiary, Mr. Yannick Bolloré received a fixed compensation, as well as benefits in kind, totaling a gross amount of €1,058,993 in 2018 (no variable compensation was paid in 2018 with respect to fiscal year 2017), compared to €1,408,993 in 2017 (fixed and variable compensation). On May 17, 2018, Mr. Yannick Bolloré benefited from an allocation of 18,000 Vivendi's performance shares, subject to the satisfaction of the performance criteria (please refer to Note 18.1.1).

The gross amount of directors' fees paid to the other members of the Supervisory Board with respect to fiscal year 2018 was an aggregate gross amount of €1,140,000 (compared to €1,117,500 with respect to fiscal year 2017).

Moreover, on March 26, 2018, the services contract between Mr. Dominique Delport and Vivendi terminated, as did his membership on the Corporate Governance, Nominations and Remuneration Committee of Vivendi's Supervisory Board, although he remains a member of the Board. Under the terms of the services contract, since October 1, 2015, Mr. Dominique Delport had been providing assistance and advice regarding the creation and use of new digital content as part of the development of Dailymotion. As a result of the termination of this contract, Mr. Dominique Delport no longer benefits from the long-term incentive plan tied to the growth of Dailymotion's enterprise value compared to its acquisition value and no longer has any operational responsibilities within the group. Under the services contract, Mr. Dominique Delport received a gross amount of €75,000 in 2018, compared to €300,000 in 2017.

Finally, as an employee of Havas Media France (subsidiary of Havas SA), Mr. Dominique Delport received a total gross compensation of €1,775,437 in 2018 (compared to €1,446,312 in 2017).

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 2018, the gross compensation paid by the Vivendi group to the Management Board members amounted to €9.6 million (compared to €8.7 million in 2017). This amount included:

- fixed compensation of €5.3 million (compared to €4.9 million in 2017);
- variable compensation of €3.6 million paid in 2018 with respect to fiscal year 2017 (compared to €3.4 million paid in 2017 with respect to fiscal year 2016);
- other compensation and directors' fees paid 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 €3.3 million in 2018 (compared to €3.7 million in 2017).

The Supervisory Board, at its meeting held on February 14, 2019, confirmed that the performance criteria applying to the growth rate of rights under the group defined benefit supplemental pension plan had been met with respect to fiscal year 2018. The charge recorded by Vivendi related to vested rights under pension commitments in favor of Management Board members amounted to €7.0 million (compared to €8.7 million in 2017). As of December 31, 2018, the amount of net pension obligations toward the Management Board members amounted to €44.4 million (compared to €43.0 million as of December 31, 2017).

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 was granted entitlement to severance compensation in the event of the involuntary termination of his employment, 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 objectives 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.

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 for 2018, the performance criteria and thresholds used to determine the variable part remain unchanged, and (iii) to pay him a single amount of €390,000.

On May 17, 2018, the Chairman of the Management Board received an annual grant of 50,000 performance shares.

The report on corporate governance contained in Chapter 3 of the 2018 Annual Report contains a detailed description of the compensation policy, setting out the principles and criteria for determining, distributing and attributing the fixed and variable components of the overall compensation and the benefits of any kind attributable to Vivendi SA's Corporate Officers in connection with their term of office. This chapter also contains details of the fixed and variable components of their compensation and the benefits of any kind paid or attributed to the Corporate Officers with respect to fiscal year 2018.

21.2. BOLLORÉ GROUP

On February 16, 2018, Bolloré Group, which held 34.7 million call options on Vivendi shares, announced that it had exercised 21.4 million options, representing 1.7% of Vivendi's share capital, at an average exercise price of €16.57, which had been previously set in October 2016. This transaction did not change Bolloré Group's reported interest in Vivendi given the assimilation of these options pursuant to Article L. 233-9 I, 4° of the French Commercial Code *(Code de commerce)*.

On March 2, 2018, Bolloré Group acquired 2 million Vivendi shares on the market at a price of €20.425 per share. Since that date, and until June 25, 2018, Bolloré Group acquired 57.3 million Vivendi shares on the market at an average price of €20.95 per share.

On June 25, 2018, Bolloré Group crossed the 25% threshold of Vivendi's share capital and held 325,133,093 Vivendi shares, representing 415,565,932 voting rights, i.e., 25.01% of the share capital and 29.20% of the gross voting rights. Upon crossing this 25% threshold of Vivendi's share capital and in accordance with Article L. 233-7, paragraph VII of the French Commercial Code *(Code de commerce)* and Article 223-17 of the AMF's General Regulations *(Règlement général)*, Mr. Vincent Bolloré both for himself and for Compagnie de Cornouaille, which he controls and with whom he is deemed by law to be acting in concert, made the following statement of intent with respect to Vivendi for the next six months (please refer to AMF notice No. 218C1161, dated July 2, 2018):

- on June 25, 2018, Compagnie de Cornouaille acquired 1,044,622 additional shares which were financed using its available cash;
- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- since April 26, 2017, the declarant already meets the criteria for exclusive control in accordance with IFRS 10, but not those set by Article L. 233-3 of the French Commercial Code *(Code de commerce)*; the declarant wishes to continue strengthening its control without launching a public tender offer for Vivendi;
- the investment in Vivendi reflects Bolloré Group's confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- the declarant does not contemplate any of the transactions referred to in Article 223-17 I, 6° of the AMF's General Regulations *(Règlement général)*, subject to the potential transactions regarding Universal Music Group (UMG) recently mentioned by Vivendi;
- the declarant holds 13,344,830 call options that enable it to acquire 13,344,830 Vivendi shares, at any time until June 25, 2019, and it plans to exercise them depending, in particular, on market conditions;
- the declarant is party to a temporary sale agreement, as borrower, in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional appointments to the company's Supervisory Board.

Between June 26 and December 27, 2018, Bolloré Group acquired 41.6 million Vivendi shares on the market at an average price of €21.30 per share. On October 18, October 25, and December 21, 2018, Bolloré Group declared that it had early returned a total of 23.5 million Vivendi shares of the 34.7 million temporarily held. As of December 27, 2018, Bolloré Group

(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.

declared that it held 343,224,948 (1) Vivendi shares representing 395,657,787 voting rights, i.e., 26.28% of Vivendi's share capital and 28.51% 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 from April 26, 2017.

In addition, on April 24, 2018, as part of the payment of the dividend by Vivendi to its shareholders with respect to fiscal year 2017, Bolloré Group received a dividend of €134 million (compared to a dividend with respect to fiscal year 2016 of €92 million paid in 2017).

Moreover, on July 3, 2017, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group for €2,317 million paid in cash. This transaction is regulated by the procedure applying to related-party agreements and the price of €9.25 per share was submitted to a third-party appraisal in accordance with applicable laws and regulations. Since July 3, 2017, Vivendi has fully consolidated Havas and the transactions between Havas and Vivendi's other subsidiaries are eliminated within the intersegment transactions.

21.3. 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 11) and companies in which Vivendi's Corporate Officers or their close relatives hold significant voting rights. They notably included Bolloré Group and its subsidiaries, either directly or indirectly controlled by Mr. Vincent Bolloré, a member of Vivendi's Supervisory Board, 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 Quinta Communications Group (controlled by Mr. Tarak Ben Ammar, a member of Vivendi's Supervisory Board), 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).

In addition, the table below also includes the transactions with Havas Group and its subsidiaries (previously 59.2% held by Bolloré Group and whose Chairman and Chief Executive Officer is Mr. Yannick Bolloré, Chairman of Vivendi's Supervisory Board) until the consolidation of Havas in Vivendi's Financial Statements on July 3, 2017.

(in millions of euros)	December 31, 2018	January 1, 2018
Assets		
Non-current content assets	1	1
Non-current financial assets	86	103
Of which Banijay Group Holding and Lov Banijay bonds	*73*	*92*
Trade accounts receivable and other	60	66
Of which Bolloré Goup	*5*	*4*
Telecom Italia (a)	*29*	*34*
Banijay Group Holding (b)	*2*	*2*
Mediobanca (c)	*3*	*5*
Liabilities		
Trade accounts payable and other	29	21
Of which Bolloré Group	*13*	*10*
Banijay Group Holding (b)	*10*	*6*
Off-balance sheet contractual obligations, net	**168**	**183**
Of which Banijay Group Holding (b)	*140*	*180*

(1) Including (i) 11,225,000 Vivendi shares temporarily held by Compagnie de Cornouaille pursuant to a temporary share sale agreement (initially in respect of 34,700,000 Vivendi shares for its benefit), which may be returned, in whole or in part, at any time until June 25, 2019, and (ii) 13,344,830 Vivendi shares as a result of off-market acquisition of physically-settled call options that are exercisable at any time until June 25, 2019 and classified as assimilated shares by Compagnie de Cornouaille pursuant to Article L. 233-9 I, 4° of the French Commercial Code *(Code de commerce)*.

(in millions of euros)	Year ended December 31, 2018	2017
Statement of earnings		
Operating income	236	214
Of which Bolloré Group	*8*	*5*
Havas Group **(d)**	*na*	*3*
Telecom Italia **(a)**	*24*	*15*
Banijay Group Holding **(b)**	*2*	*2*
Mediobanca **(c)**	*1*	-
Quinta Communications **(e)**	*2*	*2*
Other (Interparfums and Groupe Nuxe) **(f)**	-	-
Operating expenses	(108)	(136)
Of which Bolloré Group	*(24)*	*(12)*
Havas Group **(d)**	*na*	*(26)*
Banijay Group Holding **(b)**	*(52)*	*(60)*
Quinta Communications **(e)**	-	-
Other (Interparfums and Groupe Nuxe) **(f)**	-	-
Advertising transactions		
Of which revenue made through Havas's agencies **(d)**	*na*	*26*
media purchases made through Havas's agencies **(d)**	*na*	*(36)*

na: 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 €14.8 million for Havas (€6.9 million for the second half of 2017), €4.4 million for Universal Music Group (€6.3 million in 2017), 4.2 million for Gameloft (€1.4 million in 2017) and €0.9 million for Vivendi Content (€0.1 million in 2017).

(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) As from July 3, 2017, Vivendi has fully consolidated Havas and the transactions between Havas and Vivendi's other subsidiaries have been eliminated within the intersegment transactions. During the first half of 2017, certain Havas Group subsidiaries have rendered operating services to Vivendi and its subsidiaries on an arm's-length basis. Regarding Canal+ Group:
- as part of their advertising campaigns, customers of Havas Group entered into transactions with Canal+ Group through media agencies for an aggregate amount of €25 million for the first half of 2017;
- as part of the advertising campaigns promoting Canal+, Canalsat and Canalplay, Canal+ Group purchased media from major media companies through Havas Group and its media agencies for €34 million for the first half of 2017;
- media and production services, broadcasting rights and fees were realized by Havas Group and its subsidiaries for €12 million for the first half of 2017; and
- Havas Group and its subsidiaries designed and developed advertising campaigns promoting Canal+ Group for €5 million for the first half of 2017.

(e) Canal+ Group sold rights to Studiocanal catalog movies to Quinta Communications, notably *Paddington 2*, representing an operating income of €1.7 million in 2018 (compared to €1.9 million in 2017). In addition, on October 8, 2015, Studiocanal and Quinta Communications entered into an agreement to sell video, TV and Video-on-demand exploitation rights in France and in other French-speaking territories for 28 movies, for a five-year period. Pursuant to this contract, Canal+ Group recorded an operating charge of €0.3 million in 2018 (unchanged compared to 2017).

(f) 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 the CanalOlympia's venues network in Africa. For the occupancy of land and buildings, and for the solar energy supply, CanalOlympia payed a rent of €0.5 million in 2018, and will pay a rent of €1 million in 2019, and then €1.5 million per year from 2020 to 2027. 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 corresponding share of reciprocal receivables and payables related to the special depreciation of the GIE's assets, i.e., receivables for €1.8 million and payables for the same amount as of December 31, 2018 (compared to €1.6 million as of December 31, 2017). In addition, Havas acquired a 2% interest in this GIE. In 2017, the charge recognized with respect to the use of the GIE's services by Vivendi group amounted to €2.3 million in 2018 (compared to €1.4 million in 2017).

NOTE 22. 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 finance leases, off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to the group's consolidation scope 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 19); 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 23).

22.1. CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

		Minimum future payments as of December 31, 2018				
			Payments due in			Total minimum future payments as of December 31, 2017
(in millions of euros)	Note	Total	2019	2020-2023	After 2023	
Borrowings and other financial liabilities		4,558	944	2,212	1,402	4,862
Content liabilities	10.2	2,949	2,817	131	1	2,582
Consolidated statement of financial position items		**7,507**	**3,761**	**2,343**	**1,403**	**7,444**
Contractual content commitments	10.2	5,339	2,523	2,763	53	5,630
Commercial commitments		128	(210)	151	187	(1,204)
Operating leases and subleases		1,453	207	676	570	1,502
Net commitments not recorded in the Consolidated Statement of Financial Position		**6,920**	**2,520**	**3,590**	**810**	**5,928**
Contractual obligations and commercial commitments		**14,427**	**6,281**	**5,933**	**2,213**	**13,372**

Off-balance sheet commercial commitments

	Minimum future payments as of December 31, 2018				
		Due in			Total minimum future payments as of December 31, 2017
(in millions of euros)	Total	2019	2020-2023	After 2023	
Satellite transponders	471	77	259	135	390
Investment commitments	179	116	47	16	125
Other	560	255	269	36	772
Given commitments	**1,210**	**448**	**575**	**187**	**1,287**
Satellite transponders	(124)	(65)	(59)	-	(133)
Other (a)	(958)	(593)	(365)	-	(2,358)
Received commitments	**(1,082)**	**(658)**	**(424)**	**-**	**(2,491)**
Net total	**128**	**(210)**	**151**	**187**	**(1,204)**

(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 entered into distribution agreements of Canal channels with the telecom operators Free, Orange and Bouygues Telecom. 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.

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 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 which could, in five to seven years, house 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 will be returned if the transaction is not completed by Vivendi.

Off-balance sheet operating leases and subleases

	Minimum future leases as of December 31, 2018				
		Due in			Total minimum future leases as of December 31, 2017
(in millions of euros)	Total	2019	2020-2023	After 2023	
Buildings	1,436	208	664	564	1,502
Other	21	3	12	6	9
Leases	**1,457**	**211**	**676**	**570**	**1,511**
Buildings	(4)	(4)	-	-	(9)
Subleases	**(4)**	**(4)**	**-**	**-**	**(9)**
Net total	**1,453**	**207**	**676**	**570**	**1,502**

22.2. OTHER COMMITMENTS GIVEN OR RECEIVED RELATING TO OPERATIONS

Given commitments amounted cumulatively to €37 million (compared to €40 million as of December 31, 2017). In addition, Vivendi and Havas 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 €10 million (compared to €9 million as of December 31, 2017).

