

# REPORT OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD ON THE RESOLUTIONS

Dear Shareholders,

We have convened this Combined General Shareholders' Meeting for the purpose of submitting for your approval the draft resolutions on the following matters:

## 1 APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS, THE STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS, AND THE APPROPRIATION OF INCOME FOR FISCAL YEAR 2018 - DIVIDEND

### Resolutions 1 through 4 (*Ordinary General Shareholders' Meeting*)

The first items on the agenda relate to the approval of the parent company financial statements (*first resolution*) and the consolidated financial statements (*second resolution*) for the 2018 fiscal year as well as the reports related thereto.

The Statutory Auditors' reports on the 2018 parent company and consolidated financial statements can be found in part 1 of Section IV (pages 320 to 323) and Section III (pages 223 to 227), respectively, of Chapter 4 of the Annual Report – 2018 Document de Référence, now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly.

No new related-party agreement or commitment was entered into by the Company during the 2018 fiscal year.

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 the achievement rate of performance criteria conditioning the payment of severance compensation to the Chairman of the Management Board in the event of the involuntary termination of his employment. This severance compensation would not be payable in the event of resignation or retirement. This conditional severance commitment was previously approved by the Supervisory Board at its meeting of February 27, 2015, and by the General Shareholders' Meeting of April 17, 2015.

As a result of this amendment, this severance compensation would not be payable if the Group's financial results (adjusted net income and operating cash flow) were less than 90% (versus 80% previously) of the budget over the two fiscal years prior to the departure, and if Vivendi's share performance was less than 90% (versus 80% previously) of the average performance of a composite index (50% CAC 40 and 50% Euro STOXX® Media) over the 24 months preceding the departure.

As a reminder, 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 be capped in any event 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

At the same meeting, the Supervisory Board, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, also decided to cancel 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

Information on this conditional severance compensation is provided in Section 2.2.2.1 of Chapter 3 of the Annual Report – 2018 Document de Référence (pages 158 and 159), now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly.

You are asked to approve the amendment of this conditional commitment governed by Article L. 225-90-1 of the French Commercial Code as well as the Statutory Auditors' special report (*third resolution*).

The Statutory Auditors' special report also covers the agreements and commitments authorized by the Supervisory Board and approved by the General Shareholders' Meeting in prior years which remained in effect during the 2018 fiscal year. These

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commitments were reviewed by the Supervisory Board at its meeting held on February 14, 2019, pursuant to Article L. 225-88-1 of the French Commercial Code. This report is available on the Company's website ([www.vivendi.com](http://www.vivendi.com)).

## **Dividend recommendation in respect of fiscal year 2018**

This year, the Management Board decided to recommend an ordinary dividend, payable in cash, of €0.50 per share with respect to fiscal year 2018. The dividend will be payable as from April 18, 2019, to shareholders of record on April 17, 2019 (record date) and will have an ex-dividend date of April 16, 2019. This dividend will be charged against the net income for fiscal year 2018, which amounted to €0.951 billion, and against retained earnings for €1.607 billion. This recommendation was presented to and approved by the Supervisory Board at its meeting held on February 14, 2019.

You are asked to approve the appropriation of the distributable earnings for fiscal year 2018 (*fourth resolution*).

## **2 APPROVAL OF THE ELEMENTS OF COMPENSATION AND BENEFITS OF ANY KIND PAID OR AWARDED TO THE CHAIRMAN OF THE SUPERVISORY BOARD AND TO THE MEMBERS OF THE MANAGEMENT BOARD AND ITS CHAIRMAN IN RESPECT OF FISCAL YEAR 2018**

### **Resolutions 5 through 13 (Ordinary General Shareholders' Meeting) presented by the Supervisory Board**

In compliance with Article L. 225-100 II. of the French Commercial Code, these resolutions are presented to you by the Supervisory Board to submit for your approval 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) (*fifth resolution*), to Yannick Bolloré in his capacity as Chairman of the Supervisory Board (since April 19, 2018) (*sixth resolution*), to Arnaud de Puyfontaine in his capacity as Chairman of the Management Board (*seventh resolution*), and to Gilles Alix, Cédric de Bailliencourt, Frédéric Crépin, Simon Gillham, Hervé Philippe and Stéphane Roussel, in their capacity as members of the Management Board (*eighth to thirteenth resolution*).

