vivendi

INTERNAL CONTROL

The year 2006 was marked by two major events – Vivendi's ending its listing on the New York Stock Exchange and the creation of a Risks Committee.

After Vivendi voluntarily delisted from the New York Stock Exchange on August 3, 2006 and terminated its registration with the Securities and Exchange Commission (SEC) on October 31, 2006, the group agreed to continue to provide a high standard of corporate governance and financial information and to continue its process of continuous improvement of internal control procedures.

The Management Board, at its meeting of November 14, 2006, created a Risks Committee (see below) chaired by the Chairman of the Board and Chief Executive Officer. The mission of the Risks Committee is to strengthen procedures for management and prevention of major risks for the group.

Vivendi looks upon internal control as a set of procedures defined by the Management Board and implemented by Vivendi's employees, with the aim of achieving the following objectives:

- application of the instructions and objectives set by the Management Board,
- compliance with laws and regulations and with the group's values,
- prevention and control of operational risks, financial risks, and risks relating to error and fraud,
- quality and fairness of accounting, financial and management information,
- optimization of internal processes to ensure efficient operation and efficient use of resources.

In order to attain each of these objectives, Vivendi has defined and implemented general internal control principles that rely to a large extent on the definitions of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Report and on the recommendations concerning corporate governance and internal control made by France's Autorité des Marchés Financiers in its report of January 22, 2007.

Vivendi is organized into five business units (Universal Music Group, Canal+ Group, SFR, Maroc Telecom, and Vivendi Games) which implement the orientations set by the Management Board as regards internal control.

Directing the internal control process is one of the key responsibilities of the Management Board and the senior management of each of the five business units. Its direction is overseen by the Supervisory Board, following the recommendations of the Audit Committee.

As the parent company, Vivendi S.A. ensures that internal control measures exist and are effective within its subsidiaries and oversees application of the rules of conduct and ethics applicable to all employees (see page 8).

An assessment of the effectiveness of the internal control process is conducted independently through the internal audit following an annual plan approved by the group's Financial department and submitted to the Audit Committee.

Vivendi's Internal Audit department is composed of 23 auditors in three different offices (Paris, New York, and Los Angeles), supplemented by the internal auditors of SFR (7 auditors) and Maroc Telecom (18 auditors) and external resources for IT audits. Its operation is regulated by a charter which asserts its independence, defining its accountability to the Chairman of the Management Board and Chief Executive Officer of Vivendi while entitling it to direct access to the Audit Committee of the Supervisory Board. The Internal Audit department enjoys an autonomy which allows it to intervene with complete objectivity in all of Vivendi's business sectors and units. In 2006, the Internal Audit department carried out 122 missions within the group.

A Disclosure Committee assists the Chairman of the Management Board and CEO and the group's Chief Financial Officer in their mission of ensuring that Vivendi fulfills its obligations regarding disclosure of information to investors, the public, and the regulatory and financial-market authorities. This Committee, made up of the representatives of all the functional divisions at the corporate level, met 14 times in 2006.

- Vivendi 2007 -