22.3. SHARE PURCHASE AND SALE COMMITMENTS

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities:

- Vivendi has given 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 2.3);
- Vivendi subscribed to bonds redeemable in shares or cash issued by Banijay Group Holding and Lov Banijay (please refer to Note 11.1);
- in November and December 2018, Vivendi sold on the market its Telefonica shares, pursuant to its commitment to the Brazilian Competition Authority (CADE). This commitment remained in force as long as Vivendi simultaneously held shares of Telefonica and Telecom Italia, provided that these two companies operated in the Brazilian telecom market; and
- certain liquidity rights relating to the strategic partnership entered into between Canal+ Group, ITI and TVN as described in Note 22.5 below.

In addition, Vivendi and its subsidiaries granted or received put and call options on shares in equity affiliates and unconsolidated investments.

22.4. CONTINGENT ASSETS AND LIABILITIES SUBSEQUENT TO GIVEN OR RECEIVED COMMITMENTS RELATED TO THE DIVESTITURE OR ACQUISITION OF SHARES

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
	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.	-
(a)	Sale of Maroc Telecom group (May 2014)	Commitments undertaken in connection with the sale.	-
(b)	Sale of Activision Blizzard (October 2013)	– Unlimited general warranties; and – Tax warranties capped at $200 million, under certain circumstances.	- -
(c)	Acquisition of Bolloré Group's channels (September 2012)	Commitments undertaken, in connection with the authorization of the acquisition, with: – the French Competition Authority; and – the French Broadcasting Authority.	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.	- -
(d)	Canal+ Group's pay-TV activities in France (January 2007-July 2017)	Approval of the acquisition of TPS and CanalSatellite subject to compliance with injunctions ordered by the French Competition Authority.	2019
	Divestiture of PSG (June 2006)	Unlimited specific warranties.	2018
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services, expired at the end of January 2017.	2017
	NBC Universal transaction (May 2004) and subsequent amendments (2005-2010)	– Breaches of tax representations; and – Obligation to cover the Most Favored Nation provisions.	- -
(e)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees given to Nexity, not implemented and expired in June 2017, capped at €150 million in total (tax and decennial guarantees).	2017
	Other contingent liabilities	Cumulated amount of €20 million (compared to €27 million as of December 31, 2017).	-
	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 Bolloré Group's channels (September 2012)	Warranties capped at €120 million, not implemented and expired as of December 31, 2017.	2017
	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 €30 million (compared to €43 million as of December 31, 2017).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

(a) The main terms of the Maroc Telecom group sale were as follows:
- Vivendi gave certain customary representations and warranties to Etisalat relating to SPT (the holding company of Maroc Telecom group), Maroc Telecom and its subsidiaries. Vivendi also gave a number of specific warranties;
- the indemnity amount payable by Vivendi in respect of indemnifiable losses incurred by Maroc Telecom or one of its subsidiaries was determined in proportion to the percentage of ownership held indirectly by Vivendi in the relevant company on the closing date (i.e., 53% for Maroc Telecom);
- Vivendi's overall indemnification obligation was capped at 50% of the initial sale price, such threshold being increased to 100% in respect of claims related to SPT;
- Vivendi's indemnification obligations in respect of these warranties, other than those related to taxes and SPT, effective for a 24-month period, expired in May 2016. Claims for tax-related indemnities could be made until January 15, 2018. The indemnity in respect of SPT remained in effect until the end of a four-year period following the closing date (i.e., May 14, 2018); and
- to guarantee the payment of any specific indemnity amounts referenced above, Vivendi delivered a bank guarantee to Etisalat in the amount of €247 million, which expired on February 15, 2018. This amount had been reduced to €9 million.

Vivendi had agreed to counter-guarantee SFR for any amount that could be claimed by Etisalat or any third party other than Etisalat in relation to the sale of its interest in Maroc Telecom:

– with respect to the sale agreement entered into with Etisalat, this commitment expired upon termination of Etisalat's right to make a claim against Vivendi and SFR, i.e., May 14, 2018; and
– this commitment, which also covered any amount that SFR could be required to pay to any third party other than Etisalat, has expired in the absence of any request from Numericable Group within the applicable statutes of limitations.

(b) 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.

(c) 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 are 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.

(d) 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 are 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.

(e) In connection with the sale of real estate assets to Nexity in June 2002, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). The guarantees were not implemented and expired on June 30, 2017.

Several guarantees given during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given notably in connection with the winding-up of certain businesses or the dissolution of entities are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

In addition, when settling disputes and litigation, Vivendi regularly delivers commitments for damages to third parties, which 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.

22.5. SHAREHOLDERS' AGREEMENTS

Under existing shareholders' or investors' agreements (primarily those relating to nc+), Vivendi holds certain rights (e.g., pre-emptive rights and 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

Certain liquidity rights were given at the level of nc+ under the strategic partnership formed in November 2012 in relation to television services in Poland. Given that Canal+ Group did not exercise its call option to acquire TVN's 32% interest in nc+ at market value, TVN now has liquidity rights in the form of an initial public offering of its interest in nc+.

22.6. COLLATERALS AND PLEDGES

As of December 31, 2018 and 2017, no material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties.

NOTE 23. LITIGATION

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these Legal Proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk 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, 2018, provisions recorded by Vivendi for all claims and litigation were €247 million, compared to €260 million as of December 31, 2017 (please refer to Note 16).

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous 12 months a material effect on the company and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018).

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 a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. The latter filed his final reports during the first half of 2018. The first hearings on the merits were held in the second half of 2018.

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 a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. The latter filed his final reports during the first half of 2018. The first hearings on the merits were held in the second half of 2018.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a former subsidiary of Vivendi) against FIG to obtain the release of part of a payment remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the annulment of the sale and an award for damages following a judgment of the Berlin Court of Appeal. On December 16, 2010, the Berlin Court of Appeal confirmed the decision of the Regional Berlin Court in April 2009, which decided in CGIS BIM's favor and confirmed the invalidity of the reasoning of the judgment and therefore overruled the order for CGIS BIM to repurchase the building and pay damages. This decision is now final. In parallel, FIG filed a second claim for additional damages in the Berlin Regional Court which was served on CGIS BIM on March 3, 2009. On June 19, 2013, the Berlin Regional Court ordered CGIS BIM to pay FIG the sum of €3.9 million together with interest from February 27, 2009. CGIS BIM has appealed this decision. At a hearing held at the Berlin Court of Appeal on January 8, 2018, the judge proposed a settlement, the terms of which were accepted by both parties, thereby putting an end to this litigation.

Mediaset against Vivendi

On April 8, 2016, Vivendi entered into a strategic partnership agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a "due diligence review" (carried out for Vivendi by the advisory firm Deloitte), as contractually agreed. It became clear from this audit and from Vivendi's analyses that the figures provided by Mediaset prior to the signing of the agreement were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly rejecting the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares over time.

Subsequently, 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 blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not have accepted a formal filing while the parties were discussing their differences.

At the first hearing held in the case, the judge invited the parties to come closer together to try to reach an amicable settlement to their dispute. To this end, on May 3, 2017, the parties initiated mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, on June 9, 2017, Mediaset, RTI and Fininvest filed another 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 carried out in breach of the April 8, 2016 agreement, the Italian media regulations and unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the shares of Mediaset which were allegedly bought in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs have 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 and scheduled a hearing for October 23, 2018, which was postponed to December 4, 2018. During this hearing, Fininvest, RTI and Mediaset renounced 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 harm linked to 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 harm done to its decision-making procedures and image. The next hearing will be held on March 12, 2019.

Other proceedings related to Vivendi's entry into the share capital of Mediaset

Following Vivendi's entry into the share capital of Mediaset through 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. On November 5, 2018, the Regional Administrative Court of Lazio decided to suspend its decision and refer 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.

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 15 March 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 competent courts.

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 asset 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.

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.

By a decree dated May 8, 2018, the Italian Government imposed an administrative fine of €74 millions 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 Administrative Regional 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, the Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels or replacement channels that have substituted these channels and was ordered to replace the TPS Foot channel in the event it is dropped. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was unsuccessful in its claims concerning the content of the channels in question. On 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 took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal 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 has, at this stage, halted his work.

Action brought by the French Competition Authority regarding Practices in the Pay-TV Sector

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleged that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case, but no action has been taking since December 2013. In April 2018, the French Competition Authority informed Canal+ Group of the closure of the case.

Canal+ Group against TF1, M6 and France Télévision

On December 9, 2013, Canal+ Group filed a complaint with the French Competition Authority against the practices of the TF1, M6 and France Télévision groups in the French-language film market. Canal+ Group 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. The case will be reviewed by the French Competition Authority at its meeting to be held on February 13, 2019.

TF1 against Canal+ Group

On May 7, 2018, TF1 filed a complaint against Canal+ Group for infringement of its neighboring rights and trademarks, as well as for unfair competition. TF1 alleges that Canal+ Group continued the distribution of its linear channels and its associated services on all its networks beyond the end date of the agreement. After the parties reached an agreement, TF1 withdrew from these proceedings.

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.

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. On April 4, 2018, Canal+ Group 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 fight against 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, 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 (cards only) 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. A decision is expected on February 22, 2010.

Top 14 Rugby (2019-2023)

By a letter registered on July 19, 2016, the French Competition Authority was notified by Altice of a referral regarding the practices implemented in the tender process for the granting of broadcasting rights to Top 14 Rugby for the seasons 2019/2020 to 2022/2023. The French Competition Authority, having formally recognized that Altice had withdrawn its complaint, closed the case.

Canal+ Group against Numericable-SFR

On October 4, 2017, Canal+ Group filed a complaint against Numericable-SFR before the Paris Commercial Court for customer poaching and breach of contract, in which it asked the Court to issue an injunction to stop such practices and to award damages. After the parties reached an agreement, Canal+ Group withdrew from these proceedings on October 9, 2018.

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 appeals with the French Council of State *(Conseil d'État)*. On July 4, 2017, C8 filed two claims for compensation with the CSA which claims 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. The claims for compensation are being reviewed by the Council of State. A decision is expected in the first quarter of 2019.

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 fight against 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. Similarly, 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.

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.

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 exploitation accounts, fraud, and failure to exploit 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 (i) 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 (ii) 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; this point will therefore be decided in the context of the proceedings on the merits. On September 18, 2018, the plaintiffs filed their new complaint (the "Third Amended Complaint"). In parallel, the parties have decided to enter into mediation with the first meeting to be held on March 11, 2019. The parties suspended the proceedings on the merits until the end of the mediation.

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 €3,246,456.22, representing €38,456.22 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.

Complaints against Music Industry Majors in the United States

In 2006, several complaints were filed before the Federal Courts in New York and California against Universal Music Group and the other music industry majors for alleged anti-competitive practices in the context of sales of CDs and Internet music downloads. These complaints have been consolidated before the Federal Court in New York. The motion to dismiss filed by the defendants was granted by the Federal Court on October 9, 2008, but this decision was reversed by the Second Circuit Court of Appeals on January 13, 2010. The defendants subsequently filed a motion for rehearing which was denied. A petition was filed with the US Supreme Court which rejected it on January 10, 2011. On July 18, 2017, the Court dismissed the motion for class certification filed by the plaintiffs who appealed against the decision. On December 8, 2017, the Second Circuit Court of Appeals refused to hear the appeal. In November 2018, the parties entered into a settlement agreement, putting an end to this litigation.

Mireille Porte against Interscope Records, Inc., Stefani Germanotta and Universal Music France

On July 11, 2013, the artist Mireille Porte (AKA "Orlan") filed a complaint against Interscope Records, Inc., Stefani Germanotta (AKA "Lady Gaga") and Universal Music France with the Paris Tribunal of First Instance for the alleged copyright infringement of several of Orlan's artistic works. On July 7, 2016, the Paris Tribunal of First Instance denied all of Mireille Porte's claims. Ms. Porte filed an appeal against this decision. On May 15, 2018, the French Court of Appeal upheld the lower court's decision.

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.

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 immediately appealed against this decision.

Glass Egg vs. Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi SA

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 SA 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 has begun and is expected to continue during the first half of 2019. 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 is remains challenged and the Court has ordered limited discovery to determine whether it has jurisdiction.

Reti Televisive Italiane (RTI) against Dailymotion

Since 2012, several legal actions have been filed by RTI against Dailymotion before the Civil Court of Rome. Similar to claims it has made against other major online video platforms, RTI is seeking damages for infringement of its neighboring rights (audiovisual production and broadcasting rights) and unfair competition as well as the removal of the contested content from the Dailymotion platform.

NOTE 24. MAJOR CONSOLIDATED ENTITIES OR ENTITIES ACCOUNTED FOR UNDER THE EQUITY METHOD

As of December 31, 2018, approximately 1,140 entities were consolidated or accounted for under the equity method (unchanged compared to December 31, 2017).

		December 31, 2018			December 31, 2017		
	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. (ex-SIG 104)	France	C	100%	100%	C	100%	100%
Universal International Music B.V.	Netherlands	C	100%	100%	C	100%	100%
Universal Music Entertainment GmbH	Germany	C	100%	100%	C	100%	100%
Universal Music, LLC	Japan	C	100%	100%	C	100%	100%
Universal Music France S.A.S.	France	C	100%	100%	C	100%	100%
Universal Music Holdings Ltd.	United Kingdom	C	100%	100%	C	100%	100%
EMI Group Worldwide Holding Ltd.	United Kingdom	C	100%	100%	C	100%	100%
Groupe Canal+ S.A.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
Société d'Édition de Canal Plus	France	C	100%	100%	C	100%	100%
Multithématiques S.A.S.	France	C	100%	100%	C	100%	100%
Canal+ 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%
ITI Neovision (nc+)	Poland	C	51%	51%	C	51%	51%
VSTV (a)	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 Media France	France	C	100%	100%	C	100%	100%
Arnold Worldwide, LLC	United States	C	100%	100%	C	100%	100%
Havas Paris	France	C	99%	99%	C	99%	99%
Socialyse	France	C	100%	100%	C	100%	100%
Havas Media Group Spain, SA.	Spain	C	100%	100%	C	100%	100%
Affiperf Limited	United Kingdom	C	100%	100%	C	100%	100%
Havas Worldwide Chicago, Inc.	United States	C	100%	100%	C	100%	100%
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%

		December 31, 2018			December 31, 2017		
	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi Village S.A.S.	**France**	**C**	**100%**	**100%**	**C**	**100%**	**100%**
See Tickets	United Kingdom	C	100%	100%	C	100%	100%
Paylogic (b)	Netherlands	C	100%	100%	-	-	-
Digitick	France	C	100%	100%	C	100%	100%
MyBestPro (c)	France	-	-	-	C	100%	97%
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%
Studio+	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) 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.