Information on these elements of compensation are set forth in the report on corporate governance established pursuant to Article L. 225-82-2 of the French Commercial Code by the Supervisory Board. This report is included in Chapter 3, paragraphs 2.2.1.1 (page 154) and 2.2.2 (pages 156 to 160) and Section 2.5 (pages 170 to 181), titled "*Elements of compensation and benefits of any kind paid or awarded to Corporate 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*", of the Annual Report – 2018 Document de Référence (pages XX to XX), now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly.

Pursuant to Article L. 225-82-2 of the French Commercial, the payment of the variable component of compensation to the members of the Management Board and its Chairman in respect of fiscal 2018 is subject to your approval at this General Shareholders' Meeting (ex-post vote), in accordance with the conditions set out in Article L. 225-100 II. of the French Commercial Code.

## **3 APPROVAL OF THE COMPENSATION POLICY FOR THE MEMBERS OF THE SUPERVISORY BOARD, THE MEMBERS OF THE MANAGEMENT BOARD AND THEIR RESPECTIVE CHAIRS IN RESPECT OF FISCAL YEAR 2019**

### **Resolutions 14 through 16 (Ordinary General Shareholders' Meeting) presented by the Supervisory Board**

Pursuant to Article L.225-82-2 of the French Commercial Code, these three resolutions are presented to you by the Supervisory Board to submit for your approval the principles and the criteria for determining, allocating and granting the elements making up the total compensation and the benefits of any kind applicable to the Company's Corporate Officers for their service in such capacity, in respect of fiscal year 2019 (*fourteenth to sixteenth resolutions*).

To take into consideration the feedback from discussions with Vivendi's different shareholders and investors, the Supervisory Board, at its meeting held on February 14, 2019, upon the recommendation of the Corporate Governance, Nominations and Remuneration Committee, reviewed and reinforced certain aspects of the compensation policy applying to the Chairman and members of Vivendi's Management Board, as described below:

- the implementation of differentiated financial criteria for the assessment of short-term compensation (variable portion) and long-term compensation (granting of performance shares);

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- the decision, for performance share grants, to no longer allow the offsetting of the results of each of the two indicators (internal and external) against each other;
- the cancellation of 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 compensation policy for the Company's Corporate Officers is described in the report on corporate governance established by the Supervisory Board pursuant to Article L. 225-82-2 of the French Commercial Code, which is included in Sections 2.1.1 and 2.1.2 of Chapter 3 of the Annual Report – 2018 Document de Référence (pages 150 to 154), now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly. The elements illustrating the implementation of the compensation policy for 2019 are set out in Sections 2.2.1 and 2.2.2 of Chapter 3 of the Annual Report – 2018 Document de Référence (pages 154 to 160), now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly.

#### **4 APPROVAL OF THE STATUTORY AUDITORS' SPECIAL REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-88 OF THE FRENCH COMMERCIAL CODE ON THE CONTINUATION OF THE CONDITIONAL COMMITMENT GOVERNED BY ARTICLE L. 225-90-1 OF THE FRENCH COMMERCIAL CODE GIVEN IN FAVOR OF THE CHAIRMAN OF THE MANAGEMENT BOARD**

##### **Resolution 17 (Ordinary General Shareholders' Meeting)**

At its meeting of May 17, 2018, the Supervisory Board renewed the term of office of the Chairman of the Management Board for four years, starting on June 24, 2018.

Since 2015, he has been entitled to conditional severance compensation after having waived his employment contract in accordance with the recommendations of the AFEP/MEDEF Code of Corporate Governance for Publicly Traded Companies. The conditions for the payment of this compensations, as amended by the Supervisory Board at its meeting of February 14, 2019, are described in Section 1 of this report and in the Statutory Auditors' special report available on the Company's website ([www.vivendi.com](http://www.vivendi.com)).