(b) On April 16, 2018, Vivendi Village acquired Paylogic, a ticketing and technology company based in Amsterdam.

(c) MyBestPro was sold on December 21, 2018.

NOTE 25. STATUTORY AUDITORS FEES

Fees paid by Vivendi SA in 2018 and 2017 to its Statutory Auditors and members of the Statutory Auditor firms were as follows:

	Deloitte et Associés				Ernst & Young et Autres					
	Amount		%		Amount		%		Total	
(in millions of euros)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.6	0.6	*6%*	*6%*	0.7	0.7	*12%*	*13%*	1.3	1.3
Fully consolidated subsidiaries	9.0	8.8	*92%*	*90%*	3.7	3.6	64%	*70%*	12.7	12.4
Subtotal	**9.6**	**9.4**	***98%***	***96%***	**4.4**	**4.3**	***76%***	***83%***	**14.0**	**13.7**
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	0.4	*1%*	*4%*	-	-	-	-	0.1	0.4
Fully consolidated subsidiaries	0.1	-	*1%*	-	1.3	0.8	*22%*	*15%*	1.4	0.8
Subtotal	**0.2**	**0.4**	***2%***	***4%***	**1.3**	**0.8**	***22%***	***15%***	**1.5**	**1.2**
Total	**9.8**	**9.8**	***100%***	***100%***	**5.8**	**5.2**	***100%***	***100%***	**15.6**	**15.0**

(a) Include services required by law and regulation (e.g., reports on capital transactions, comfort letters, validation of the consolidated declaration 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 26. AUDIT EXEMPTIONS FOR UMG SUBSIDIARIES IN THE UNITED KINGDOM

Vivendi S.A. has provided guarantees to the following UMG subsidiaries, incorporated in England and Wales, under the registered number indicated, in order for them to claim audit exemptions, with respect to fiscal year 2018, under Section 479A of the UK Companies Act 2006.

Name	Company Number	Name	Company Number
Dub Dub Productions Ltd.	03034298	Trinifold Music Ltd.	01781138
EGW USD	08107589	Universal/Anxious Music Ltd.	01862328
E.M.I. Overseas Holdings Ltd.	00403200	Universal/Momentum Music Ltd.	01946456
EMI (IP) Ltd.	03984464	Universal/Momentum Music 2 Ltd.	02850484
EMI Group (Newco) Ltd.	07800879	Universal SRG Music Publishing Ltd.	02898402
EMI Group Electronics Ltd.	00461611	Universal Music (UK) Holdings Ltd.	03383881
EMI Group International Holdings Ltd.	01407770	Universal Music Holdings (UK) Ltd.	00337803
EMI Group Worldwide	03158106	Universal Music Leisure Ltd.	03384487
EMI Group Worldwide Holdings Ltd.	06226803	Universal Music Publishing MGB Holding UK Ltd.	05092413
EMI Ltd.	00053317	Universal SRG Group Ltd.	00284340
EMI Recorded Music (Chile) Ltd.	07934340	Universal SRG Music Publishing Copyrights Ltd.	02873472
EMI Records France Holdco Ltd.	06405604	Universal SRG Studios Ltd.	03050388
Estupendo Records Ltd.	03278620	V2 Music Group Ltd.	03205625
Mawlaw 388 Ltd.	03590255	Virgin Music Group	02259349
Relentless 2006 Ltd.	03967906	Virgin Records Overseas Ltd.	00335444
Twenty-First Artists Ltd.	01588900		

NOTE 27. SUBSEQUENT EVENTS

The significant events that occurred between the closing date and February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018) were as follows:

- in January 2019, Vivendi SA completed new bank financings (please refer to Note 19.3);
- on January 31, 2019, Vivendi announced the closing of the acquisition of 100% of the share capital of Editis, the second-largest French-language publishing group (please refer to Note 2.2); and
- on February 11, 2019, Vivendi's Management Board decided to propose to shareholders two resolutions relating to share repurchases which will be submitted to a vote at the General Shareholders' Meeting to be held on April 15, 2019 (please refer to Note 15).

NOTE 28. RESTATEMENT OF COMPARATIVE INFORMATION

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, thereby ensuring comparability of the data relative to each period of 2018 and 2017 contained in this report (please refer to Note 1); 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; therefore, the data relative to 2017 contained in this report is not comparable (please refer to Note 1).

28.1. RESTATEMENTS OF THE CONSOLIDATED STATEMENT OF EARNINGS

Impacts related to the application of IFRS 15 on revenues by business segment

	2017				
(in millions of euros)	Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,	Year ended December 31,
Revenues (as previously published) (A)					
Universal Music Group	1,284	1,382	1,319	1,688	5,673
Canal+ Group	1,278	1,290	1,257	1,421	5,246
Havas (a)	-	-	525	626	1,151
Gameloft	68	62	63	65	258
Vivendi Village	26	30	25	28	109
New Initiatives	10	13	11	17	51
Elimination of intersegment transactions	(3)	(3)	(16)	(22)	(44)
Total Vivendi	**2,663**	**2,774**	**3,184**	**3,823**	**12,444**
IFRS 15 restatements (B)					
Universal Music Group	-	-	-	-	-
Canal+ Group	*(6)*	*(7)*	*(5)*	*(30)*	*(48)*
Havas (a)	-	-	*27*	*33*	*60*
Gameloft	*16*	*15*	*15*	*16*	*62*
Vivendi Village	-	-	-	-	-
New Initiatives	-	-	-	-	-
Elimination of intersegment transactions	-	-	-	-	-
Total Vivendi	***10***	***8***	***37***	***19***	***74***
Restated revenues (A+B)					
Universal Music Group	1,284	1,382	1,319	1,688	5,673
Canal+ Group	1,272	1,283	1,252	1,391	5,198
Havas (a)	-	-	552	659	1,211
Gameloft	84	77	78	81	320
Vivendi Village	26	30	25	28	109
New Initiatives	10	13	11	17	51
Elimination of intersegment transactions	(3)	(3)	(16)	(22)	(44)
Total Vivendi	**2,673**	**2,782**	**3,221**	**3,842**	**12,518**

(a) As a reminder, Vivendi has fully consolidated Havas since July 3, 2017.

Restatements of the Statement of Earnings

	Year ended December 31, 2017		
	Published	*IFRS 15 restatements*	Restated
Revenues	**12,444**	***74***	**12,518**
Cost of revenues	(7,210)	*(92)*	(7,302)
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(4,118)		(4,118)
Income from operations (*)	**1,116**	***(18)***	**1,098**
Restructuring charges	(88)		(88)
Other operating charges and income	(41)		(41)
Adjusted earnings before interest and income taxes (EBITA) (*)	**987**	***(18)***	**969**
Amortization and depreciation of intangible assets acquired through business combinations	(124)		(124)
Reversal of reserve related to the Securities Class Action litigation in the United States	27		27
Income from equity affiliates – operational	146		146
Earnings before interest and income taxes (EBIT)	**1,036**	***(18)***	**1,018**
Income from equity affiliates – non-operational	-		-
Interest	(53)		(53)
Income from investments	29		29
Other financial charges and income	(100)		(100)
	(124)	***-***	***(124)***
Earnings before provision for income taxes	**912**	***(18)***	**894**
Provision for income taxes	349	*6*	355
Earnings from continuing operations	**1,261**	***(12)***	**1,249**
Earnings from discontinued operations	-		-
Earnings	**1,261**	***(12)***	**1,249**
Non-controlling interests	(33)		(33)
Earnings attributable to VIVENDI SA Shareowners	**1,228**	***(12)***	**1,216**
Earnings attributable to Vivendi SA shareowners per share – basic (in euros)	0.98		0.97
Earnings attributable to Vivendi SA shareowners per share – diluted (in euros)	0.95		0.94
Adjusted net income (*)	**1,312**	***(12)***	**1,300**
Adjusted net income per share – basic (in euros) (*)	1.05		1.04
Adjusted net income per share – diluted (in euros) (*)	1.01		1.00

In millions of euros, except per share amounts.

(*) Non-GAAP measures.

28.2. RESTATEMENTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	December 31, 2017 Published	*IFRS 15 restatements*	Restated	*IFRS 9 restatements*	*IFRS 9 and IFRS 15 restatements by equity affiliates*	January 1, 2018
ASSETS						
Goodwill	12,084		12,084			12,084
Non-current content assets	2,087		2,087			2,087
Other intangible assets	440		440			440
Property, plant and equipment	930		930			930
Investments in equity affiliates	4,540		4,540		*(14)*	4,526
Non-current financial assets	4,583		4,583	*(81)*		4,502
Deferred tax assets	619	*6*	625	*2*		627
Non-current assets	**25,283**	***6***	**25,289**	***(79)***	***(14)***	**25,196**
Inventories	177		177			177
Current tax receivables	406		406			406
Current content assets	1,160		1,160			1,160
Trade accounts receivable and other	5,218		5,218	*(10)*		5,208
Current financial assets	138		138			138
Cash and cash equivalents	1,951		1,951			1,951
Current assets	**9,050**	*-*	**9,050**	***(10)***	*-*	**9,040**
Total assets	**34,333**	***6***	**34,339**	***(89)***	***(14)***	**34,236**
EQUITY AND LIABILITIES						
Share capital	7,128		7,128			7,128
Additional paid-in capital	4,341		4,341			4,341
Treasury shares	(670)		(670)			(670)
Retained earnings and other	6,857	*(12)*	6,845	*4*	*(14)*	6,835
Vivendi SA shareowners' equity	**17,656**	***(12)***	**17,644**	***4***	***(14)***	**17,634**
Non-controlling interests	222		222			222
Total equity	**17,878**	***(12)***	**17,866**	***4***	***(14)***	**17,856**
Non-current provisions	1,515		1,515			1,515
Long-term borrowings and other financial liabilities	4,263		4,263	*(93)*		4,170
Deferred tax liabilities	589		589			589
Other non-current liabilities	226		226			226
Non-current liabilities	**6,593**	*-*	**6,593**	***(93)***	*-*	**6,500**
Current provisions	412		412			412
Short-term borrowings and other financial liabilities	373		373			373
Trade accounts payable and other	9,001	*18*	9,019			9,019
Current tax payables	76		76			76
Current liabilities	**9,862**	***18***	**9,880**	*-*	*-*	**9,880**
Total liabilities	**16,455**	***18***	**16,473**	***(93)***	*-*	**16,380**
TOTAL EQUITY AND LIABILITIES	**34,333**	***6***	**34,339**	***(89)***	***(14)***	**34,236**

28.3. RESTATEMENTS OF THE CONSOLIDATED FINANCIAL ASSETS

	December 31, 2017			*IFRS 9 restatements*		January 1, 2018			
(in millions of euros)	Total	Current	Non-current	*Available-for-sale securities*	*Financial assets at amortized cost*	Total	Current	Non-current	
Financial assets at fair value									**Financial assets at fair value through profit or loss**
Term deposits	50	50	-	-	-	50	50	-	Term deposits
Level 1									Level 1
Bond funds	25	25	-	-	-	25	25	-	Bond funds
Listed equity securities	3,754	-	3,754	*(1,798)*	-	1,956	-	1,956	Listed equity securities
Other financial assets	5	5	-	-	-	5	5	-	Other financial assets
Level 2									Level 2
Unlisted equity securities	361	-	361	*(13)*	-	348	-	348	Unlisted equity securities
Derivative financial instruments	19	4	15			19	4	15	Derivative financial instruments
Level 3 – Other financial assets	69	-	69	*(47)*	*40*	62	-	62	Level 3 – Other financial assets
									Financial assets at fair value through other comprehensive income
				1,798	-	1,798	-	1,798	Level 1 – Listed equity securities
				13	-	13	-	13	Level 2 – Unlisted equity securities
				47	-	47	-	47	Level 3 – Unlisted equity securities
Financial assets at amortized cost	**438**	**54**	**384**	**-**	***(121)***	**317**	**54**	**263**	**Financial assets at amortized cost**
Financial assets	**4,721**	**138**	**4,583**	**-**	***(81)***	**4,640**	**138**	**4,502**	**Financial assets**

IV – 2018 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 December 31, 2018

To the Annual General Meeting of Vivendi,

OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Vivendi for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2018 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 January 1, 2018 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 €19,453 million as at December 31, 2018, for a total balance sheet of €26,218 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: ▶ future cash flow forecasts; ▶ perpetual growth rates used for projected flows; ▶ discount rates (WACC) 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 examined 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: ▶ 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 (WACC) 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. 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 former minority shareholders (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 this subject 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 advisors mandated by your company, relating to (i) the dispute between your company and the Mediaset group and its shareholders and its shareholders, and (ii) the dispute between your company and certain foreign institutional investors concerning alleged harm resulting from the financial communication 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 controlling and controlled companies. 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 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 April 25, 2017 for Deloitte & Associés and on June 15, 2000 for Ernst & Young et Autres.

As at December 31, 2018, Deloitte et Associés and Ernst & Young et Autres were in the second year and nineteenth 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, February 14, 2019

The Statutory Auditors

French original signed by:

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Jean Paul Séguret	Jacques Pierres

2. 2018 Statutory Financial Statements

I. STATEMENT OF EARNINGS

(in millions of euros)	Note	2018	2017
Operating income			
Total revenues		68.3	66.5
Reversal of provisions and expense reclassifications		10.2	16.9
Other income		0.1	
Total I		**78.6**	**83.4**
Operating expenses			
Other purchases and external charges		133.5	101.5
Duties and taxes other than income tax		3.2	16.8
Wages and salaries and social security contributions		70.6	74.4
Depreciation, amortization and charges to provisions		26.2	26.4
Other expenses		1.4	1.2
Total II		**234.9**	**220.3**
Loss from operations (I - II)	2	**(156.3)**	**(136.9)**
Financial income			
From equity affiliates and other long-term securities (dividends)		1,076.8	275.1
From long-term receivables		59.7	57.0
Other interest and similar income		109.9	95.2
Reversal of provisions and expense reclassifications		28.6	40.7
Foreign exchange gains		512.6	926.1
Net proceeds from the sale of marketable securities			2.8
Total III		**1,787.7**	**1,396.9**
Financial expenses			
Amortization and charges to financial provisions		1,151.5	266.2
Interest and similar charges		186.7	116.5
Foreign exchange losses		512.1	873.1
Net expenses on marketable securities sales		0.9	0.7
Total IV		**1,851.2**	**1,256.5**
Net financial income/(Loss) (III - IV)	3	**(63.5)**	**140.4**
Earnings/(Losses) from ordinary operations before tax (I - II + III - IV)		**(219.9)**	**3.5**
Exceptional income			
From non-capital transactions			4.2
From capital transactions		1,876.7	39.7
Reversals of provisions and expense reclassifications		218.4	539.8
Total V		**2,095.1**	**583.7**
Exceptional expenses			
Related to non-capital transactions		17.1	86.2
Related to capital transactions		989.5	44.5
Exceptional depreciation, amortization and charges to provisions		47.6	271.7
Total VI		**1,054.2**	**402.4**
Net exceptional items (V - VI)	4	**1,040.8**	**181.3**
Income tax (charge)/credit (VII)	5	**130.3**	**518.3**
Total income (I + III + V + VII)		**3,961.4**	**2,582.3**
Total expenses (II + IV + VI)		**3,010.1**	**1,879.2**
EARNINGS FOR THE YEAR		**951.3**	**703.1**

II. STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	Gross	Depreciation and amortization	Net	
(in millions of euros)				12/31/2018	12/31/2017
Non-current assets					
Intangible assets	6	**9.9**	**8.7**	**1.3**	**1.0**
Property, plant and equipment	6	**58.8**	**56.0**	**2.8**	**3.2**
Long-term investments (a)	7	**24,869.8**	**4,307.0**	**20,562.8**	**23,596.5**
Investments in affiliates and Long-term portfolio securities		22,159.7	2,706.4	19,453.3	22,995.7
Loans to subsidiaries and affiliates		1,602.5	1,600.6	1.9	1.8
Other long-term investment securities		599.8		599.8	590.1
Loans					
Other		507.9		507.9	8.9
Total I		**24,938.5**	**4,371.7**	**20,566.8**	**23,600.7**
Current assets	8				
Receivables (b)		**2,925.0**	**292.6**	**2,632.4**	**2,524.1**
Trade accounts receivable and related accounts		23.4	4.1	19.3	11.0
Other receivables		2,901.6	288.5	2,613.1	2,513.1
Marketable securities and equivalent receivables		**2,762.7**	**0.9**	**2,761.8**	**1,095.7**
Treasury shares	9	57.6		57.6	78.6
Other securities	10	2,705.0	0.9	2,704.1	1,017.1
Cash at bank and in hand	10	**235.3**		**235.3**	**154.1**
Prepayments (b)		**16.3**		**16.3**	**15.9**
Total II		**5,939.3**	**293.5**	**5,645.8**	**3,789.8**
Deferred charges (III)	12	**5.4**		**5.4**	**7.9**
Unrealized foreign exchange losses (IV)	13				
Total assets (I + II + III + IV)		**30,883.3**	**4,665.2**	**26,218.1**	**27,398.4**
(a) *Portion due in less than one year*				*517.1*	*19.4*
(b) *Portion due in more than one year*				*34.1*	*9.9*

EQUITY AND LIABILITIES

(in millions of euros)	Note	12/31/2017	12/31/2017
Equity	14		
Share capital		7,184.3	7,128.3
Additional paid-in capital		9,288.5	9,155.0
Reserves			
Legal reserve		752.7	752.7
Other reserves			
Retained earnings		1,607.3	1,471.7
Earnings for the year		951.3	703.1
Total I		**19,784.1**	**19,210.8**
Provisions	16	574.9	553.0
Total II		**574.9**	**553.0**
Liabilities (a)			
Convertible and other bond issues	17	3,665.8	3,665.8
Bank borrowings (b)	17	84.3	100.8
Other borrowings	17	2,016.8	3,792.7
Trade accounts payable and related accounts		28.9	16.3
Tax and employee-related liabilities		29.8	28.1
Amounts payable in respect of PP&E and related accounts		2.9	3.0
Other liabilities		26.2	27.9
Deferred income			
Total III		**5,854.8**	**7,634.6**
Unrealized foreign exchange gains (IV)	13	**4.3**	
Total equity and liabilities (I + II + III + IV)		**26,218.1**	**27,398.4**
(a) *Portion due in more than one year*		*2,959.9*	*3,654.7*
Portion due in less than one year		*2,894.9*	*3,979.9*
(b) *Includes current bank facilities and overdrafts*		*84.3*	*100.8*

III. STATEMENT OF CASH FLOWS

(in millions of euros)	2018	2017
Earnings for the year	951.3	703.1
Elimination of non-cash income and expenses		
Charges to amortization	3.3	3.7
Charges to depreciation and provisions net of (reversals)		
Operating	12.7	7.7
Financial	1,122.1	225.5
Exceptional	(170.8)	(268.1)
Capital gains	(866.2)	12.0
Dividends received in assets	(9.6)	
Other income and charges without cash impact	16.7	51.9
Operating cash flows before changes in working capital	**1,059.5**	**735.8**
Changes in working capital	(34.6)	193.1
Net cash provided by/(used in) operating activities	**1,024.8**	**928.9**
Capital expenditure	(0.7)	(0.8)
Purchases of investments in affiliates and securities	(8.0)	(4,165.2)
Increase in loans to subsidiaries and affiliates	(59.8)	(57.0)
Receivables related to the sale of non-current assets and other financial receivables	(465.6)	658.8
Proceeds from sales of intangible assets and PP&E	1.4	
Proceeds from sales of investments in affiliates and securities	2,220.7	8.2
Decrease in loans to subsidiaries and affiliates		
Increase in deferred charges relating to financial instruments		(1.7)
Net cash provided by/(used in) investing activities	**1,687.9**	**(3,557.7)**
Net proceeds from issuance of shares	189.5	152.1
Dividends paid	(567.5)	(499.2)
New long-term borrowings secured		844.6
Principal payments on long-term borrowings		(750.0)
Increase (decrease) in short-term borrowings	(16.5)	(117.3)
Change in net current accounts	(550.1)	235.5
Treasury shares		(202.0)
Net cash provided by/(used in) financing activities	**(944.6)**	**(336.3)**
Change in cash	1,768.2	(2,965.1)
Opening net cash (a)	1,171.2	4,136.3
Closing net cash (a)	**2,939.4**	**1,171.2**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

3. Notes to the 2018 Statutory Financial Statements

Preliminary note: all references to dollars are in US dollars.

SIGNIFICANT EVENTS IN 2018

Main changes in the equity portfolio

Opening of Universal Music Group's share capital

The sale process for up to 50% of Universal Music Group's share capital to one or more strategic partners is moving forward:

- corporate structure reorganization was completed at the end of 2018;
- launch of Vendor Due Diligence at the beginning of 2019; and
- meetings were held with the pre-selected banks. The final selection of the financial advisors that will assist Vivendi in finding the best partners for Universal Music Group should be completed in the coming weeks.

A floor price will be set for the entry of partners into Universal Music Group's share capital.

Acquisition of Editis

Following the share purchase agreement entered into on November 15, 2018 with the Spanish group Planeta, based on an enterprise value of €900 million, on January 31, 2019, Vivendi completed the acquisition of 100% of the share capital of Editis, the second-largest French-language publishing group, representing an €833 million outflow, including the repayment of Editis's debt. The French Competition Authority had authorized the transaction unconditionally on January 2, 2019.

Editis recorded revenues of approximately €750 million.

Editis encompasses around 50 prestigious publishing houses (e.g., Nathan, Robert Laffont, Julliard, Plon, Belfond, Presses de la Cité, Pocket or Solar). With a large portfolio of internationally-acclaimed authors, 4,000 new books published each year and a catalogue of more than 45,000 titles, Editis employs 2,400 people and has leading positions in the fields of fiction, children's books, non-fiction, graphic and illustrated books, educational and reference books. Through its subsidiary Interforum, it is also a leader in book selling/distribution.

Sale of interest in Ubisoft

On March 20, 2018, Vivendi announced the sale of its entire 27.27% interest in Ubisoft (30,489,300 shares) at a price of €66 per share, representing an aggregate amount of €2 billion. This interest had been acquired by Vivendi over the past three years for €794.1 million.

In connection with this sale, Vivendi received €1,511.2 million on March 23, 2018 (sale of 22,898,391 shares) and €69 million on October 3, 2018 (sale of 1,040,909 shares). The balance of the sale proceeds that remains to be received by Vivendi amounts to €428.7 million under the forward sale of its remaining interest in Ubisoft (6,550,000 shares) which will occur on March 5, 2019.

In 2018, Vivendi realized a capital gain of €994.9 million on the sale of the interest in Ubisoft. As of December 31, 2018, Vivendi retained 5.80% of Ubisoft's share capital, representing a book value of €209 million.

Vivendi has given 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.

Sale of interest in Fnac Darty

On January 16, 2018, Vivendi entered into a hedging transaction to protect the value of its 11% interest in Fnac Darty. The hedge involved an over-the-counter instrument combining a forward sale, based on a reference price of €91 per share and a share market loan. Vivendi had retained the option to settle this transaction either in cash or in shares at maturity.

On July 2, 2018, Vivendi decided to settle the transaction in shares, which were delivered on July 10, 2018. On July 12, 2018, Vivendi received a cash payment of €266.8 million corresponding to the hedge price of €90.61 per share, after making an initial investment in May 2016 of €159 million, i.e., €54 per share.

Mr. Stéphane Roussel and Mr. Simon Gillham, members of Vivendi's Management Board, have agreed to remain members of Fnac Darty's Board of Directors.

Sale of Telefonica shares

In November and December 2018, pursuant to its commitment to the Brazilian Competition Authority (CADE) in connection with the sale of GVT in 2015, Vivendi sold its Telefonica shares on the market for an aggregate amount of €373 million.

In 2018, Vivendi received net dividends of €9.7 million from Telefonica.

Transfer of the shares in Mediaset to an independent trustee

The partnership agreement entered into between Vivendi and Mediaset on April 8, 2016 is the subject of litigation proceedings. As of December 31, 2017, Vivendi held 340,246 thousand Mediaset shares, representing 29.94% of the voting rights. 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 (see Note 7, Long-term Investments and Note 24, Litigation).

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, 2018 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 application of ANC Regulation No. 2018-01 related to changes in accounting policies, changes in accounting estimates and corrections of errors did not result in any changes in the presentation of Vivendi's statutory financial statements or their comparability.

The accounting principles and methods are identical to those applied for the preparation of the 2017 statutory financial statements.

The company makes certain estimates and assumptions that it considers reasonable and reliable. These estimates and assumptions are based on past or anticipated events, and relate in particular to the measuring of asset impairment (see Note 7, Long-term Investments) and provisions (see Note 16, Provisions) as well as to employee benefits (see Note 1.9, Employee benefit plans). Despite regular review, facts and circumstances may lead to changes in such estimates and assumptions, which may have an impact on the amount of assets, liabilities, equity or earnings recognized by the company.

The annual Statutory Financial Statements are available online on vivendi.com.

Consolidating companies

Since April 26, 2017, the Vivendi group has been fully consolidated by Bolloré Group, whose parent companies are Bolloré SA (Siren: 055 804 124) and Financière de l'Odet (Siren: 056 801 046).

Moreover, 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 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 Art. 221-3). Value-in-use is generally determined based on the discounted value of future cash flows, although 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 Art. 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 Art. 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 payment in external growth transactions and on shares acquired under a liquidity contract if their value-in-use, which corresponds to the average share price during closing month, is lower than their book value (PCG Art. 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

When the company implements a performance share plan or a stock option plan that is settled by the delivery of treasury shares, a provision is recognized. This provision is calculated based on the market price of Vivendi shares 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 Art. 624-8).

Pursuant to the PCG Art. 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, Art. 324-1) and uses method 1 of Recommendation ANC 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 which exceeds the greater of 10% of: (i) the obligation and (ii) the fair value of the plans' assets as of the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

1.10. FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Foreign currency-denominated income and expense items are translated using average monthly rates or, as applicable, using the exchange rate negotiated during specific transactions.

Foreign currency-denominated receivables, payables, marketable securities and cash balances are translated at the exchange rates applicable on the accounting closing date (PCG Art. 420-5).

Unrealized gains and losses recognized on translation of foreign currency borrowings, loans, receivables and payables, using exchange rates prevailing on the accounting closing date, are recorded in the Statement of Financial Position as unrealized foreign exchange gains and losses. A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses (PCG, Art. 420-5).

Cash and 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 as 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 Art. 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).

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 €68.3 million in 2018, compared to €66.5 million in 2017.

2.2. OPERATING EXPENSES AND EXPENSE RECLASSIFICATIONS

Operating expenses amounted to €234.9 million in 2018, compared to €220.3 million in 2017.

Within this total, “other purchases and external charges” represented €133.5 million in 2018, compared to €101.5 million in 2017. 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)	2018	2017
Non stored purchases	0.8	0.7
Rent	9.5	8.7
Insurance (a)	16.8	20.2
Service providers, temporary staff and sub-contracting	24.5	10.7
Commissions and professional fees (b)	66.2	44.0
Bank services	0.2	1.7
Other external services	15.5	15.5
Sub-total other purchases and external charges	**133.5**	**101.5**
Amounts rebilled to subsidiaries (revenues)	(21.4)	(11.2)
Expense reclassifications		(1.7)
Total net of rebilled expenses and expense reclassifications	**112.1**	**88.6**

(a) Including €8.1 million paid in 2018 (€12.1 million in 2017) on plans for the coverage of supplementary pension liabilities, other than retirement termination payments.

(b) The change in commissions and professional fees is mainly due to fees related to M&A transactions, and legal fees related to litigation.

NOTE 3. NET FINANCIAL INCOME/(LOSS)

Net financial income/(loss) is broken-down as follows:

(in millions of euros)	2018	2017
Net financing costs	(26.9)	(19.4)
Dividends received	1,076.8	275.1
Foreign exchange gains & losses	0.5	53.0
Other financial income and expenses	(58.6)	(4.1)
Movements in financial provisions	(1,055.4)	(164.2)
Total	**(63.5)**	**140.4**

3.1. FINANCING COSTS

The net financing costs amounted to -€26.9 million in 2018, compared -€19.4 million in 2017, which, among other items, included:

- charges resulting from bond issues amounting to -€67.9 million in 2018, compared to -€66.9 million in 2017 (see Note 17, Borrowings);
- external investment income and net capital gains on disposals of marketable securities amounting to €8.8 million in 2018, compared to €13.3 million in 2017;
- net income earned on current accounts with subsidiaries amounting to €7.1 million in 2018, compared to €21.8 million in 2017. The net change is primarily due to the increase in interest rates paid on deposits in US dollar current accounts; and
- premiums and discounts associated with forward currency transactions used for hedging, resulting in a positive net amount of €25.1 million in 2018, compared to €12.4 million in 2017.