In accordance with the provisions of Article L. 225-90-1 of the French Commercial Code, the continuation, under the conditions described above, of this conditional commitment in favor of the Chairman of the Management Board is submitted for your approval (*seventeenth resolution*).

#### **5 APPROVAL OF THE STATUTORY AUDITORS' SPECIAL REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-88 OF THE FRENCH COMMERCIAL CODE ON THE CONTINUATION OF THE CONDITIONAL COMMITMENTS GOVERNED BY ARTICLE L. 225-90-1 OF THE FRENCH COMMERCIAL CODE GIVEN IN FAVOR OF THE MEMBERS OF THE MANAGEMENT BOARD AND ITS CHAIRMAN UNDER THE SUPPLEMENTAL DEFINED-BENEFIT PENSION PLAN**

##### **Resolution 18 through 24 (Ordinary General Shareholders' Meeting)**

At its meeting of May 17, 2018, the Supervisory Board renewed the terms of office of the members of the Management Board and its Chairman for four years, starting on June 24, 2018.

They, as is the case for a number of Vivendi SA's senior executives, are 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. The continuation of the

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conditional commitments given in their favor is submitted for your approval pursuant to Article L. 225-90-1 of the French Commercial Code (*eighteenth to twenty-fourth resolutions*).

The principal 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 decreasing rate not exceeding 2.5% per annum and gradually reduced to 1%; reference salary for the calculation of the pension equal to the average of the fixed and variable salaries for the preceding three years; dual upper limit: reference salary capped at 60 times the social security limit and vesting of rights limited to 30% of the reference 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; 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%)).

Under the plan, retiring beneficiaries can obtain a substitution rate close to that of the other company employees. It is proportional to the services rendered by beneficiaries in the performance of their duties or mandates, the rights being capped in percentage and amount, and does not represent an excessive cost for the Company.

## 6 SUPERVISORY BOARD - APPOINTMENT AND RENEWAL OF MEMBERS

### Resolutions 25 and 26 (*Ordinary General Shareholders' Meeting*)

Vincent Bolloré has decided to step down from the Supervisory Board at the close of this General Shareholders' Meeting. You are asked to appoint Cyrille Bolloré as a member of the Supervisory Board for a four-year term of office (*twenty-fifth resolution*).

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.

You are asked to renew the term of office of Dominique Delpont, which expires at the close of this General Meeting (*twenty-sixth resolution*), for a new four-year period. His renewal would enable the Board to continue to benefit from his expertise in the digital and new technology areas, as well as his development and strategic skills, particularly internationally, in the fields of communication, media and content.

Detailed biographical information about these individuals can be found in Section 1.1.1.2 of Chapter 3 of the Annual Report - 2018 Document de Référence (pages XX to XX), now available in French on the Company's website ([www.vivendi.com](http://www.vivendi.com)), with the English translation to be made available shortly.

Tarak Ben Ammar, whose term will expire at the end of this General Shareholder's Meeting, is not standing for re-election.

Subject to your approval of these resolutions, at the close of this General Shareholders' Meeting, the Supervisory Board will have 11 members including six women (60%), five independent members (56%), 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.

## 7 AUTHORIZATION TO BE GRANTED TO THE MANAGEMENT BOARD TO ALLOW THE COMPANY TO PURCHASE ITS OWN SHARES OR, IF APPROPRIATE, TO CANCEL SHARES

### Resolution 27 (*Ordinary General Shareholders' Meeting*) and Resolution 28 (*Extraordinary General Shareholders' Meeting*)

You are asked to renew the authorization granted to the Management Board, with the power to sub-delegate its authorization to its Chairman, for a new eighteen-month period beginning on the date of this General Shareholders' Meeting, to implement a share repurchase program, within the limit of 10% of the share capital of the Company, for purposes of having the Company purchase its own shares, on one or more occasions, on or off the stock exchange (*twenty-seventh resolution*). This program is intended to enable the Company to purchase its own shares for cancellation, subject to the adoption of the twenty-eighth resolution submitted to this

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General Shareholders' Meeting, or to transfer shares to employees in connection with the allocation of free shares or to certain beneficiaries or corporate officers further to the implementation of performance share plans, or to perform remittance or exchange transactions following the issue of securities giving access to the share capital of the Company in the context of external growth transactions, or, if necessary, to create a market for the shares pursuant to a liquidity agreement in compliance with the Association Française des Marchés Financiers (AMAFI's) Code of Ethics. We ask that you set the maximum purchase price per share at €25 per share.