3.2. DIVIDENDS RECEIVED

In 2018, Income from affiliates amounted to €1,076.8 million, which primarily comprised dividends from Universal Music Group Inc. (UMG Inc.) of €735.5 million ($839 million) in cash and €9.6 million ($11 million) in shares of Vivendi Holding 1, from UMG SAS (fka SIG 104) of €245.8 million, from Havas of €76.1 million and from Telefonica of €9.7 million.

In 2017, Income from affiliates amounted to €275.1 million, which primarily comprised dividends from Universal Music Group, Inc. (UMG Inc.) of €253.8 million ($300 million) and Telefonica of €16.7 million.

3.3. FINANCIAL PROVISIONS AND IMPAIRMENTS

- The value of Groupe Canal+ SA is determined based on its value in use which was established in 2017, on the basis of recoverable amounts, determined by discounting future cash flows (Discounted Cash Flow Method (DCF)).

  Based on multiple valuations observed in recent acquisitions, Vivendi considered that Canal+ Group's recoverable amount is at least equal to its carrying value. Canal+ Group did not update its business plan at year-end 2018, given the uncertainties around its program offering following the expiration of the League 1 football rights in France in 2020.
- To achieve the highest possible valuation for Universal Music Group, given the favorable change in the international music market, driven in particular by the strong development of subscription streaming services, Vivendi stated in 2018 that it is willing to sale up to 50% of Universal Music Group's share capital to one or more strategic partners and that such process could be completed within an 18-month timeframe.

  The value of UMG Inc and UMG SAS, the two companies held by Vivendi SA engaged in the music business, appreciated in 2018 and continue to exceed their book values.
- The acquisitions of Gameloft and Dailymotion, on June 29, 2016 and June 30, 2015, respectively, were part of Vivendi's strategy to build a global content and media group. Gameloft and Dailymotion were fully consolidated into the group and they are currently being reconfigured. With the assistance of a third-party appraiser, Vivendi ensured that the recoverable amounts of Gameloft and Dailymotion as of December 31, 2017 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 value at the acquisition date.

  Vivendi recognized an impairment loss of €73 million on the current account advanced to Dailymotion, and granted the company a debt waiver in respect of €55 million.
- As of December 31, 2018, the stock market price of Telecom Italia ordinary shares (€0.48) decreased compared to the average purchase price paid by Vivendi (€1.08). In particular, Vivendi has observed the significant decrease in the stock market price of Telecom Italia since May 4, 2018, the date of Telecom Italia's Shareholders's Meeting during which the Board of Directors' composition was changed and a new Chairman was appointed. Without change compared to previous year-ends, Vivendi tested the value of its interest in Telecom Italia, to determine whether the recoverable amount exceeded its carrying value. With the assistance of a third-party appraiser, Vivendi used the standard valuation methods: the value in use, determined as the discounted value of future cash flows; the fair value, determined on the basis of market data: stock market prices, comparable listed companies and comparison with the value attributed to similar assets or companies in recent acquisition transactions. Notwithstanding Vivendi's expected improvement of Telecom Italia's outlook, Vivendi recorded in 2018 an impairment charge of €800.7 million, notably to take into account the uncertainty affecting Telecom Italia's governance, which increases the non-execution risks associated with the company's industrial plan given Vivendi's lower power to participate in Telecom Italia's financial and operating policy decisions, and to take into account the changes in Telecom Italia's competitive and regulatory environment.
- Concerning Mediaset (see Significant Events in 2018), the impairment losses recognized in 2018 include: (i) the impairment on the rights over the shares transferred to an independent Italian trustee in April for €135.1 million, calculated based on the annual closing price of Mediaset shares, and (ii) the impairment on the Mediaset shares held by Vivendi on December 31, 2018, calculated based on the average price of Mediaset shares during December (PCG, Art. 833-7), i.e., €52.9 million.

NOTE 4. NET EXCEPTIONAL ITEMS

In 2018, a net exceptional gain of €1,040.8 million was recorded, compared to a net exceptional gain of €181.3 million in 2017. It primarily comprised the following items:

- net income related to the sale of shares (see "Significant Events"), in particular (i) a net capital gain of €994.9 million related to the sale of 23.9 million shares of Ubisoft, (ii) a net capital gain of €107.8 million realized on the sale of Fnac Darty shares and (iii) a net capital loss of €196.2 million on the sale of Telefonica shares, offset by the reversal of impairment of €155.6 million;
- a charge of €47.7 million related to the coverage of performance share plans benefiting employees of Vivendi subsidiaries: €6.7 million in respect of deliveries of Vivendi shares in 2018 and a net charge of €17.7 million to cover performance share plans benefiting employees other than Vivendi SA employees, and a loss of €6.9 million (deliveries in 2018) and a net charge of €29.5 million to cover deliveries of Vivendi Shares to beneficiaries of Havas performance share plans maturing in 2019 and 2020 who did not sign a liquidity undertaking following the buyout offer followed by a squeeze-out made by Vivendi for the shares of Havas in 2017 (see Note 9, Treasury Shares and Note 16, Provisions); and
- a reversal of provision for €11.4 million related to risks associated with the tax refund request lodged by Vivendi and its use of foreign tax receivables following its exit from the Consolidated Global Profit Tax System, in respect of the fiscal year ended December 31, 2012 (see, Note 5, Income taxes 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, as permitted under Article 209 *quinquies* of the French Tax Code. Since January 1, 2012, Vivendi only benefits from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of French subsidiaries that are at least 95% owned, directly or indirectly by it. As of December 31, 2018, 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 2018, Vivendi recorded an income tax credit of €119.1 million under the French Tax Group System.
- Until December 31, 2011, the Consolidated Global Profit Tax System, for which Vivendi obtained a tax authorization, enabled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that were at least 50% owned, directly or indirectly, by it and located in France or abroad. This authorization was granted for an initial five-year period, from January 1, 2004 to December 31, 2008, and then was 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 lodged a request with the French Ministry of Finance to renew its authorization to use the Consolidated Global Profit Tax System for a three-year period, from January 1, 2012 to December 31, 2014.
- In 2011, 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 and the deductibility of interest limited to 85% of financial charges, net (75% as from January 1, 2014).

The impacts of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses, foreign tax receivables and tax credits carried forward) are as follows:

- 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 and that its decision is not subject to appeal, the amount of €366 million paid to Vivendi, coupled with moratorium interest of €43 million, were 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 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. As part of this tax audit, on March 31, 2015, 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. Pursuant to this decision, on April 18, 2017, 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 (see Note 4, Net Exceptional Items) 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 requesting the quashing of 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. Vivendi has to satisfy this request within 30 days. Considering that the amount is provisioned in Vivendi's Financial Statements, this payment will have no impact on the Statement of Earnings.

- 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).
- In the Financial Statements for the year ended December 31, 2018, 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, 2018 could not be reliably determined. As of December 31, 2018, taking into account the impact of the estimated 2018 tax results and before the effects of the ongoing tax audits on the amount of tax attributes provision (see Tax litigation below), it is anticipated that Vivendi SA will likely be able to achieve €781 million in tax savings from tax attributes (based on the income tax rate applicable as of January 1, 2019, i.e., 32.02%). At a rate of 25.83% applicable in 2022, it is anticipated that Vivendi would achieve €630 million in tax savings from tax attributes.

TAX LITIGATION

Regarding ongoing tax audits, no provision is recorded where the impact which may 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.

In respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007, 2008, 2009 and 2010 is still ongoing, as are the tax audits for fiscal years 2011 and 2012 relating to Vivendi SA or its tax group. Under these audits, the tax authorities challenged Vivendi's right to use its foreign tax receivables for the payment of its 2012 tax obligation year. Similarly, Vivendi requested the reimbursement of its 2015 tax payment by contentious claim, requesting the deduction of these foreign tax receivables. In any event, the impact in relation to the use of foreign tax receivables upon exit from the Global Profit Tax System of 2012 and 2015 were recorded as provisions for €239 million and €203 million, respectively.

More specifically, regarding the tax audit for fiscal years 2008 to 2011, Vivendi SA is subject to a rectification procedure for which the tax authorities challenge the accounting and fiscal treatment of NBC Universal shares received in consideration of the sale of Vivendi Universal Entertainment shares in 2004. Additionally, the tax authorities challenged the deduction of the €2.4 billion loss recorded as part of the sale of these shares in 2010 and 2011.

The National Direct Tax System (*Commission Nationale des Impôts Directs*) before which proceedings were brought, 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, as the disagreement found its basis in an administrative doctrine, Vivendi asked for the opinion to be cancelled on the grounds 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. This audit is still ongoing and Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

Regarding the additional tax contribution of 3% on dividend distributions paid by Vivendi SA for a total amount of €214 million in relation to the dividends paid in fiscal year 2013 and in fiscal years 2015 to 2017, these contributions were challenged before the tax authorities and the Administrative Court of Montreuil. Following a decision of the French Constitutional Council (*Conseil constitutionnel*) dated October 6, 2017, pursuant to which it determined that the 3% tax on dividend distributions was unconstitutional, the tax authorities proceeded to carry out a rebate of the litigious contributions and to their refund. Consequently, Vivendi withdrew from its actions before the Administrative Court. In addition, in accordance with applicable law, these refunds gave rise to the payment of moratorium interest to Vivendi, to be applied through the effective restitution date. In its Financial Statements for the year ended December 31, 2017, Vivendi SA recorded a tax income of €207 million from the litigation settlement, and moratorium interest of €24 million.

Regarding the dispute over the validity of the merger between SFR and Vivendi Telecom International (VTI) dated December 2011, which entails a potential challenge of the integration of SFR within the Vivendi tax group in respect of fiscal year 2011, SFR was informed, in a letter dated November 8, 2017, that the tax authorities were withdrawing their adjustment proposal, confirming Vivendi's position that it had solid legal grounds upon which to challenge the tax authorities' position.

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	9.4	0.5		9.9
Property, plant and equipment	58.7	0.2	(0.2)	58.8
Total	**68.1**	**0.7**	**(0.2)**	**68.7**

6.2. DEPRECIATION AND AMORTIZATION

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal	Closing accumulated depreciation/ amortization
Intangible assets	8.4	0.3		8.7
Property, plant and equipment	55.5	0.5		56.0
Total	**63.9**	**0.8**		**64.7**

NOTE 7. LONG-TERM INVESTMENTS

7.1. CHANGE IN LONG-TERM INVESTMENTS

Long-term investments (in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and Long-term portfolio securities	24,894.1	774.9	(3,509.2)		22,159.7
Loans to subsidiaries and affiliates	1,542.5	59.9			1,602.5
Other long-term investment securities	590.1	10.0	(0.3)		599.8
Loans and other long-term investments	8.9	494.6		4.3	507.9
Total	**27,035.6**	**1,339.4**	**(3,509.5)**	**4.3**	**24,869.8**

7.2. INVESTMENTS IN AFFILIATES AND LONG-TERM PORTFOLIO SECURITIES

The net changes in investments in affiliates and long term portfolio securities, representing a total amount of €2,734.4 million (see Significant Events in 2018) mainly are as follows:

- the sale of shares in Ubisoft with a book value totalling €585.1 million. The number of Ubisoft shares still held as of December 31, 2018 represent 5.80% of its share capital and have a book value of €209.0 million. These shares are subject to a forward sale agreement maturing on March 5, 2019 at a sale price of €428.7 million;
- the sale of the Fnac Darty shares with a book value of €159.0 million;
- the reduction in capital of UMG SAS (fka SIG 104) in cash for €1,413.6 million;
- the sale of the Telefonica shares with a book value of €569.2 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. This resulted in a decrease of €763.1 million in Long-term portfolio securities and a concomitant increase of €757.3 million in net asset rights held by the independent Italian trustee, classified as investments (PCG, Art. 821-1); and
- other increases relating to (i) the Havas shares acquired in 2018, representing €8.0 million, from employees who signed the liquidity undertaking in connection with Havas performance share plans and (ii) the Vivendi Holding I shares, for €9.6 million ($11.0 million) which were distributed by way of a dividend from UMG Inc. to Vivendi.

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 2018.

7.4. OTHER LONG-TERM INVESTMENTS

Treasury shares held for exchange or delivery for purposes of external growth transactions

As of December 31, 2018, with no change during the year, Vivendi had 35.1 million treasury shares held for the purpose of exchanging or delivering shares in the context of external growth transactions for a purchase price of €589.3 million, or €16.8 per share.

7.5. LOANS AND OTHER LONG-TERM INVESTMENTS

Cash deposit paid under the liquidity agreement

As of December 31, 2018, the amount paid out by Vivendi under the liquidity agreement totaled €5 million (out of an available balance of €50 million) and was recorded in other financial assets. This balance remains unchanged from December 31, 2017 and there were no transactions recorded under this contract in 2018 or 2017.

In addition, purchases and sales of shares are immediately settled. As in December 31, 2017, as of December 31, 2018, Vivendi did not hold any shares under this liquidity agreement (see Note 9, Treasury Shares).

Other cash assets

In 2018, amounts invested amounted to €492.7 million (€295.0 million and $230.0 million).

7.6. IMPAIRMENT

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income	Reclassification (a)	Closing accumulated depreciation/ amortization
Investments in affiliates and Long-term portfolio securities	1,898.4	1,008.6	(19.9)	(174.9)	(5.9)	2,706.4
Loans to subsidiaries and affiliates	1,540.7	59.9				1,600.6
Other long-term investment securities	0.0					0.0
Loans and other long-term investments	0.0					0.0
Total	**3,439.1**	**1,068.5**	**(19.9)**	**(174.9)**	**(5.9)**	**4,307.0**

(a) The reclassification of €5.9 million relates to the transfer of Mediaset shares to an independent Italian trustee.

NOTE 8. CURRENT ASSETS

8.1. RECEIVABLES

As of December 31, 2018, receivables, net of impairment, amounted to €2,632.4 million, compared to €2,524.1 million as of December 31, 2017. They included:

- current account advances by Vivendi to its subsidiaries for a net amount of €2,289.6 compared to €2,215.6 million as of December 31, 2017;
- a tax receivable of €203.1 million in respect of the claim for a refund of the tax paid for fiscal year 2015 lodged with the French tax authorities (see Note 5, Income Taxes).