In the event of its implementation, the number of shares that may be repurchased for cancellation under this authorization would be deducted from the maximum number of shares set forth in the twenty-ninth resolution submitted to this Meeting

It is provided that the Management Board may not make use of this authorization nor may the Company continue to execute a share repurchase program during a public offer for the Company's securities. This authorization, once exercised by the Management Board, cancels the unused portion and unexpired term of the authorization granted to the Management Board by the Combined General Shareholders' Meeting of April 19, 2018 (twenty-fourth resolution).

#### **Description of the current share repurchase program**

The Combined General Shareholders' Meeting of April 19, 2018, authorized the Management Board to implement a share repurchase program: maximum percentage of repurchase authorized: 5% of the share capital; maximum repurchase price: €24 per share.

The Management Board did not use this authorization.

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 covering 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 €814.7 million as of that date.

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 performance share plans.

You are asked to authorize the Management Board, for a period of eighteen months, to cancel, if appropriate, shares acquired on the market by the Company, if any, by way of a capital reduction, up to a maximum limit of 10% of the share capital per 24-month period (*twenty-eighth resolution*).

## **8 SHARE CAPITAL REDUCTION BY WAY OF A COMPANY SHARE BUYBACK, FOLLOWED BY THE CANCELLATION OF THE SHARES ACQUIRED, AND AUTHORIZATION TO BE GRANTED TO THE MANAGEMENT BOARD TO MAKE A PUBLIC SHARE BUYBACK OFFER**

### **Resolution 29 (Extraordinary General Shareholders' Meeting)**

You are asked to authorize the Management Board to reduce the Company's share capital by a maximum nominal amount of €1,796,072,014, i.e., 25% of the share capital, by way of a repurchase by the Company of up to 326,558,548 of its own shares, followed by the cancellation of the shares acquired. In this context, you are asked to authorize the Management Board to make a public share buyback offer targeting all shareholders, to perform the share capital reduction, and to determine its final amount (*twenty-ninth resolution*).

The repurchase price will be set by the Management Board, subject to the maximum price of €25 per share, i.e., a maximum total amount €8,163,963,700.

Subject to your approval of this resolution, the Management Board will consider the appropriateness of implementing this authorization within twelve months of this General Shareholders' Meeting, subject to the approval of the Supervisory Board.

In the event of implementation of this authorization, the Supervisory Board will be required to issue a reasoned opinion on the proposed buyback offer, taking into consideration the best interests of the Company, its shareholders and its employees, in particular after considering the conclusions of an independent expert.

## **9 DELEGATION OF AUTHORITY TO THE MANAGEMENT BOARD AND FINANCIAL AUTHORIZATION**

### **Resolutions 30 and 31 (Extraordinary General Shareholders' Meeting)**

To enable the Company to maintain its financial flexibility, you are asked to delegate to the Management Board the authority to:

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- to increase the share capital of the Company, by issuing, with preferential subscription rights, ordinary shares or other securities giving access to the Company's share capital, up to a maximum nominal amount of €750 million, representing 10% of the current share capital and the issuance of a maximum of 136.4 million new shares (*thirtieth resolution*).

You are also asked to delegate to the Management Board the authority to:

- to increase the share capital of the Company by way of the capitalization of premiums, reserves, profits or other amounts, up to a maximum nominal amount of €375 million, representing 5% of the current share capital (*thirty-first resolution*).

We remind you that the Management Board may not use this authorization without the prior approval of the Supervisory Board.

A summary of the authorizations or delegations granted to Management Board or those proposed for renewal is attached to this report.

## 10 EMPLOYEE SHARE OWNERSHIP

### Resolutions 32 and 33 (*Extraordinary General Shareholders' Meeting*)

You are asked to renew the delegation of authority granted to the Management Board to implement, within the unchanged upper limit of 1% of the Company's share capital, both in France (*thirty-second resolution*) and internationally (*thirty-third resolution*), share capital increases reserved for employees of the Company and of Group companies, for a period of 26-months and 18-months, respectively. This proposal reflects the desire of the Company to continue to closely involve all the Group's employees in its development, to encourage their participation in the share capital and to further align their interests with those of the Company's shareholders. Employees currently hold 2.44% of Vivendi's share capital and 3.51% of the voting rights as of December 31, 2018.

The amount of share capital increases that may be carried out under these two delegations is not cumulative and therefore cannot exceed 1% of the Company's share capital. These delegations of authority cancel your preferential subscription rights.

In the event of the implementation these delegations of authority, the issue price of the shares will be equal to the average opening price of the Company's shares over the twenty trading days preceding the date of the Management Board's decision setting the subscription price, this average price may be discounted by a maximum of 20%; the amount of any such discount shall be determined by the Management Board after taking into consideration, in particular, the legal, regulatory and tax provisions of applicable foreign law.

These delegations, subject to their approval at this General Shareholders' Meeting, cancel and supersede, with immediate effect, those given by the Combined General Shareholders' Meeting of April 19, 2018 (*twenty-eighth and twenty-ninth resolutions*).

## 11 CONVERSION OF THE COMPANY'S LEGAL FORM THROUGH THE ADOPTION OF A EUROPEAN COMPANY LEGAL FORM

### Resolutions 34 and 35 (*Extraordinary General Shareholders' Meeting*)

Since 2014, the Vivendi Group has worked on building a world-class content, media and communications European Group. The Group's expansion in recent years, particularly in Europe, has led the Company's Management Board, with the support of the Supervisory Board, to carry out a reflection process on the best way of reinforcing the integration of the Company's European subsidiaries and giving the Group greater cohesion and better visibility on a European scale.

Vivendi's consolidated revenues totaled €13,932 million in 2018, of which 54% was generated in the European Economic Area (EEA). Following the Company's acquisition of the entire share capital of Editis – the second-largest French-language publishing Group – the Vivendi Group now has over 44,000 employees in nearly 80 countries, 53% of whom are based in the EEA.

Given these considerations and to better reflect this European dimension, for its employees, shareholders and other stakeholders, it is proposed that Vivendi's legal form be changed to that of a European Company.

Vivendi considers that adopting the status of a European Company – which a number of major Groups, particularly within the CAC 40, have already chosen to do – would convey a strong image in the vast majority of countries where the Group operates. It would give Vivendi a recognized status on a European scale and would provide greater consistency between the Company's legal framework and the Group's economic and cultural environment.

Pursuant to Article L. 225-245-1 of the French Commercial Code, on February 14, 2019, at the Company's request, the President of the Paris Commercial Court appointed Statutory Auditors Didier Kling and Agnès Piniot as conversion appraisers. Their role in the conversion is to draw up a report for you attesting that the Company has net assets at least equivalent to the amount of its share capital plus the amount of reserves that are unavailable for distribution pursuant to the law or the Company's by-laws.

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This report will be made available to you prior to the holding of this General Shareholders' Meeting under the conditions established by the applicable legal and regulatory provisions.

After the applicable consultation process, Vivendi's Works Council issued a unanimous favorable opinion on the proposed conversion plan on January 17, 2019.

You are asked to approve the conversion of the Company's legal form through the adoption of a European company legal form with a Management Board and a Supervisory Board as well as the terms of the conversion plan, as presented below (*thirty-fourth resolution*).

The proposed plan to convert the Company into a European Company prepared by the Management Board and filed with the clerk of the Paris Commercial Court on February 20, 2019, is available on the Company's website ([www.vivendi.com](http://www.vivendi.com)).