8.2. PREPAID EXPENSES

(in millions of euros)	2018	2017
Expenses relating to the following period	6.7	3.5
Discount paid to subscribers of bonds	9.7	12.0
Amount paid to settle swaps		0.4
Total	**16.3**	**15.9**

NOTE 9. TREASURY SHARES

CHANGE IN TREASURY SHARES

	Long-term investment securities				Marketable securities	
	Liquidity contract		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)		(in millions of euros)
As of 12/31/2017	0	0.0	35,093,509	589.2	4,314,143	78.6
Purchases						
Cancellations						
Reclassifications						
Deliveries					(1,144,466)	(20.9)
As of 12/31/2018	**0**	**0.0**	**35,093,509**	**589.2**	**3,169,677**	**57.7**

As of December 31, 2018, the 3,169,777 treasury shares classified as marketable securities were allocated to covering (i) Vivendi's performance share plans, and (ii) Havas' performance share plans and free shares for the employees who did not sign a liquidity undertaking following completion of the buyout offer followed by a squeeze-out made by Vivendi for the shares of Havas in 2017.

The 38,263,186 treasury shares represent 2.93% of the share capital and have a market value of €834.1 million, based on the share price as of December 31, 2018.

NOTE 10. OTHER MARKETABLE SECURITIES AND CASH

(in millions of euros)	2018	2017
Monetary and Bond funds (a)	1,405.2	328.3
Medium-term negotiable notes		
Other similar accounts	1,299.9	688.8
Depreciation	(0.9)	
Subtotal-marketable securities equivalent receivables	**2,704.1**	**1,017.1**
Cash	235.3	154.1
Total	**2,939.4**	**1,171.2**

(a) Includes bond funds for €100.0 million as of December 31, 2018, compared to €55.0 million as of December 31, 2017.

As of December 31, 2018, marketable securities and equivalent receivables excluding treasury shares (see Note 9, Treasury Shares), amounted to €2,704.1 million, including €4.2 million in accrued interest, compared to €1,017.1 million as of December 31, 2017, including €3.7 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	1,602.5	11.1	1,591.3
Other long-term investments	507.9	506.0	1.9
Current assets			
Trade accounts receivable and related accounts	23.4	23.4	
Other receivables	2,901.6	2,867.5	34.1
Prepaid expenses	16.3	16.3	
Total	**5,051.7**	**3,424.3**	**1,627.3**

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	2.1		(1.2)	0.9
Issue costs of bonds	5.8		(1.3)	4.5
Total	**7.9**	**0.0**	**(2.5)**	**5.4**

NOTE 13. UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES

As of December 31, 2018, there were no unrealized foreign exchange losses.

As of December 31, 2018, unrealized foreign exchange gains amounted to €4.3 million, corresponding to the revaluation at the closing rate of other cash assets in US dollars (see Note 7, Long term investments).

NOTE 14. EQUITY

14.1. CHANGES IN EQUITY

Transactions (in millions of euros)	Number of shares (a)	Share capital	Additional paid-in capital	Legal Reserve	Retained earnings	Earnings	Total
As of 12/31/2017	1,296,058,883	7,128.3	9,155.0	752.7	1,471.7	703.1	19,210.8
Allocation of earnings and dividends					135.6	(703.1)	(567.6)
Group savings plan	5,185,878	28.5	71.7				100.2
Stock options	4,989,435	27.4	61.9				89.3
Earnings for the year						951.3	951.3
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**

(a) Par value of €5.50 per share.

On July 19, 2018, Vivendi made a capital increase of €100.2 million (including additional paid-in capital of €71.7 million) through an employee stock purchase plan and leveraged plan carried out in France and abroad.

In addition, during 2018, share capital and additional paid-in capital increased by €27.4 million and €61.9 million, respectively, as a result of the exercice of stock options by employees.

14.2. APPROPRIATION OF EARNINGS AND DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS

On February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2018 and the appropriation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.50 per share representing a total distribution of approximately €634 million, based on the number of issued shares outstanding as of January 31, 2019, and excluding treasury shares. This proposed distribution was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 14, 2019, and will be submitted to the Annual General Shareholders' Meeting to be held on April 15, 2019 for approval.

The appropriation of distributable earnings to be proposed at the Annual General Meeting of Shareholders to be held on April 15, 2019, is as follows:

Distributable earnings (in euros)	
Retained earnings	1,607,293,951.57
2018 earnings	951,306,380.36
Total	**2,558,600,331.93**
Appropriation (in euros)	
Appropriation to the legal reserve	
Appropriation to other reserves	
Total dividend to shareholders (a)	634,011,870.50
Appropriation to retained earnings	1,924,588,461.43
Total	**2,558,600,331.93**

(a) This amount will be adjusted to reflect the actual number shares entitled to dividend on the ex-dividend date.

Dividends paid in respect of the past three fiscal years were as follows:

Year	2017	2016	2015
Number of shares (in million) (a)	1,261.2	1,247.9	1,317.1
Dividend per share (in euros)	(b) 0.45	0.40	(c) 3.00
Total distribution (in millions of euros)	**567.6**	**499.2**	**3,951.3**

(a) Number of shares entitled to dividend as of January 1 of the relevant year, after elimination of treasury shares held at the interim dividend and dividend payment dates.

(b) On April 19, 2018, with respect to fiscal year 2017, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €0.45 per share, representing a total distribution of €567.6 million.

(c) Dividend of €3 per share with respect to fiscal year 2015, including the first interim dividend of €1 per share, i.e., €1,363.7 million, paid on June 29, 2015, the second interim dividend of €1 per share, i.e., €1,317.7, paid on February 3, 2016, and the balance of €1 per share, i.e., 1,269.9 million, paid on April 28, 2016.

14.3. SHARE REPURCHASES

On April 19, 2018, the General Shareholders' Meeting renewed the authorization given to Vivendi's Management Board to repurchase shares of the company within the limit of 5% of Vivendi's share capital and at a maximum price of €24 per share.

As of December 31, 2018, Vivendi held 38,264 thousand treasury shares, representing 2.93% of the share capital (compared to 3.04% of the share capital as of December 31, 2017).

Among the resolutions to be submitted to a vote at the Shareholders' Meeting to be held on April 15, 2019, the shareholders will be asked to approve two resolutions relating 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 within the limit of 10% of the share capital at a maximum purchase price of €25 per share, and to reduce the company's share capital within the limit of 10% by cancelling the shares acquired;
- granting to the Management Board authorization to purchase shares of the company by way of a public share buyback offer within the limit of 25% of Vivendi's share capital at a maximum purchase price of €25 per share, 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 PCG Art. 833-20/2):

15.1. STOCK SUBSCRIPTION OPTION PLANS

No stock option plans were awarded in 2017 or 2018.

As of December 31, 2018, the number of shares that may be issued upon the exercise of stock subscription options granted before 2013 is 7,244,977.

15.2. PERFORMANCE SHARE PLANS

	Number of performance share rights granted						Number of performance share rights	
	Total number of		of which granted to members of governing bodies					
Grant date	beneficiaries	performance share rights	Number of beneficiaries	Number of performance share rights	Vesting date	Availability date	Number of performance share rights cancelled in 2018	Number of performance share rights outstanding as of December 31, 2018
02/23/2017	5	200,000	5	200,000	02/24/2020	02/25/2022		200,000
02/23/2017	320	902,940	7	135,000	02/24/2020	02/25/2022	34,410	850,030
02/23/2017	105	440,810	2	60,000	02/24/2020	02/25/2022	25,050	(a) 414,760
06/12/2017	1	4,000	0	0	06/15/2020	06/16/2022		4,000
05/17/2018	5	175,000	5	175,000	05/18/2021	05/19/2023		175,000
05/17/2018	359	945,750	9	168,000	05/18/2021	05/19/2023	4,100	941,650
05/17/2018	163	511,000	2	58,000	05/18/2021	05/19/2023	3,400	(b) 507,600
12/10/2018	2	4,000	0	0	12/13/2021	12/14/2023		4,000
						Total	**66,960**	**3,097,040**

(a) Granted to international beneficiaries to be registered in an account in their respective names in 2022.

(b) Granted to international beneficiaries to be registered in an account in their respective names in 2023.

All performance shares granted in 2017 are subject to performance conditions. They 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 2019, and (ii) an external indicator (30%): Vivendi share performance between January 1, 2017 and December 31, 2019, 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, subject to the presence of the beneficiaries in the group at the end of the third year (vesting period) and provided that: (i) 100% of the performance shares granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%, (ii) 50% of the performance shares granted will vest if the weighted total of the indicators reaches the applicable value thresholds, and (iii) no shares will vest if the weighted total of the indicators is lower than the applicable value thresholds. An arithmetic calculation is made for interim results.

Performance shares definitely 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 2018 are subject to performance conditions. They 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, subject to the presence of the beneficiaries in the group at the end of the third year (vesting period) and provided that: (i) 100% of the performance shares granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%, (ii) 50% of the performance shares granted will vest if the weighted total of the indicators reaches the applicable value thresholds, and (iii) no shares will vest if the weighted total of the indicators is lower than the applicable value thresholds. An arithmetic calculation is made for interim results.

Performance shares definitely 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).

As of December 31, 2018, the total number of outstanding rights to performance shares (plans for the years 2014 to 2018), after adjustments, amounted to 4,790,171.

NOTE 16. PROVISIONS

SUMMARY TABLE OF PROVISIONS

Nature of provisions (in millions of euros)	**Opening balance**	**Charge**	**Reversal**	**Utilization**	**Closing balance**
Employee benefits	40.2	22.9		(10.0)	53.1
Other provisions	512.8	47.6	(31.5)	(7.1)	521.8
Total – Provisions	**553.0**	**70.5**	**(31.5)**	**(17.1)**	**574.9**
Charges and reversals:					
– *operating*		*22.9*	*(0.2)*	*(10.7)*	
– *financial*					
– *exceptional*		*47.6*	*(31.3)*	*(6.4)*	

As of December 31, 2018, provisions for employee benefits amounted to €53.1 million, compared to €40.2 million as of December 2017 (see Note 1.9, Accounting Rules and Methods; Employee benefit plans).

Related obligations are valued using the following assumptions: (i) a 4.0% wage increase rate, (ii) a 1.5% discount rate for the general statutory scheme (retirement termination payments) and "Article 39" schemes, and (iii) an assumed retirement age of between 60 and 65 years. As of December 31, 2017, pension commitments amounted to €162.4 million compared to €144.8 million as of December 31, 2017.

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, 2018, plan assets (including bonds up to 77% and shares up to 14%) and unrecognized actuarial losses amounted to €25.7 million and €83.3 million, respectively, compared to €17.5 million and €86.7 million as of December 31, 2017.

As of December 31, 20187, "other provisions" amounted to €521.8 million, including:

- an aggregate provision of €442.4 million related to two tax refund requests filed in relation to the Consolidated Global Profit Tax System (see Note 5, Income Taxes and Note 8, Current Assets):
  - 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. A reversal of provision for an amount of €11.5 million was recorded in 2018,
  - €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 corporation tax for fiscal year ended December 31, 2015, including interest;
- a provision of €60.2 million recorded at the end of the fiscal year to cover (i) up to €30.8 million for the performance share plans granted in favor of employees of Vivendi and its subsidiaries in 2014 and 2015 (residual plans) and in 2016, and (ii) €29.5 million for shares deliverable in 2019 and 2020 under Havas performance share plans to employees who did not sign a liquidity undertaking following the buyout offer followed by a squeeze-out made by Vivendi for the shares of Havas in 2017 (see Note 4, Net exceptional items).

NOTE 17. BORROWINGS

As of December 31, 2018, the aggregate amount of borrowings totaled €5,766.9 million, compared to €7,559.3 million as of December 31, 2017.

17.1. BOND ISSUES

As of December 31, 2018, bond issues amounted to €3,650.0 million (as presented in the table below) compared to €3,550.0 million as of December 31, 2017, with accrued interest on bonds and interest-rate swaps amounting to €15.8 million, compared to €15.8 million as of December 31, 2017.

Amounts in millions of euros	**Issue date**	**Maturity date**	**Nominal rate**
700.0	12/2009	12/2019	4.88%
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%
3,650.0			

On March 22, 2017, 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 23, 2018 and filed with the AMF *(Autorité des marchés financiers)* under visa No. 18-090 for a 12-month period. Its renewal was approved by the Management Board on January 21, 2019.

17.2. BANK BORROWINGS

As of December 31, 2018, the aggregate amount of loans and borrowings from credit institutions was €84.3 million, compared to €100.8 million as of December 31, 2017. The majority of loans and borrowings comprised accounting overdrafts for 83.6 million compared to €100.1 million as of December 31, 2017.

As of December 31, 2018, Vivendi SA had a €2 billion undrawn syndicated bank credit facility, maturing on October 29, 2021. Taking into account the absence of short-term marketable securities issued and backed by this bank credit facility, €2 billion of this facility was available as of December 31, 2018.

At the end of each half-year, Vivendi SA is required to comply with a financial ratio calculated on the basis of consolidated data. Non-compliance with this covenant could result in the early redemption of the bank credit facility if it were drawn, or its cancellation. As of December 31, 2018, Vivendi SA was in compliance with its financial covenant.

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 to January 16, 2024 (with two one-year extension options). In addition, committed bilateral credit facilities granted by leading banks were signed by Vivendi in January 2019, 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 11, 2019, Vivendi's Management Board proposed to increase the maximum amount of Vivendi SA's short-term marketable securities program authorized by the Banque de France to €3.4 billion. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 14, 2019.

17.3. OTHER BORROWINGS

As of December 31, 2018, other borrowings amounted to €2 billion, compared to €3.8 billion as of December 31, 2017. They comprised current account deposits made by subsidiaries.

The change in the balance as of December 31, 2018, compared to December 31, 2017, is mainly due to (i) the reduction in the share capital of UMG SAS (fka SIG 104), Vivendi's subsidiary that holds the UMG entities outside the United States, in cash for €1.4 billion, and (ii) the distribution by UMG Inc of a dividend of €735 million ($839 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	3,665.8	715.8	1,600.0	1,350.0
Bank borrowings	84.3	84.3		
Other borrowings	2,016.8	2,016.8		
Trade accounts payable and related accounts	28.9	28.9		
Tax and employee-related liabilities	29.8	29.8		
Amounts payable in respect of PP&E and related accounts	2.9	2.9		
Other liabilities	26.2	16.3	9.9	
Total	**5,854.8**	**2,894.9**	**1,609.9**	**1,350.0**

NOTE 19. ITEMS IMPACTING SEVERAL ITEMS OF THE STATEMENT OF FINANCIAL POSITION

The assets in the table below are presented at gross value.