### **Legal aspects of the conversion**

The conversion into a European Company would be governed by (i) the provisions of the EC Regulation n° 2157/2001 dated October 8, 2001 on the Statute for a European company (hereafter the "SE Regulation") (and in particular by Article 2§4 and 37 relating to the formation of an SE by conversion), (ii) Articles L. 225-245-1 and R. 229-20 to R. 229-22 of the French Commercial Code, and (iii) the provisions of Articles L. 2351-1 et seq. of the French Labor Code (Code du travail) which transposes into French law Council Directive 2001/86/EC of October 8, 2001, supplementing the Statute for a European Company with regard to the involvement of employees.

In accordance with the SE Regulation, an existing public limited-liability company that is formed in accordance with the law of an EU Member State and has its central administration structure based in the European Union can be converted into an SE if:

- it has had, for at least two years, a subsidiary governed by the law of another Member State; and
- its subscribed share capital amounts to at least €120,000.

Vivendi meets these two conditions as it is a public liability company (Société Anonyme) formed under the laws of France, having its registered office in France, share capital of €7,184,288,078 and has held directly, for more than two years, several subsidiaries based in the European Union.

The conversion of the Company into a European Company will not result in either the winding-up of the Company, or in the creation of a new legal entity.

As a European Company, the Company will be governed by the SE Regulation, but most governance issues pertaining to SEs are covered by national rules. Vivendi's governance will, therefore, continue to be primarily governed by the provisions of the French Commercial Code applicable to the management and administration of public limited companies with a Management Board and a Supervisory Board, apart from where specific provisions in the SE Regulation apply.

The Company will retain a two-tier governance structure consisting of a Management Board and a Supervisory Board, in accordance with the provisions of Articles 38 b) and 39 to 42 of the SE Regulation. The conversion will not modify the composition of the Company's governing and controlling bodies. All delegations of authority and authorizations granted to the Management Board by any general shareholders' meeting of the Company and any delegations of authority granted within the Company prior to the conversion of the Company's corporate form into a European Company shall remain in full force and effect after such conversion.

### **Consequences for shareholders**

The conversion will not have any impact on the rights attached to the shares held by the Company's shareholders and will not result in any additional shareholder obligations. The number of Vivendi shares issued, their nominal value and the number of voting rights attached to each share will not be amended as a result of the conversion.

### **Consequences for creditors**

The conversion will not affect the rights of the Company's creditors. Creditors existing prior to the conversion will retain all of their rights vis-à-vis the Company after the completion of the conversion.

### **Consequences for employees**

No change will be made to the employment contracts of the employees of the Company or of its subsidiaries and establishments as a result of the conversion into a European Company. Accordingly, these employment contracts will continue in effect under the same terms and conditions as those that were in force before the final, conversion became effective. The individual and collective rights of the employees of the Company and its subsidiaries and establishments located in the EEA will remain unchanged:

- The individual relations between each employee and their employer will continue in accordance with the national rules applicable in each country concerned.

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- The same will apply for collective relations.

The Management Board is required to set up an employee representative body or a procedure concerning the involvement of employees in the European Company, in addition to those that already exist in the countries concerned.

In this context, in accordance with Article L. 2352-1 of the French Labor Code, following the filing of the proposed plan to convert the Company into a European Company with the clerk of the Paris Commercial Court on February 20, 2019, the Management Board initiated the formalities required to create a Special Negotiation Group (SNG), which will have a legal personality and whose members will represent all of the employees of the Company and its subsidiaries and establishments located in the EEA.

Pursuant to Article L. 2352-16 of the French Labor Code, the purpose of the negotiations between the Company and the SNG will be to enter into an agreement that sets out the arrangements for the involvement of the employees, as presented in the conversion plan.

The level of information, consultation and participation – as these terms are defined in Articles L. 2351-4 et seq. of the French Labor Code – will be at least equivalent to the level currently applicable within Vivendi SA. The members of the SNG will be invited to meet with each other and may be assisted by specialists.

The negotiations may last for an initial period of six months as from the date of the first SNG meeting. They may then be extended, if required, for a second period of six months, but the overall duration of the negotiations may not exceed one year (the “Compulsory Negotiation Period”).