ASSETS

(in millions of euros)	Accrued income
Investments in affiliates	
Loans to subsidiaries and affiliates	12.9
Other long-term investment securities	
Loans	
Other long-term investments	1.8
Trade accounts receivable and related accounts	1.2
Other receivables	2.6
Deferred charges	
Prepaid expenses	
Unrealized foreign exchange losses	
Total	**18.5**

LIABILITIES

(in millions of euros)	Accrued expenses
Other bond issues	15.8
Bank borrowings	0.7
Other borrowings	
Trade accounts payable and related accounts	27.8
Tax and employee-related liabilities	23.0
Amounts payable in respect of PP&E and related accounts	
Other liabilities	
Deferred income	
Unrealized foreign exchange gains	
Total	**67.3**

NOTE 20. COMPENSATION OF CORPORATE OFFICERS

Total gross compensation (including benefits in kind) for the members of the Management Board was €9.1 million in 2018, compared to €8.4 million in 2017.

Members of the Management Board who received a compensation from Vivendi SA also benefited from a supplemental pension plan, the cost of which was €7.0 million in 2018, compared to €8.7 million in 2017.

The aggregate amount of attendance fees paid to members of the Supervisory Board in respect of fiscal year 2018 was €1.1 million. The compensation paid to the Chairman of the Supervisory Board in respect of fiscal year 2018 was €0.3 million.

NOTE 21. MANAGEMENT SHARE OWNERSHIP

As of December 31, 2018, members of the Management Board, the Supervisory Board and General Management directly held an aggregate of 0.05% of the share capital of the company.

NOTE 22. NUMBER OF EMPLOYEES

In 2018, the annual average number of employees, as defined in Art. D 123-200 of the French Commercial Code (PCG Art. 833-19), was 247 (including 57 employees rebilled to subsidiaries) compared to 237 in 2017 (including 47 employees rebilled to subsidiaries).

The breakdown of employees by category is as follows:

	2018	2017
Engineers and executives	203	191
Supervisors	23	29
Other employees	21	17
Total	**247**	**237**

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:

- Vivendi has given 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 (see Significant Events in 2018);
- In November and December 2018, Vivendi sold its Telefonica shares on the market, pursuant to its commitment to the Brazilian Competition Authority (CADE). This commitment remained in force as long as Vivendi simultaneously held shares of Telefonica and Telecom Italia, provided that these two companies operated in the Brazilian telecom market;
- Restricted and performance share plans granted by Havas:
  - 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, 2018, the number of outstanding Havas restricted and performance shares was 5,867 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 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 m^2 which could, in five to seven years, house 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 will be returned if the transaction is not completed by Vivendi. In March 2017, Vivendi SA issued a comfort letter to Val-de-Seine Aménagement expiring in June 30, 2020, confirming its willingness to provide financial support to its subsidiary, if necessary, of up to €244 million.

23.2. CONTINGENT LIABILITIES SUBSEQUENT TO GIVEN OR RECEIVED COMMITMENTS RELATED TO THE DIVESTITURE OR ACQUISITION OF SHARES

- 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 are 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.

- 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, Distribution of pay-TV special-interest channels, Video-on-demand (VOD) and subscription video-on-demand (SVOD).

  These injunctions are 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.

- 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.

- The main terms of the Maroc Telecom group sale were as follows:
  - Vivendi gave certain customary representations and warranties to Etisalat relating to SPT (the holding company of Maroc Telecom group), Maroc Telecom and its subsidiaries. Vivendi also gave a number of specific warranties;
  - the indemnity amount payable by Vivendi in respect of indemnifiable losses incurred by Maroc Telecom or one of its subsidiaries was determined in proportion to the percentage of ownership held indirectly by Vivendi in the relevant company on the closing date (i.e., 53% for Maroc Telecom);
  - Vivendi's overall indemnification obligation was capped at 50% of the initial sale price, such threshold being increased to 100% in respect of claims related to SPT;
  - Vivendi's indemnification obligations in respect of these warranties, other than those related to taxes and SPT, effective for a 24-month period, expired in May 2016. Claims for tax-related indemnities could be made until January 15, 2018. The indemnity in respect of SPT remained in effect until the end of a four-year period following the closing date (i.e., May 14, 2018); and
  - to guarantee the payment of any specific indemnity amounts referenced above, Vivendi delivered a bank guarantee to Etisalat in the amount of €247 million, which expired on February 15, 2018. This amount had been reduced to €9 million.

Vivendi had agreed to counter-guarantee SFR for any amount that could be claimed by Etisalat or any third party other than Etisalat in relation to the sale of its interest in Maroc Telecom:

- with respect to the sale agreement entered into with Etisalat, this commitment expired upon termination of Etisalat's right to make a claim against Vivendi and SFR, i.e., May 14, 2018; and
- this commitment, which also covered any amount that SFR could be required to pay to any third party other than Etisalat, has expired in the absence of any request from Numericable Group within the applicable statutes of limitations.

- Sale of GVT (May 2015): representations and warranties limited to specifically-identified tax matters, capped at BRL 180 million.
- NBC Universal transaction (May 2004) and subsequent amendments (2005-2010):
  - breaches of tax representations; and
  - obligation to apply the Most Favored Nation provisions.
- Divestiture of Polska Telefonia Cyfrowa (PTC) shares (December 2010). Commitments to end litigation over the share ownership of PTC:
  - guarantees given to the Law Debenture Trust Company (LDTC), for an amount up to 18.4% of the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and
  - a guarantee given to Poltel Investment's (Elektrim) administrator.
- 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 a global 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.

  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, 2018, 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 and approximately €5 million and $31 million for Canal+.
- 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, 2019.
- Vivendi provided certain UMG companies with guarantees to cover their third party commitments.
- Vivendi provided counter-guarantees to US financial institutions that issued a certain number of letters of credit in favor of certain US operating subsidiaries for an aggregate amount of $8 million.
- As of December 31, 2018, Vivendi had given a certain number of real estate lease commitments for a total net amount of €2 million.
- Vivendi gave financial guarantees to cover several of its affiliates in the course of their operations.
- In connection with the reorganization of the USH English pension plan for certain current and former employees based in the United Kingdom, and the transfer of pension commitments under this plan to Metlife, Vivendi SA guaranteed on behalf of Centenary Holdings Limited, its subsidiary, the liabilities under the plan for an estimated amount of £7 million as of December 31, 2018, which does not represent an additional financial commitment for the group.

23.4. SHAREHOLDERS' AGREEMENTS

- Under existing shareholders' or investors' agreements, Vivendi holds certain rights (such as pre-emptive rights and rights of first offer) that give it control over the capital structure of consolidated companies that are partially owned by minority shareholders. Conversely, Vivendi granted reciprocal rights to these other shareholders in the event that it sells its interests to third parties.

23.5. COLLATERALS AND PLEDGES

- As of December 31, 2018 and December 31, 2017, no other material asset in Vivendi's Statement of Financial Position was subject to a pledge or mortgage for the benefit of third parties;
- As announced on March 20, 2018, Vivendi has sold forward its remaining interest in Ubisoft (i.e. 7,590,909 shares representing 6.7% of the share capital) for an amount of approximately €500 million, corresponding to a price of €66 per share. This 6.7% interest will be sold by Vivendi to two financial institutions as follows: 1,040,909 shares on October 1, 2018 as planned, and 6,550,000 shares deferred to March 5, 2019. The latter shares have been pledged in favor of one of the two financial institutions.

23.6. FINANCIAL COVENANTS

Vivendi is subject to certain financial covenants:

- Bonds issued by Vivendi SA (€3,650 million as of December 31, 2018; see Note 17, Borrowings) contain customary provisions related to events of default, negative pledge and rights of payment (pari-passu ranking) as well as a change in control trigger if the corporate long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-) as a result of such change in control (for the bonds issued in May 2016 and November 2016, Bolloré Group was carved out of the change-of-control provision).

In 2019, Vivendi SA's syndicated bank credit facility was amended, pursuant to which the facility amount was increased to €2.2 billion, the standard default provisions and related financial ratio were cancelled and the maturity was extended to January 16, 2024 (see Note 17, Borrowings). In addition, committed bilateral credit facilities of €150 million each were signed by Vivendi in January 2019, for an aggregate available amount of €1.2 billion maturing in January 2024 (see Note 17, Borrowings). All these bilateral credit facilities do not require compliance with financial covenants.

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 11, 2019 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2018).

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 a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. The latter filed his final reports during the first half of 2018. The first hearings on the merits were held in the second half of 2018.

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 a "third party" responsible for checking the standing of the claimants and reviewing the documentation provided by them to evidence their alleged holding of the securities. The latter filed his final reports during the first half of 2018. The first hearings on the merits were held in the second half of 2018.

24.3. MEDIASET AGAINST VIVENDI

On April 8, 2016, Vivendi entered into a strategic partnership agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium, a subsidiary of Mediaset.

Vivendi's purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a "due diligence review" (carried out for Vivendi by the advisory firm Deloitte), as contractually agreed. It became clear from this audit and from Vivendi's analyses that the figures provided by Mediaset prior to the signing of the agreement were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly rejecting the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares over time.

Subsequently, 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 blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not accept a formal filing while the parties were discussing their differences.

At the first hearing held in the case, the judge invited the parties to come closer together to try to reach an amicable settlement to their dispute. To this end, on May 3, 2017, the parties initiated mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, on June 9, 2017, Mediaset, RTI and Fininvest filed another 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 carried out in breach of the April 8, 2016 agreement, the Italian media regulations and unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the shares of Mediaset which were allegedly bought in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs have 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 and scheduled a hearing for October 23, 2018, which was postponed to December 4, 2018. During this hearing, Fininvest, RTI and Mediaset renounced 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 harm linked to 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 harm done to its decision-making procedures and image. The next hearing will be held on March 12, 2019.

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 through 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. On November 5, 2018, the Regional Administrative Court of Lazio decided to suspend its decision and refer 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.

24.5. 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 competent courts.

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 asset 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.

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.

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 Administrative Regional Court of Lazio suspended the enforcement of such fine.

24.6. 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.

24.7. ACTION BROUGHT BY THE FRENCH COMPETITION AUTHORITY REGARDING PRACTICES IN THE PAY-TV SECTOR

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleged that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case, but no action has been taken since December 2013. In April 2018, the French Competition Authority informed Canal+ Group of the closure of the case.

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 exploitation accounts, fraud, and failure to exploit 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 (i) 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 (ii) 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; this point will therefore be decided in the context of the proceedings on the merits. On September 18, 2018, the plaintiffs filed their new complaint (the "Third Amended Complaint"). In parallel, the parties have decided to enter into mediation with the first meeting to be held on March 11, 2019. The parties suspended the proceedings on the merits until the end of the mediation.

24.9. GLASS EGG VS. GAMELOFT INC., GAMELOFT SE, GAMELOFT IBERICA AND VIVENDI SA

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 SA 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 has begun and is expected to continue during the first half of 2019. 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 is 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, also a member of the Management Board. The Financing and Treasury Department has the necessary expertise, resources (in particular, technical resources) and information systems to fulfill its duties.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are traded over-the-counter with highly-rated counterparties. The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

As of December 31, 2018, there were no interest rate hedging instruments (similarly to December 31, 2017).

As of December 31, 2018, there was no internal interest rate hedging between Vivendi SA and its subsidiaries.

NOTE 26. FOREIGN CURRENCY RISK MANAGEMENT

The group's foreign currency risk managements is centralized at Vivendi's financing and treasury department for all controlled subsidiaries, unless in specific circumstances, for a transition period during which the subsidiary is allowed to pursue foreign exchange spot transactions or standard forward currency hedge.

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures (at 80%), resulting primarily from monetary flows generated by operations performed in currencies other than the euro and from firm commitment contracts (100%) 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 currencies deliverable.

	December 31, 2018				
(in millions of euros)	GBP	PLN	USD	Other currencies	Total
Sales against the euro	(61.6)	(170.2)	(126.4)	(16.5)	(374.7)
Purchases against the euro	28.2	127.8	565.2	480.4	1,201.6
Other	(88.4)	(71.0)	189.2	(24.0)	5.8
	(121.8)	**(113.4)**	**628.0**	**439.9**	**832.7**

NOTE 27. FAIR VALUE OF DERIVATIVE INSTRUMENTS

As of December 31, 2018, the market values of derivative instrument portfolios classified as interest rate and currency hedges were €0 million and +€16.3 million, respectively (theoretical cost of unwinding). As of December 31, 2017, the fair values of these hedging portfolios were €0 million and -€29.5 million, respectively.

As of December 31, 2018, as in December 31, 2017, there were no derivative financial instruments not eligible for hedge accounting.

	As of December 31, 2018		As of December 31, 2017	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	qualifying for hedge accounting	not qualifying for hedge accounting	qualifying for hedge accounting	not qualifying for hedge accounting
Interest rate risk management	**0.0**	**0.0**	**0.0**	**0.0**
fixed-rate payer swaps	0.0		0.0	
floating-rate payer swaps	0.0		0.0	
Foreign currency risk management	**16.3**	**0.0**	**(29.5)**	**0.0**

NOTE 28. SUBSEQUENT EVENTS

The significant events that occurred between the closing date and February 11, 2019 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2018) were as follows:

- in January 2019, Vivendi SA completed new bank financings (see Note 17, Borrowings);
- on January 31, 2019, Vivendi announced the closing of the acquisition of 100% of the share capital of Editis, the second-largest French-language publishing group (see Significant Events in 2018); and
- on February 11, 2019, Vivendi's Management Board decided to propose to shareholders two resolutions relating to share repurchases which will be submitted to a vote at the General Shareholders' Meeting to be held on April 15, 2019 (see Note 14, Equity).

4. Subsidiaries and Affiliates

(in millions of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments Gross	Book value of investments Net	Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendi	2017 Revenues	2018 Revenues	2017 Earnings	2018 Earnings	Dividends received by Vivendi during 2018	Comments
Subsidiaries and affiliates													
Universal Music Group Inc. (c) 2220 Colorado Avenue Santa Monica California 90404 (USA)	$0.0 million	$980.1 million	100.00	2,735.1	2,735.1	-	-	-	-	$(186.6) million	$(78.6) million	745.1	
UMG SAS (fka SIG 104) (d) 59 bis, avenue Hoche 75008 Paris	2,704.3	35.9	100.00	2,704.2	2,704.2	-	-	-	-	976.7	322.6	245.8	
Groupe Canal+ SA (e) 1, place du Spectacle 92130 Issy-les-Moulineaux	100.0	1,981.6	100.00	5,198.1	4,158.1	1,109.9	-	1,691.4	1,610.0	19.2	(82.2)		
SECP 1, place du Spectacle 92130 Issy-les-Moulineaux	95.0	203.9	51.52	522.1	522.1	-	-	1,543.9	1,502.4	0.6	(17.2)		
Havas 29/30, quai de Dion-Bouton 92800 Puteaux	169.6	1,862.1	100.00	3,921.3	3,921.3	-	-	97.1	94.9	79.7	6.3	76.2	
Gameloft 14, rue Auber 75009 Paris	4.4	36.4	100.00	621.6	621.6	6.4	-	213.2	222.0	5.0	0.1	-	-
Compagnie du Dôme 59 bis, avenue Hoche 75008 Paris	331.8	(177.1)	100.00	443.6	155.0	33.4	-	-	-	(18.6)	(0.5)		
Poltel Investment (ex-Electrim Telekomcajka) ul. Emilii Plater 53 00-113 Warszawa (Pologne)	PLN10,008.1 million	PLN(16,500.4) million (f)	100.00	207.1	0.0	1,603.1	-	-	n/d	PLN166.3 million	n/d		impairment of advances 1,603.1
Telecom Italia (g) Via Gaetano Negri 1 20123 Milan (Italie)	11,656.3	8,413.1	23.94	3,931.2	3,130.4	-	-	14,098.7	n/d	1,086.9	n/d	-	-
Mediaset (h) Viale Europa 46 Clogno Monzese (MI) (Italia)	614.2	1,169.1 (f)	9.61	493.2	296.3	-	-	6.5	n/d	69.2	n/d		-
Ubisoft Entertainment (i) 107, avenue Henri Fréville 35207 Rennes Cedex 2	8.7	885.3	5.80	209.0	209.0	-	-	1,319.7	1,550.7	(104.9)	215.8	-	closing as at 03/31
Other subsidiaries and Affiliates (Global Information) (j)	-	-	-	1,173.2	1,000.1	1,401.3	-	-	-	-	-		impairment of advances 334.4
Total	**-**	**-**	**-**	**22,159.7**	**19,453.3**	**4,154.1**	**0.0**	**-**	**-**	**-**	**-**	**1,067.1**	

(a) Includes earnings of the year.

(b) Includes current accounts advances, excluding accrued interest.

(c) UMG Inc. holding UMG's entities in the United States.

(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, 2017.

(g) As of December 31, 2018, Vivendi holds 23.94% of the voting rights representing 17.15% of the share capital.

(h) Shares held, excluding the shares transferred to an independent Italian trustee on April 9, 2018.

(i) Shares sold forward on March 5, 2019.

(j) Including net asset rights (Mediaset) transferred to an independent Italian trustee: gross value €757.2 million and net value €622.1 million.

5. Maturity of Trade payable and Trade receivable

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, 2018, amounted to €0.7 million. This amount is broken down as follows:

	As of December 31, 2018				
(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)	0.3	0.3			0.6
	0.3	**0.3**			**0.6**
II. Payable exluded from (I), related to payables in litigation					
Invoices from suppliers					0.1
					0.1
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
(a) As a percentage of total purchases of the year (excl. VAT):	0.3%	0.3%			0.6%

Pursuant to Article D 441-4 of the French Commercial Code, unpaid invoices issued to customers that were past due as of December 31, 2018, amounted to €4.9 million. This amount is broken down as follows:

	As of December 31, 2018				
(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 (b)				(a) 0.9	0.9
				0.9	**0.9**
II. Receivables excludes from (I), related to receivables in litigation					
Accounts receivable					4.1
					4.1
(a) Invoices from Group entities					
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total
(b) As a percentage of total revenue of the year (excl. VAT):				1.3%	1.3%

6. Financial Results of the Last Five Years

(in millions of euros)	2018	2017	2016	2015	2014
Share capital at year-end					
Share capital	7,184.3	7,128.3	7,079.0	7,525.6	7,433.8
Number of shares outstanding	1,306,234,196	1,296,058,883	1,287,087,844	1,368,322,570	1,351,600,638
Potential number of shares to be issued upon					
Exercise of stock subscription options	7,244,977	13,201,910	24,620,359	31,331,489	42,722,348
Grant of free shares or performance shares	(a) 0	(a) 0	2,873,214	2,544,944	0
Results of operations					
Revenues	68.3	66.5	46.0	42.1	58.3
Earnings/(loss) before tax, depreciation, amortization and provisions	1,789.2	153.6	883.4	3,063.8	(8,023.4)
Income tax – income/(charge)	(b) 130.3	(b) 518.3	(b) 55.7	(b) (212.2)	(b) 202.0
Earnings/(loss) after tax, depreciation, amortization and provisions	951.3	703.1	1,609.5	2,827.0	2,914.9
Earnings distributed	(c) 634.0	(d) 567.6	(d) 499.2	(d) 3,951.3	(d) 1,362.5
Per share data (in euros)					
Earnings/(loss) after tax but before depreciation, amortization and provisions (e)	1.47	0.52	0.73	2.08	(5.79)
Earnings/(loss) after tax, depreciation, amortization and provisions (e)	0.73	0.54	1.25	2.07	2.16
Dividend per share	(c) 0.50	0.45	0.40	3.00	(f) 1.00
Employees					
Number of employees (annual average)	247	237	207	190	194
Payroll (g)	43.8	40.3	38.5	43.1	58.1
Employee benefits (social security contributions, social works, etc.)	20.1	20.4	18.0	18.3	20.4

(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 €0.50 per share in relation to 2018 will be proposed for approval at the Annual General Shareholders' Meeting to be held on April 15, 2019. This represents a total distribution of €634.0 million, calculated based on the number of treasury shares held on January 31, 2019; this amount will be adjusted to reflect the actual number of shares entitled to 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 at year-end.

(f) On June 30, 2014, Vivendi SA paid an ordinary distribution of €1 per share, from additional paid-in capital for an aggregate amount of €1,347.7 million, treated as a return of capital.

(g) Excluding performance shares.

7. Statutory Auditors' Special Report on Regulated Agreements and Commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2018

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments 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 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 and commitments.

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 and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-58 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary with regard to 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 AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and concluded during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-86 of the French Commercial Code.

Agreements and commitments authorized and concluded since the year-end

We have been advised of the following agreements and commitments authorized and concluded since the year-end, previously authorized by your Supervisory Board.

Amendment to the severance payment to the Management Board Chairman on termination of employment at the company's initiative

On February 14, 2019, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, your Supervisory Board decided to raise from 80% to 90% the level for fulfillment of the performance conditions governing the severance payment to the Management Board Chairman on termination of employment at the company's initiative, under the conditions described hereinafter in part 2 of the section "Agreements and commitments approved in prior years without effect during the year."

Henceforth, this compensation will only be payable if the group's financial results (adjusted net income and cash flow from operations) exceed 90% of the budget over the two years prior to departure and if Vivendi's stock performance exceeds 90% of the average performance of a composite index (CAC 40 (50%) and Euro STOXX Media (50%)) over the previous twenty-four months.

Furthermore, the Supervisory Board also decided to cancel the option of maintaining all rights to performance shares on termination of employment under the conditions granting entitlement to severance pay. Where necessary, these rights may be maintained pro rata to the duration of the Management Board Chairman's presence over the 3-year vesting period, subject to the fulfillment of the related performance conditions.

Executive concerned: Mr. Arnaud de Puyfontaine
Management Board Chairman

Reason justifying that the agreement is in the company's interest:

The Supervisory Board reiterated that the principle of conditional severance paid on termination of employment of the Management Board Chairman at the company's initiative, except in the case of gross negligence, was justified by the Management Board Chairman's waiver in 2014 of his employment contract, pursuant to the AFEP-MEDEF Code, and by the impossibility of compensation.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

a) with continuing effect during the year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Service agreement between Vivendi and Mr. Dominique Delport

On September 2, 2015, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, your Supervisory Board authorized the signature of a 5-year service agreement between Vivendi and Mr. Dominique Delport starting October 1, 2015, under which Mr. Dominique Delport provides assistance and advice in the creation and use of new digital content for the development of Vivendi Content and Dailymotion.

The maximum annual fixed fee amount for this service agreement totaled €300,000.

On March 26, 2018, Mr. Dominique Delport ceased working for the Havas Group, and Vivendi agreed to terminate the aforementioned service agreement on the same date.

The amount paid under this service agreement for the year ended December 31, 2018 was €75,000, prorata temporis.

Under the same contract, Mr. Dominique Delport benefited from a long-term incentive plan indexed to the growth in the enterprise value of Dailymotion in relation to its acquisition value (€271.25 million), as it would appear as of June 30, 2020 based on an independent expert's valuation. Assuming an increase in Dailymotion's value, the amount of his remuneration under the incentive plan would have been capped at 1% of this increase.

Mr. Dominique Delport no longer benefits from this incentive plan.

Executive concerned: Mr. Dominique Delport
Member of the Supervisory Board

b) without effect during the year

In addition, we have been informed of the following commitments and agreements, previously approved by Shareholders' Meetings of prior years, which had no effect during the year.

1.Conditional commitments under the supplemental defined-benefit pension plan benefiting members of the Management Board

On March 9, 2005, your Supervisory Board authorized the implementation of a supplemental pension plan for senior executives, including the current members of the Management Board holding an employment contract with your company. This plan was approved by the Combined Shareholders' Meeting of April 20, 2006. The Management Board Chairman, who waived his employment contract, is eligible for the supplemental pension plan.

The main terms and conditions of this supplemental pension plan are as follows: a minimum of three years with the company; progressive vesting of rights based on seniority and capped at twenty years, calculated at a declining rate not exceeding 2.5% per annum and gradually reduced to 1%; base salary for the calculation of the pension equal to the average of the fixed and variable salaries for the preceding three years, with a dual upper limit: reference salary capped at 60 times the social security limit and vesting of rights limited to 30% of the base salary; 60% pension for the surviving spouse in the event of the beneficiary's death; rights maintained in the event of retirement at the initiative of the employer after the age of 55, and without resumption of professional activity; benefits lost in the event of departure from the company, for any reason, before the age of 55.

In accordance with Article L. 225-90-1 of the French Commercial Code, the rate of increase in the pension is calculated subject to the following criteria, assessed annually: no further increase if, in the relevant year, the group's financial results (adjusted net income and cash flow from operations) are less than 80% of 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%)).

An amount of €7,008,630 was recorded in liabilities in the financial statements in respect of the supplemental pension plan benefiting members of the Management Board in office as of December 31, 2018.

2. Severance payment to the Management Board Chairman on termination of employment at the company's initiative

On February 27, 2015, after duly noting Mr. Arnaud de Puyfontaine's waiver of his employment contract following his appointment as Management Board Chairman on June 24, 2014, and the impossibility of compensation in the event of his termination at the company's initiative, and upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, your Supervisory Board decided that in the event of the termination of his employment at the company's initiative, Mr. Arnaud de Puyfontaine would be entitled, except in the case of gross negligence, to compensation, subject to the following performance conditions:

- gross severance compensation equal to eighteen months of remuneration (based on the amount of his last fixed remuneration and his latest annual bonus earned over a full year);
- if the bonus paid during the reference period (the twelve-month period preceding notification of departure) is (i) higher than the target bonus, the compensation calculation will only take into account the amount of the target bonus (ii) lower than the target bonus, the compensation amount will in any event be capped at two years of net take-home pay, and may not result in the payment of more than eighteen months of target remuneration;
- this compensation will not be payable if the group's financial results (adjusted net income and cash flow from operations) are less than 80% of the budget over the two years prior to departure 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%)) over the previous twenty-four months.

The Supervisory Board also decided that in the event of the Management Board Chairman's departure under the conditions set forth above (entitling him to compensation), all performance shares not yet vested at the date of his departure could be maintained, subject to the fulfillment of the related performance conditions.

Some of the aforementioned conditions were amended by the Supervisory Board on February 14, 2019, as shown above in the section "Agreements and commitments authorized and concluded since the year-end."

Executive concerned: Mr. Arnaud de Puyfontaine
Management Board Chairman

3. Counter-guarantee agreement between Vivendi and SFR in respect of Maroc Telecom and concerning guarantees granted jointly to Etisalat by SFR and Vivendi on the sale of Maroc Telecom

On November 14, 2014, your Supervisory Board authorized your Management Board to counter-guarantee, on your company's behalf, guarantees granted jointly by SFR and your company to Etisalat on the sale of Maroc Telecom.

This counter-guarantee, capped at the Maroc Telecom sale price (€4.187 billion) expired on May 14, 2018. No amounts were paid out.

Executives concerned: Mr. Hervé Philippe
Member of the Management Board
Mr. Stéphane Roussel
Member of the Management Board

Paris-La Défense, March 6, 2019
The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Jean Paul Séguret	Jacques Pierres

VIVENDI VILLAGE

5 Recent Events, Outlook


CanalOlympia

Brive Festival

Section 1
Recent events

The significant events that have occurred between December 31, 2018, and the date of filing of the *Rapport annuel – Document de référence* (the French version of this Annual Report) with the *Autorité des marchés financiers* (the French securities regulator) are described in the following chapters of this report:

- Chapter 1: "Group profile – Strategy and value creation – Businesses, Financial communication, tax policy and regulatory environment – Non-financial performance"; and
- Chapter 4: "Audited Consolidated Financial Statements for the year ended December 31, 2018", as approved by Vivendi's Management Board on February 11, 2019.

Since February 11, 2019, the following significant events have occurred:

- On February 24, 2019, Vivendi outlined its proposal to restore value for Telecom Italia as part of a proxy solicitation (*sollecitazione*) made in accordance with Italian law (please refer to www.vivendi.com/en/restoring-value-for-telecom-italia);
- On March 5, 2019, Vivendi sold its remaining interest in Ubisoft (5.87% of the share capital) for €429 million, realizing an accounting capital gain of €220 million. Vivendi is no longer a Ubisoft shareholder and has agreed to refrain from purchasing Ubisoft shares for a period of five years. In total, the sale of the entirety of Vivendi's interest in Ubisoft represented an aggregate amount of €2 billion, i.e., a capital gain of €1.2 billion; and
- On March 8, 2019, Vivendi announced that the governance irregularities at Telecom Italia revealed by the Statutory Auditors (*Collegio Sindacale*) report (released on the same day as the announcement) reinforce Vivendi's belief that Telecom Italia's shareholders must put in place a truly independent Board of Directors at the Shareholders' Meeting to be held on March 29, 2019.

Section 2
Outlook

Please refer to Section 3 of the 2018 Financial Report in Chapter 4 of this Annual Report.

BETC/HAVAS

HOST/HAVAS

6 Responsibility for Auditing the Financial Statements

Save Our Species, Lacoste campaign

Palau Pledge, Palau Legacy Project campaign

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. Jean-Paul Séguret.

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.

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.

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