Pursuant to paragraph 2 of Article 12 of the SE Regulation, a European Company may not be registered until the negotiation procedure concerning employee involvement has been completed.

Subject to your approval, the conversion of the Company into a European Company will take effect on completion of the negotiations with the SNG, once it has been registered as a European Company with the Trade and Companies Registry. Notice of the conversion will be published in the Official Journal of the European Union.

You are also asked, subject to your approval of the thirty-fourth resolution submitted to you, to take note of the maintenance of the corporate name "Vivendi", which will be followed by the words "*Société Européenne*" or the initials "SE", upon the completion of the conversion, and to adopt in its entirety the text of the by-laws that are harmonized in line with the requirements of the SE Regulation, which will govern the Company upon the completion of its conversion into a European Company ([thirty-fifth resolution](#)).

As part of this harmonization, some articles of the by-law have been adapted to take into account changes in legal or regulatory provisions. These amendments include the removal of the reference to the Supervisory Board's ability to grant authorization to the Management Board to transfer real property in kind, to transfer assets in part or in full and to constitute pledges (Article 13 of the By-laws)<sup>1</sup>, the inclusion of a reminder of the legal existence of double voting rights attached to shares that have been registered in the name of the same owner for more than two years, (Article 17 of the By-laws)<sup>2</sup> and an update of the timing for the registration certificate evidencing that a shareholder is listed as a holder of record of shares, reduced to the second business day preceding the General Shareholders' Meeting at midnight, Paris time (Article 16 of the By-laws)<sup>3</sup>.

The amendments to the by-laws resulting from the application of the SE Regulation are as follows:

- the right to appoint legal entities to the Supervisory Board of the European Company (Article 7 of By-laws)<sup>4</sup>;
- the taking into account the members present and represented for purposes of determining the presence of a quorum at Supervisory Board meetings (Article 10 of the By-laws)<sup>5</sup>; and
- mentioning the procedure for related-party agreements by referring to the provisions that apply to public limited liability companies governed by French law (addition of a new Article 18 to the By-laws)<sup>6</sup>.

Pursuant to paragraph 1 of Article 55 of the SE Regulation, one or more shareholders who together hold at least 10% of the Company's subscribed capital may request the Company to convene a General Shareholders' Meeting and draw up the agenda therefor (Article 16 of the By-laws by reference to the applicable legal or regulatory provisions). Finally, pursuant to Article 58 of the SE Regulation, when calculating the majority for adopting resolutions at General Shareholders' Meetings of an SE, only “votes cast” are taken into consideration. Therefore, any votes attached to shares held by a shareholder who did not take part in the vote or who abstained are not taken into account for the purpose of calculating the majority (Article 16 of the By-laws by way of reference to applicable legal or regulatory provisions).

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<sup>1</sup> Article L. 225-68 of the French Commercial Code, as amended by Article 142 of Act No.2016-1691 of 9 December 2016.

<sup>2</sup> Article L. 225-123 of the French Commercial Code, as amended by Article 7 of Act No. 2014-384 of 29 March 2014.

<sup>3</sup> Article R. 225-71 of the French Commercial Code as amended from Article 4 of Decree No. 2014-1466 of 8 December 2014.

<sup>4</sup> Article 47 of the SE Regulation.

<sup>5</sup> Article 50 of the SE Regulation.

<sup>6</sup> Article L. 229-7 of the French Commercial Code.

This is a free translation of the Report of the Management Board and the Supervisory Board issued in the French language and is provided solely for informational purposes to English speaking readers. In case of any discrepancy the French version prevails.

These draft by-laws are annexed to this report.

## 12 POWERS TO CARRY OUT LEGAL FORMALITIES

### **Resolution 36** (*Extraordinary General Shareholders' Meeting*)

You are asked grant the powers necessary to carry out all required formalities arising from this General Shareholders' Meeting.

## Observations of the Supervisory Board

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The Supervisory Board states that, in accordance with Article L. 225-68 of the French Commercial Code, it has no comments on either this report of the Management Board or the financial statements for the fiscal year ending December 31, 2018.

The Supervisory Board

The Management Board